ANNUAL REPORT FOR THE COMPANY AND THE GROUP LUKA PLOČE

FOR THE YEAR ENDED 31 DECEMBER 2023

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LUKA PLOČE d.d.
2000t/h 52t No.1

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Independent Auditor's Report

To the Shareholders of Luka Ploče d.d.

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Luka Ploče d.d. (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2023, and the Group's and the Company's consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Our opinion is consistent with our additional report to the Audit Committee dated 26 April 2024.

What we have audited

The Group's consolidated and the Company's separate financial statements comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2023;
- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, comprising material accounting policy information and other explanatory information .

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 consolidated and separate financial statements section of our report.

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

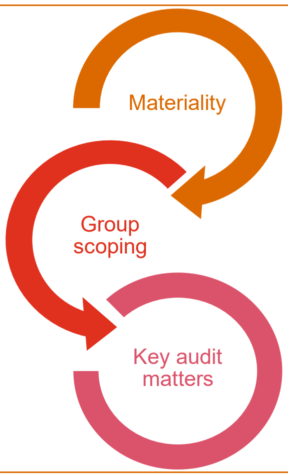
Independence

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014, and furthermore, we have not provided any non-audit services to the Group and the Company in the period from 1 January 2023 to 31 December 2023.

Our audit approach

Overview



- Overall Group materiality: EUR 1,176 thousand, which represents 9% of profit before tax.
- Overall Company materiality: EUR 1,131 thousand, which represents 9% of profit before tax.

- We conducted audit work at the Company and 3 reporting units.
- Our audit scope addressed 97% of the Group's revenues and 96% of the Group's absolute value of underlying profit before tax.

- The Group and the Company – Recoverable amounts of property, plant and equipment
- The Group and the Company – Recognition of revenue from the sale of goods

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Overall Group and Company materiality	The Group: EUR 1,176 thousand The Company: EUR 1,131 thousand
How we determined it	The Group: 9% of profit before tax The Company: 9% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the key benchmark for monitoring the Group's and the Company's performance and it is the benchmark against which the performance of the Group and the Company is most commonly measured by shareholders. We chose the percentage which, in our judgement, is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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	How our audit addressed the key audit matter
The Group and the Company – Recoverable amounts of property, plant and equipment *See Note 3.5 and 3.9 (Material accounting policy information), Note 6b (Critical accounting estimates) and Note 16 (Property, plant and equipment).* As at 31 December 2023, the Group and the Company recorded property, plant and equipment with a carrying amount of EUR 55,409 thousand and EUR 53,846 thousand, respectively, which is measured at historical cost less accumulated depreciation and impairment. As described in Note 6b) to the financial statements, the Group and the Company have identified impairment indicators of property, plant and equipment in the current year, including macroeconomic challenges manifesting through trends of rising prices of commodities for which the Company provides port services, increase in expenses, inflation pressures and the trend of rising interest rates. As a result, management has calculated the recoverable amount of property, plant and equipment, which is generally considered to be its value in use, using discounted cash flows for the item that generates cash or the cash-generating unit (CGU). We have focused on this area because estimating the recoverable amount of property, plant and equipment relies on important judgments and assumptions that are subject to significant variability due to changing market conditions.	We considered the appropriateness of the Group's and the Company's accounting policies for identifying impairment, and measuring and recognising impairment losses on property, plant and equipment in relation to the requirements of IFRS. We obtained the value-in-use calculation used by management in determining the recoverable amount of property, plant and equipment as at 31 December 2023. We tested the mathematical accuracy of the value-in-use calculation and compared the input data to the financial information and business plans for the next years. We assessed the appropriateness of determination of CGU based on our understanding of the Group's and the Company's operations and business units. We critically assessed the assumptions and estimates used by the Group and the Company to determine the recoverable amount: • For the discount rate used in the value-in-use calculation, we have engaged our valuation experts to assist us in assessing it's reasonableness by comparison to the entities with similar risk profiles and market information. • For the remaining key assumptions used in the value-in-use calculation (such as cargo throughput, port tariffs, operating costs, capital expenditures and working capital), we have assessed the reasonableness of these assumptions by comparing them with internal Group's and Company's reports such as approved plans, concession contracts and sales reports. We have assessed the adequacy and completeness of the relevant disclosures in the financial statements in accordance with the requirements of the IFRS.

Key audit matter	How our audit addressed the key audit matter
The Group and the Company – Recognition of revenue from the sale of goods *See Note 3.25 (Material accounting policy information), Note 7 (Segmental reporting) and Note 8 (Revenues).* During 2023, the Group and the Company, in addition to revenues from basic port activities (transhipment, cargo management, port manipulation and warehousing), generated revenues from the sale of goods in the amount of EUR 38,867 thousand and EUR 38,866 thousand, respectively. Revenues from the sale of goods in 2023 account for 51% of the total sales revenues of the Group and 52% of the total sales revenues of the Company. We focused on this area because revenue from the sale of goods is recognized in a small number of transactions of significant individual value, which is why an error in recognizing an individual transaction can have a significant impact on the consolidated and separate financial statements. Furthermore, the accounting treatment of revenue from the sale of goods requires significant management judgment to assess whether the Group and the Company are acting as an principal or an agent and, consequently, whether revenue from the sale of goods can be recognized gross or net. Due to the above, this area has been the subject of our increased focus and we have considered it a key audit matter.	We considered the appropriateness of the Group's and the Company's accounting policies for recognising revenue from the sale of goods in relation to the requirements of IFRS. Based on the inspection of the customer contracts for the sale of goods, we analysed the manner in which the Group and the Company identify performance obligations contained in the customer contracts and determine the transaction price. Based on the inspection of the customer contracts and the accompanying documentation, we analysed whether revenues from the sale of goods recognised in 2023 by the Group and the Company were presented in the proper amount and in the proper period. Using sampling, we confirmed the collection of the customer receivables by tracing payments to the bank statements. Based on the inspection of the customer contracts, the related purchase contracts for the goods and the accompanying documentation, we critically assessed the conclusions of the management regarding the potential agent role of the Group and the Company in these transactions. We critically assessed whether the Group and the Company control the goods before transferring the control to the customers, including the risks and responsibilities of both contract parties, responsibility for providing the goods, inventory risk and discretion in establishing the contract prices. Using sampling, we confirmed trade receivables from the sale of goods presented in the consolidated and separate financial statements as at 31 December 2023 by external customer confirmations. We analysed journal entries to revenue accounts to identify unusual or irregular items and tested them on a sample basis. We checked whether disclosures in the Group's and the Company's financial statements adequately meet the requirements of the IFRS.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Reporting on other information

Management is responsible for the other information. The other information comprises the Management Report and the Corporate Governance Statement included in the Annual Report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 in Croatia. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 21 and 24 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report and the Corporate Governance Statement for the financial year for which the consolidated and separate financial statements are prepared is consistent, in all material respects, with the consolidated and separate financial statements;
- the Management Report has been prepared in accordance with the requirements of Article 21 and 24 of the Accounting Act; and
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In addition, in light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group’s and 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 Group’s and 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 independent auditor’s report to the related disclosures in the consolidated and separate 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 independent auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent 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

Appointment

We were first appointed as auditors of the Group and the Company on 30 September 2021. Our appointment has been renewed annually by shareholder resolution with the most recent reappointment on 14 June 2023, representing a total period of uninterrupted engagement appointment of 3 years.

Report on compliance of the format of the consolidated and separate financial statements with the requirements of the European Single Electronic Format ("ESEF") Regulation

We have been engaged based on our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated and separate financial statements included in the attached electronic file "74780000P0WHNTXNI633-2023-12-31-en.zip", (hereinafter: the financial statements) of the Group and the Company for the year ended 31 December 2023 (the "Presentation of the Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Financial Statements has been prepared by the management of the Company to comply with the requirements of Article 462 paragraph 5 of the Capital Market Act (Official Gazette, No. 65/18, 17/20 and 83/21) (the "Capital Market Act") and with the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). Those regulations require that:

- the financial statements included in the consolidated and separate Annual Report, have been prepared in the XHTML format;
- the data included in the consolidated and separate financial statements required by the ESEF Regulation and Capital Market Act have been marked up and all the markups meet the following requirements:
  - the XBRL markup language has been used,
  - the core taxonomy elements listed in the ESEF Regulation with the closest accounting meaning have been used, unless an extension taxonomy element was created in accordance with Annex IV of the ESEF Regulation,
  - the markups comply with the common rules on markups under the ESEF Regulation.

The requirements described above determine the basis for application of the Presentation of the Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the management and those charged with governance

The Company's management is responsible for the Presentation of the Financial Statements in accordance with the ESEF Regulation and the Capital Market Act. In addition, the Company's management is responsible for maintaining an internal control system that reasonably ensures the preparation of the Presentation of the Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation and the Capital Market Act, whether due to fraud or error.

Those charged with governance are responsible for overseeing the process of preparing the Presentation of the Financial Statements in the ESEF format as part of the financial reporting process.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion, based on the audit evidence obtained, whether the Presentation of the Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation and the Capital Market Act. We conducted a reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Financial Statements is prepared, in all material respects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect a material misstatement (significant non-compliance with the requirements).

Procedures performed

The nature, timing and extent of the procedures selected are matters for the professional judgment of the auditor.

As part of the selected procedures, we performed in particular the following procedures:

- read the requirements of the ESEF Regulation and the Capital Market Act;
- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Financial Statements, including the preparation of the XHTML format and marking up the consolidated and separate financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated and separate financial statements using the XBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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

Conclusion

In our opinion, based on the procedures performed and evidence obtained, the Presentation of the Financial Statements for the year ended 31 December 2023 included in the above stated attached electronic file complies, in all material respects, with the ESEF Regulation and the Capital Market Act.

Our conclusion is not an opinion on the true and fair presentation of the financial statements presented in electronic format. In addition, we do not express any form of assurance on the other information disclosed in the documents in the ESEF format.

The engagement partner on the audit resulting in this independent auditor’s report is John M Gasparac.

The certified auditor engaged as partner on the audit resulting in this independent auditor's report is Tanja Babac.

PricewaterhouseCoopers d.o.o.
Heinzelova 70, Zagreb
30 April 2024

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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Management report of the Company and Group Luka Ploče d.d. for 2023

Ploče, April 2024

MISSION

Founded on employee upskilling, development and investment in modern technologies, equipment and machinery in order to achieve high quality business operations, continued development and market growth.

Focusing on continuous reorganization, investment in new and existing machinery and equipment as well as in human resources, the Company and the Group have laid a strong foundation for future growth and development.

VISION

Strengthening and securing market position.

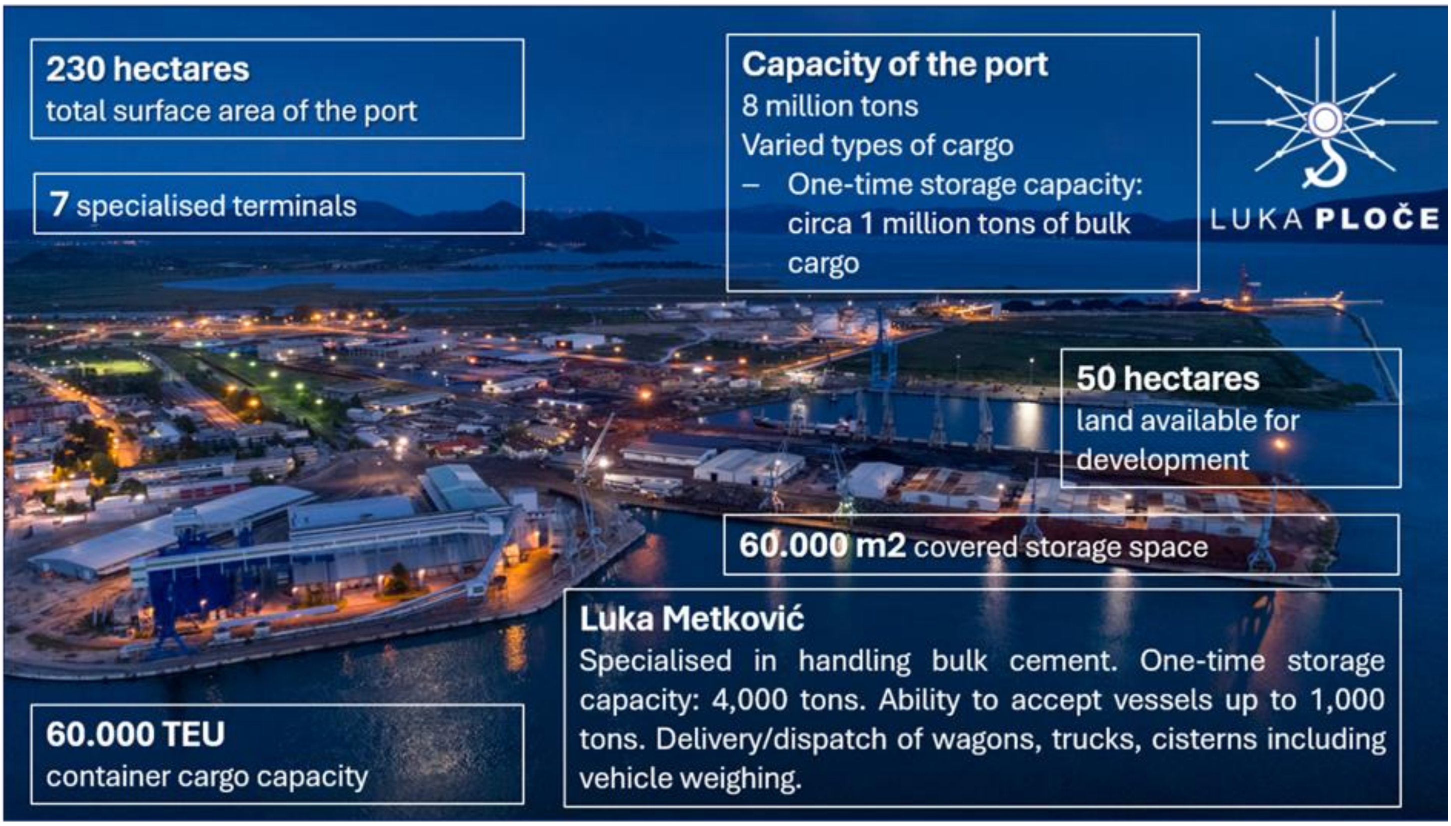
Based on the principles of providing quality service, expanding to new markets and concluding new business relationships.

LUKA PLOČE IN CONTEXT

Luka Ploče d.d. is the primary concessionaire in the port area for loading, unloading, transhipment and storage of goods. It was founded as a public company in 1945 and since 2003 has been operating as a joint-stock company.

Luka Ploče d.d. (hereinafter the "Company") is registered as a joint-stock company for maritime transport services, port services and goods storage.

Positioned in the central part of the Adriatic, between Split and Dubrovnik, Luka Ploče is one of the primary strategic Croatian ports. Luka Ploče is located at the intersection of all important traffic routes, and was certified in 1997 in Helsinki when by declaring the starting/ending point of Corridor Vc. First-rate traffic connections and a favorable geostrategic position at the crossroads of key industrial routes makes the port a clear connector across the Adriatic, the Mediterranean and Central Europe. As a result of its geostrategic position and capital investments, the Port of Ploče is included in the world map of ports that can accept CAPE SIZE ships (up to 180,000 DWT). Luka Ploče is currently in the process of inclusion as a Core port on the Trans-European road network.



Terminals

Luka Ploče boast specialised terminals that enable professional services in maritime traffic, port services, cargo storage and logistic services. It is categorized as a port of universal purpose and serves for the transshipment of almost all cargo types that emerge in international maritime traffic.

Seven of the eight operating quays in Ploče have a depth of up to 14m (the bulk cargo terminal has a draft of up to 18m and enables the docking of CAPE SIZE ships), while the railway tracks that stretch along the operational berths directly connect the port with its gravitational locations. All piers have available storage facilities.

New bulk cargo terminal (TRT)	– Specialised for handling coal and iron ore – Terminal area: 240,000m2 – Pier length: 365m – Annual capacity: 3.6 million tons – Offloading of vessels is equipped with specialised bridge and mobile port crane – High environmental standards – Ability to accommodate cape size vessels up to 300m length, 46m width and 18m draft – Daily norm for offloading vessels: in excess of 20.000 t
Old bulk cargo terminal (Pier 5)	– Handling and storage of various types of bulk cargo – Pier length: 510m, 3 anchoring points – Open storage capacity: in excess of 200,000 tons – Ability for direct handling from vessel to vessel or trucks and wagons – Ability to handle panamax vessels up to 250m length, 36m width and 14m draft – Daily norm for onloading/offloading vessels: in excess of 15,000 tons
Container terminal	– Specialised for handling and storage of containers – Terminal area: 40,000 m2 – Pier length: 280m, draft: 14 m – Annual capacity: 60,000 TEU – Ability to extend capacity – Infrastructure for refrigerated containers – Ro-Ro ramps: 24m width
Grain cargo terminal	– Specialised for handling raw sugar and grains – Pier length: 200m, draft 9,70m – Enclosed floor storage capacity equipped with a conveyor belt transport system – One-time storage capacity: 35,000 tons – Ability of loading into vessels, wagons and trucks with direct weighing
General cargo terminal	– Intended for handling various types of pieced, palletised or "big bag" cargo – Handling of heavy, oversized and specialised cargo up to 100 tons (wind power plants) – Ability to accommodate almost all types of general cargo (iron, aliminium, soda...) – Pier length: 1,260m – 13 enclosed warehouses covering circa 50,000 m2 – Outdoor storage areas located near handling areas.
Wood terminal	– Intended for handling all types of wood – Open storage: in excess of 20,000 m2, close storage 2.000 m2 – Enclosed storage by means of covered sheds: 8,000 m2 – Container handling services – Finishing workshop/sawmill with a capacity of 100 m3 per day – Additional services include drying, sorting, cutting and packaging before shipment.
Alumina/cement and petroleum coke	– Comprises two separate facilities – The alumina silo is a steel tank with an accompanying transport system that enables the handling of alumina/cement in/out vessel. One-time storage capacity: 20,000 tons. – The petroleum coke storage facility has an enclosed floor storage capacity of 2,700 m2. One-time storage capacity: 10,000 tons. It is equipped with a conveyor belt transport system and tipping carts for continuous loading of railway wagons.
Terminal for specialised cargo – Dračevac	- Ability to store explosive chemicals

IDENTITY CARD OF THE GROUP

Luka Ploče Group comprises: Luka Ploče d.d. (parent company); Pomorski servis Luka Ploče d.o.o., Luka šped d.o.o. and Pločanska plovidba d.o.o.

The Luka Ploče Group monitors and reports operating income, profit from operations, capital investments, total assets and total liabilities.
Transactions with affiliated entities of the Group are conducted under normal commercial conditions using market prices.

Luka Ploče d.d. (the "Company") is the primary concessionaire in the port area for loading, unloading, handling and storage of goods. It was founded in 1945 as a state-owned company, and since 2003 it has been operating as a joint-stock company.

The structure of cargo type that is handele by the Port is dependent on the demand of its customers. Bulk cargo dominate in structure of which primary throughput comprises of coal, iron ore,pig iron and scrap iron, coke, bauxite and quartz.

The Port of Ploče is a member of the Council for the Port of Ploče and the Association of Croatian Ports.

Luka Šped d.o.o.

The core business of the company, which was established in 1998 for the provision of international freight forwarding services, which encompass a wide range of logistic services in the delivery and dispatching of goods via the port. In addition, it also provides maritime agency services which includes acceptance and dispatching of goods that transit through the port, as well as agency services for vessels that dock in the port.

Pomorski servis – Luka Ploče d.o.o

The company was established in 1998 for the provision of services including mooring and unmooring vessels, transport of pilots, crew and passangers, supply of water services to the v essels, as well as waste disposal services. In addition, the company provides pest control and disinfection services.

Pločanska plovidba d.o.o.

The company was established in 2000 and holds the sub-conccession for the passanger quay in the port. It operates in two sectors: the Nautical Sector and the Hospitality Sector. The Nautical Sector includes a charter base, a tourist agency and a quay services department. It provides accommodation services on its fleet, agency services, mooring and unmooring of boats, vehicle directing services on the passenger quay, vessel servicing and it manages a sailing school. The company also organises emergency assistance at sea.
The Hospitality Sector offers food and beverage services in a restaurant facility and also provides supplies for cargo vessels in the Port. The Charter Base includes a fleet of six vessels, consisting of five sailboats ranging from 10 to 16 metres in length and one 14 metre catamaran.
The Sailing School is a special project initiated by the Port in 2019 with the aim of promoting sailing in the town of Ploče across all age groups and improving the quality of sports and recreational offerings, thereby enhancing the quality of life in the town.

Društvo	Osnovne djelatnosti	% vlasništva	
Pomorski servis Luka Ploče d.o.o.	Maritime transport services	100%	Consolidated
Luka šped d.o.o	Freight forwarding services	100%	Consolidated
Pločanska plovidba d.o.o.	Shipping and ancillary services	100%	Consolidated
Vizir d.o.o.	Fire department	49%	Share of income is attributed using the equity method
Lučka sigurnost d.o.o.	Security services	49%	Share of income is attributed using the equity method

Key indicators for the company Luka Ploče d.d.

75,046 million euro operating income	**Record net profit 10,287** thousand euro, most successful year in the history of the Company	**12,575** million euro profit before taxation
4,4 million euro CAPEX	**39,6%** EBITDA margin excluding trading	**15,940** million euro EBITDA
17,114 million euro cash	**9** supervisory board meetings held	**403** employees
29% women in management postions	**50%** women on the board	**1.538** euro average gross salary
4.780 million tons of total throughput relating to all cargo types	**340** inbound vessels	**Digitalisation** Positive progress made in all areas of the business

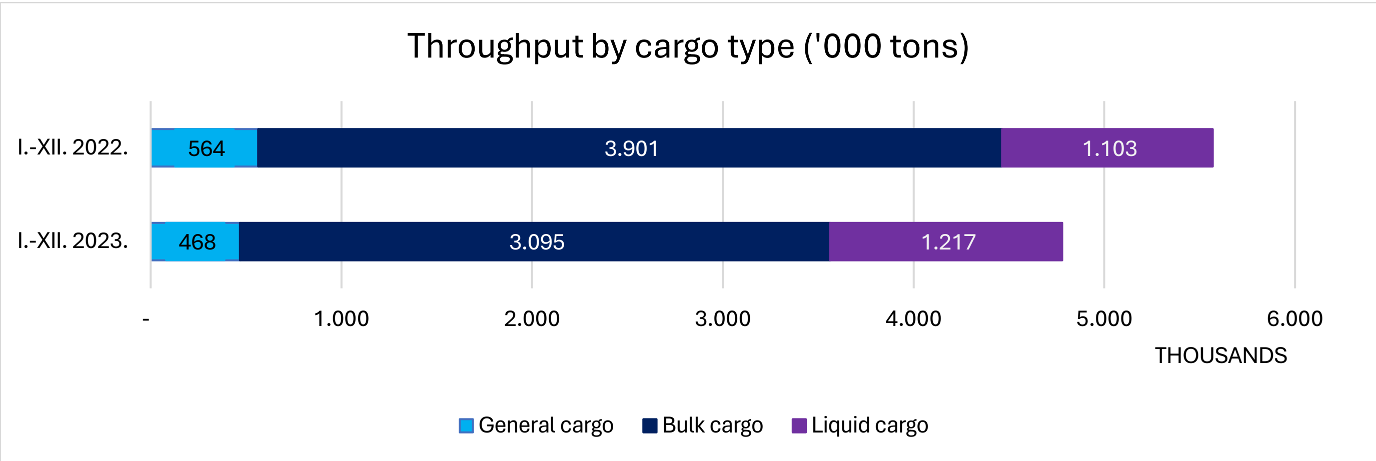
FINANCIAL PERFORMANCE INDICATORS

*

	REALISED 1-12/2023.	REALISED 1-12/2022.
EBITDA (earnings before interest, taxation and depreciation) ('000 euro)	15,940	15,152
EBITDA margin	21.24%	16.09%
EBIT ('000 euro)	13,248	13,020
EBIT margin	17.65%	13.83%
Income before taxation ('000 euro)	**12,575**	**12,365**
Total income taxation	**(2,288)**	**(5,755)**
Income taxation	(2,288)	(2,324)
Additional income taxation *	-	(3,431)
Net income after taxation ('000 euro)	**10,287**	**6,610**

Pursuant to the Law on Additional Income Tax that entered into force in December 2022, additional income tax was applied at a rate of 33% once-off for all taxpayers who, during the 2022 financial year, realised an annual income in excess of 39,816,843 euro (300 million kuna using the fixed exchange rate of 7,53450).

The throughput for the period ended 31 December 2023 amounted to 4,779,698 tons, evidencing a decrease of 14.15% in comparison to the same period in the prior year (2022: 5,567,686 tons). This is primarily attributed to a decline of 20.66% in bulk cargo throughput brought about by a decrease in the throughput of coal (9.34%), scrap iron (59.29%) and sugar (55.44%) when compared to 31 December 2022. The cargo structure is shown in more detail below:



It is necessary to note that the Russian-Ukrainian crisis which emerged in 2022 contributed positively to the Company's operations as a result of the disruption noted across global logistics flow chains and it continues to contribute positively during 2023 albeit to a lesser extent. The total throughput of the Company continues to evidence high growth when compared to the levels of throughput prior to the crisis (22.12% growth when compared to the same period in 2021 (2021: 3,914,085 tons)).

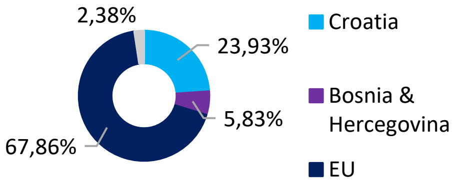
Promet u tonama	2023	2022.	2021.
General cargo	468.148	563.801	494.242
Bulk cargo	3.094.612	3.900.544	2.563.143
Liquid cargo	1.216.938	1.103.341	856.700
TOTAL cargo	**4.779.698**	**5.567.686**	**3.914.085**

FINANCIAL PERFORMANCE INDICATORS (continued)

- Although throughput notes a decline of 14.15% when compared to the same period in the prior year, income from sales (disclosed in note 8) amounts to 35,562 thousand euro, evidencing an increase of 2.42% in comparison to the same period in the prior year (2022: 34,723 thousand euro). Income from sales is categorised by service type in the table below.

Income	REALISED 2023. ('t EUR)	%	REALISED 2022. ('t EUR)	%
Port handling services	24.076	67,70%	27.372	78,83%
Rental and storage services	10.713	30,12%	5.750	16,56%
Other services	773	2,17%	1.601	4,61%
	35.562	100%	34.723	100%

- From a geographic segment perspective, 91.8% contribution to income from sales in 2023 originated from Croatia and the EU (2022: 91.8%; 2021: 86.8%) while Bosnia and Hercegovina contributed 5.8% (2022.: 6.8%; 2021: 11.2%).



- Income from sale of goods amounted to 38,866 thousand euro, evidencing a decrease of 34.23% when compared to the same period in the prior year (2022: 59,094 thousand euro). Global commodity prices continue to demonstrate a declining trend when compared to the same period in the prior year, the effect of which impacts and will continue to impact income from sales (and the related cost of sales).
- Operating expenses excluding depreciation and amortisation amount to 59,106 thousand euro (2022: 78,999 thousand euro) of which 37,255 thousand euro relates to cost of good sold (2022: 58,303 thousand euro). Operating expenses excluding cost of goods sold have increased by 5.58% when compared to the same period in the prior year. This increase can be attributed to a significant growth in levies (20,82%).

- EBITDA margin excluding the impact of trading for the year ended 31 December 2023 amounted to 39.60%. In 2022 the same amounted to 40.96%. (2021: 31.11%).

The table below presents the key financial indicators for the Company's operations as compared to the prior year.

Indicators	REALISED 2023.	REALISED 2022.
Liquidity ratios		
Working capital ('000 euro)	36.205	24.808
Current liquidity ratio	7,14	2,24
Working capital turn over	2,07	3,80
Working capital days	176,09	96,17
Days in period	365	365
Debt ratios		
Current liabilities/equity	0,08	0,31
Non-current liabilities/equity	0,25	0,24
Borrowings/equity	0,21	0,35
Liabilities/equity	0,33	0,56
Liabilities/assets	0,25	0,36
	REALISED 1-12/2023.	REALISED 1-12/2022.
Performance ratios		
EBITDA margin	21,24%	16,09%
EBIT margin	17,65%	13,83%
Net margin before taxation	16,76%	13,13%
Productivity indicators		
Number of employees	403	395
Income per employee	186	238

TRADE RECEIVABLES, FINANCIAL INDEBTEDNESS AND THE COMPANY'S LIQUIDITY OUTLOOK

Trade receivables as at 31 December 2023 amounted to 22,242 thousand euro, evidencing a decrease of 7.29% in comparision to the prior year. 89.26% of the total trade receivables are not yet due, of which 59.92% relates to trading goods not yet dispatched.

Bank liabilities are long-term in nature and amounted to 15,470 thousand euro at 31 December 2023. These comprise:

- HBOR loan which was contracted in 2018 at a fixed interest rate, amounting to 10.7 million euro.
- In the third quarter of 2023 the Company refinanced the purchase of a new mobile port crane by means of a long-term structured loan from HPB, which was contracted at a variable interest rate and amounts to 4.7 million euro.

The Company has no other liabilities to banks.

Cash and cash equivalents increased by 281% from 4,491 thousand euro at 31 December 2022 to 17,114 thousand euro at 31 December 2023.

Letters of credit are irrevocable and cannot be unconditionally used for everyday transactions (readily convertible), and as such do not meet the definition of cash equivalents according to IAS 7. Letters of credit at 31 December 2023 amount to 49 thousand euro and relate to a 10% advance payment for the purchase of a locomotive.

The Company continues to maintain a satisfactory level of liquid assets sufficient to meet all liabilities as they fall due.

CAPITAL EXPENDITURE

The Company contracted the purchase of a new mobile port crane amounting to 4 million euro during 2022. Partial payment was made for the crane during 2022, while the remaining balance amounting to 2.9 million euro was paid during 2023 by means of a letter of credit. The crane was delivered to the port at the end of June 2023 and was put into opeartions during quarter 3 of 2023. The Company refinanced the purchase of the crane in quarter 3 of 2023 by means of a long-term loan, thereby increasing its cash flow for operations.

In addition, during 2022, the Company contracted the purchase of port transport equipment (15 items) to the value of 2.1 million euro. All the items of equipment were delivered during 2023 and are in operation.

The Company invested a further 1.5 million euro during 2023 for the purchase of new long term assets, the most significant being 4 unloaders which were ordered in quarter 3 of 2023. These were delivered to the port in January 2024. A locomotive was ordered in 2022, which was delivered during 2023. 90% of the purchase price was paid in 2022, while 10% of the total purchase price is recognised as a letter of credit at 31 December 2023. The letter of credit was realised in January 2024.

Also, during quarter 3 of 2023, the Solar power plant "Port of Ploče - Bulk cargo terminal" - 20 Kw was placed into operation.

The Company continuously monitors activities in its surroundings and invests in market research, directs and supports the activities of its affiliated companies in order to stimulate organic growth and proactively recognise business opportunities and new investments.

HUMAN RESOURCES

An increase in the employee head count from 395 to 403 is evidenced as at 31 December 2023 when compared to the prior year.

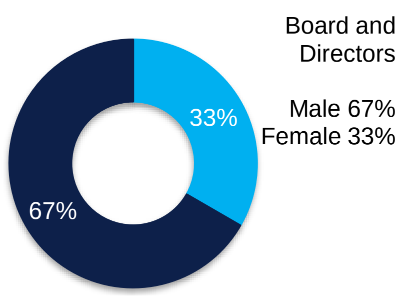
Staff costs have remained relatively constant year-on-year. The average gross salary amounted to 1,538 euro in 2023, while in 2022 the same amounted to 1,511 euro. This evidences an annual increase of 2%.

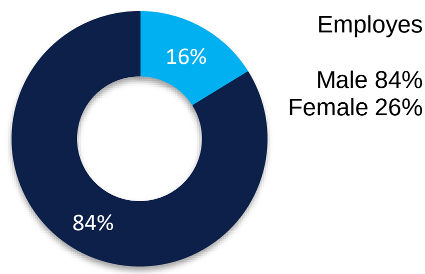
In accordance with the Company's mission, special attention is paid to employee education and training. The Company is aware that the overall experience and knowledge held by employees is invaluable, and sharing knowledge is extremely advantageous and necessary in maintaining and enhancing the quality of work performance.

The Company pays significant focus and attention to safety at work, working conditions and the equipment used by employees at their work place. The Company strives to meet all its obligations in terms of training, certification and education of employees. Other than for enabling regulated training and education of employees, the Company provides a platform for employees to raise the level of their own competencies and personal development.

Employee structure by gender as at 31 december 2023

Luka Ploče d.d.	Female	Male
Management Board	50%	50%
Directors	29%	71%
Employees	16%	84%
Total	17%	83%





COMMERCIAL BUSINESS INDICATORS

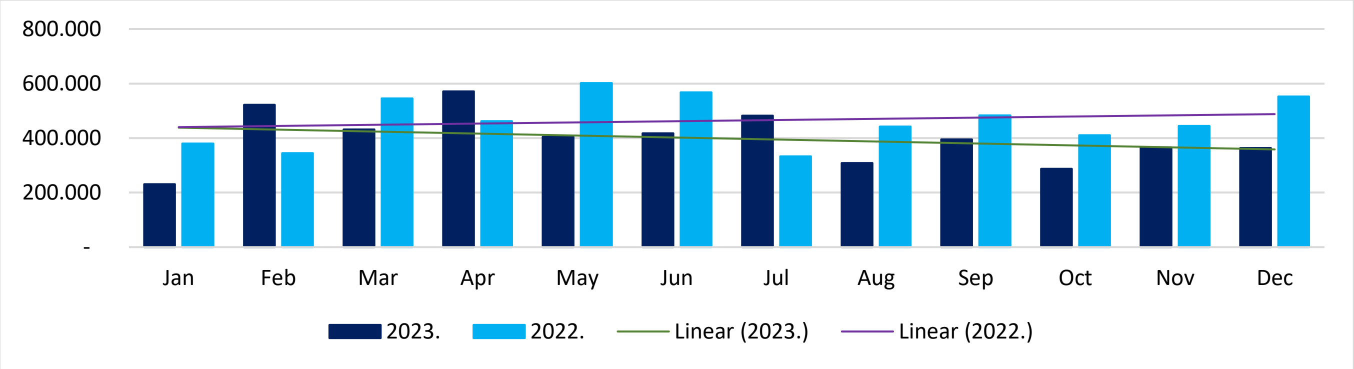
Structure by cargo type for 2023 year end (in tons)

A total of 340 vessels entered the port during 2023 (2022: 401).

(in tons)	2023.	**2022**	. Indeks
General cargo	468.148	563.801	(16,97%)
Bulk cargo	3.094.612	3.900.544	(20,66%)
Liquid cargo	1.216.938	1.103.341	10,30%
Total cargo	**4.779.698**	**5.567.686**	**(14,15%)**

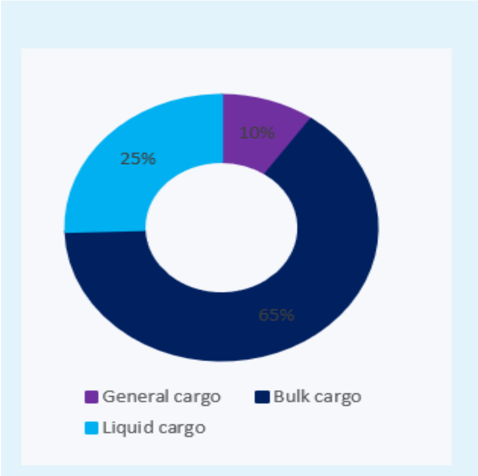
Unloading services accounted for 81% of total traffic through the port (2022: 78%).

Throughput per month (in tons)



BULK CARGO

- Bulk cargo prevails in the structure of overall cargo handling. During 2023, a decrease in throughput of 20.66% was noted when compared to the prior year.
- Bulk cargo primarily comprises metallurgical and thermal coal which accounts for 92.77% of the total bulk cargo in 2023.
- The overall decline in throughput can be attributed to a decrease in the throughput of coal, scrap metal, pig iron and sugar, which together amount to a total decrease of 455 thousand tons of throughput (86.42%) when compared to the same in the prior year.



GENERAL CARGO

- During 2023, general cargo throughput evidenced a decrease of 16.97% when compared to the prior year.
- Container throughput comprises 78.46% of the overall throughput relating to general cargo. During 2023, 31,904 TEU was handled (2022: 21,729 TEU) which evidences an increase of 46.83% year-on-year. Container handling operations showed a growth in throughput of 37.37% when compared to the prior year from 267,376 tons to 367,300 tons.
- The decrease in throughput during 2023 can be attributed to a decline in aluminium products, soda and paper handling, which together result in an overall decline of 209 thousand tons (84.11%) of throughput when compared to the prior year.

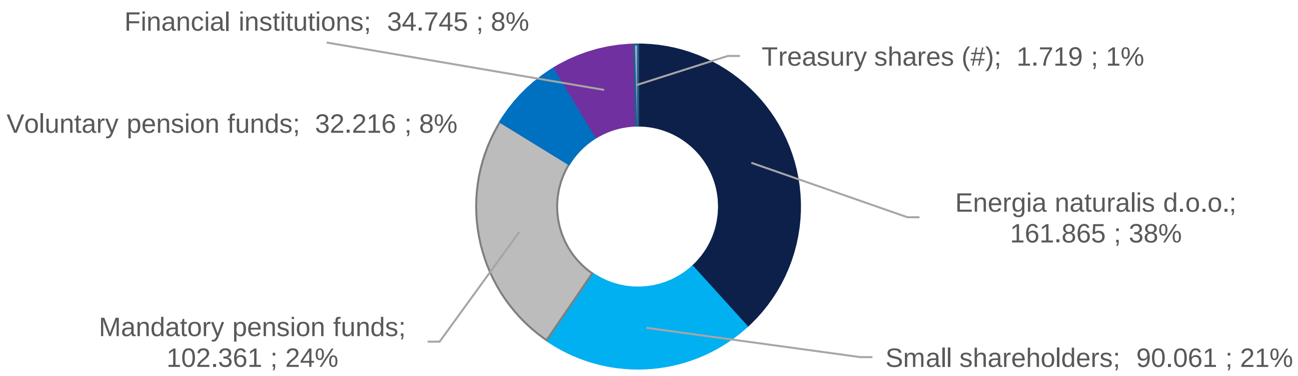
LIQUID CARGO

- Liquid cargo comprises diesel and petrol.
- Liquid cargo throughput increased by 10.30% in 2023, when compared to the prior year.

OWNERSHIP STRUCTURE

The table below presents an overview of the key shareholders and ownership structure of the Company as at 31 December 2023:

	2023		2022	
Shareholders	Shares	Ownership %	Shares	Ownership %
Energia naturalis d.o.o.	161.865	38,27	161.865	38,27
Small shareholders	90.061	21,29	93.363	22,07
Mandatory pension funds	102.361	24,20	102.361	24,2
Voluntary pension funds	32.216	7,62	32.416	7,66
Financial institutions	34.745	8,21	31.243	7,39
Treasury shares (#)	1.719	0,41	1.719	0,41
Total	**422.967**	**100,00**	**422.967**	**100**



(#) The Company acquired 1,719 treasury shares during 2011, 2012 and 2013 in accordance with Article 233 Paragraph 2 of the Companies Act, which represents 0.4064% of the Company's share capital. The shares were acquired based on the authorisation of the General Assembly under the conditions set by it, and for the purpose of rewarding employees. The Company has not bought its own shares since February 2013. The Company has an established share repurchase scheme. The Company does not have an employee share scheme.

Key indicators for the Group Luka Ploče

Luka Ploče Group comprises: Luka Ploče d.d. ("Company"), Pomorski servis Luka Ploče d.o.o., Luka šped d.o.o and Pločanska plovidba d.o.o.

77,580
million euro opertating income

RECORD NET PROFIT 10,736
thousand euro,
most successful year in the history
of the Group

13,074
million euro income before taxation

4,8
million euro CAPEX

38,81%
EBITDA margin excluding trading

16,613
million euro EBITDA

1.469
euro average gross salary

33%
women in management positions

474
employees

18.492
million euro cash

FINANCIAL PERFORMANCE INDICATORS

.

Luka Ploče Group comprises: LukaPloče d.d. („Company“), Pomorski servis Luka Ploče d.o.o., Luka šped d.o.o. and Pločanska Plovidba d.o.o..

	REALISED 1-12/2023.	REALISED 1-12/2022.
EBITDA (earnings before interest, taxation and depreciation) ('000 euro)	16.613	15.750
EBITDA margin	21,41%	16,22%
EBIT ('000 euro)	13.750	13.461
EBIT margin	17,72%	13,86%
Income before taxation ('000 euro)	13.074	12.823
Total income taxation	(2.338)	(5.840)
Income taxation	(2.338)	(2.409)
Additional income taxation *	-	(3.431)
Net income after taxation ('000 euro)	10.736	6.983

** Pursuant to the Law on Additional Income Tax that entered into force in December 2022, additional income tax was applied at a rate of 33% once-off for all taxpayers who, during the 2022 financial year, realised an annual income in excess of 39,816,843 euro (300 million kuna using the fixed exchange rate of 7,53450).*

INDICATORS		
	REALISED 2023	REALISED 2022.
Liquidity ratios		
Working capital ('000 euro)	37.729	25.995
Current liquidity ratio	7,27	2,27
Working capital turn over	2,06	3,74
Working capital days	177,51	97,72
Days in period	365	365
Debt ratios		
Current liabilities/equity	0,08	0,31
Non-current liabilities/equity	0,24	0,24
Borrowings/equity	0,21	0,34
Liabilities/equity	0,32	0,56
Liabilities/assets	0,24	0,36
Performance ratios		
EBITDA margin	21,41%	16,22%
EBIT margin	17,72%	13,86%
Net margin before taxation	16,85%	13,21%
Productivity indicators		
Number of employees	474	476
Income per employee	164	204

- **Income from sales** including freight-forwarding services, maritime services and shipping services amounted to 38,067 thousand euro, which evidences an increase of 1.36% in comparision to the prior year (2022: 37,556 thousand euro). Income from the sale of goods amounted to 38,867 thousand euro, which depicts a 34.23% decrease when compared to the prior year (2022: 59,098 thousand euro). Global commodity prices continue to demonstrate a declining trend when compared to the same period in the prior year, the effect of which impacts and will continue to impact income from sales (and the related cost of sales).

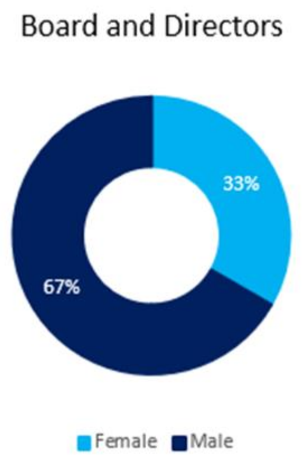
- **Operating expenses excluding depreciation and amortisation** amounted to 60,967 thousand euro (2022: 81,346 thousand euro) of which 37,278 thousand euro relates to the cost of goods sold (2022: 58,324 thousand euro). **Operating expenses excluding cost of goods sold** are **2.90% higher** in comparison to the prior year. This increase can be attributed to a significant growth in levies (20,56%).
- **EBITDA margin excluding the impact of trading** for the year ended 31 December 2023 amounted to **38.81%.** In 2022 the same amounted to 39.41% (2021: 30.29%.).
- **Trade receivables** as at 31 December 2023 amounted to 22,443 thousand euro, evidencing a decrease of 7.93% in comparision to the prior year. 86.93% of the total trade receivables are **not yet due**, of which 60.97% relates to trading goods not yet dispatched.
- **Cash and cash equivalents** increased by 211% from 5,941 thousand euro on 31 December 2022 to 18,492 thousand euro on 31 December 2023. The Group continues to maintain a satisfactory level of liquid assets sufficient to meet all liabilities as they fall due.

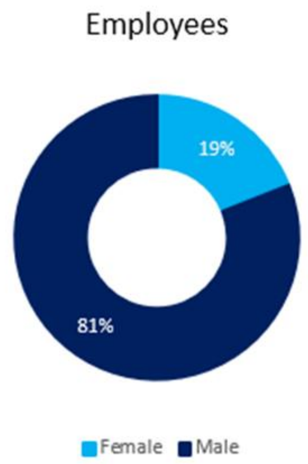
HUMAN RESOURCES

A slight decrease in the employee head count from 476 to 474 is evidenced as at 31 December 2023 when compared to the prior year.Staff costs have remained relatively constant year-on-year. The average gross salary amounted to 1,469 euro in 2023, while in 2022 the same amounted to 1,321 euro. This evidences an annual increase of 11%.

Employee structure by gender as at 31 december 2023

	Žensko	Muško
Luka Ploče d.d.		
Management Board	50%	50%
Directors	29%	71%
Employees	16%	84%
Total	**17%**	**83%**
Luka Šped d.o.o.		
Directors	100%	0%
Employees	50%	50%
Total	**55%**	**45%**
Pomorski servis Luka Ploče d.o.o.		
Directors	0%	100%
Employees	16%	84%
Total	**15%**	**85%**
Pločanska plovidba d.o.o.		
Directors	0%	100%
Employees	54%	46%
Total	**52%**	**48%**





CONVERSION OF SHARE CAPITAL FROM KUNA TO EURO

On 14 June 2023 the General Assembly of the Company was held where the conversion of the Company's share capital was approved in accordance with the provisions of the Companies Act (OG 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 4 0/19, 34/22, 114/22, 18/23). According to the decision of the General Assembly, the share capital conversion amounts to 22,417,251.00 EUR (169,186,800.00 HRK) and comprises 422,967 ordinary shares with a nominal value of 53.00 EUR (400.00 HRK). The reduction of the share capital amounts to 37,696.24 EUR and will be recorded in the Company's capital reserves. The effect of reducing the share capital value due to the conversion adjustment does not affect the original share rights of the shareholders i.e., the shareholders are entitled to shares with a reduced nominal value in proportion to their previous shareholding in the share capital.

The Company's Management Board registered the decision of the General Assembly in the court register of the Commercial Court in Split and in the depository of the Central Clearing Depository Company (SKDD) on 4 October 2023.

The share capital conversion from kuna to euro for the subsidiaries of the Group: Pomorski servis Luka Ploče d.o.o, Luka šped d.o.o and Pločanska plovidba d.o.o. has not yet been effected nor registered. Although private companies do not have an obligatory dead line for said, the subsidiaries plan to do so during 2024.

RUSSIAN-UKRAINIAN CRISIS AND IMPACT OF SANCTIONS IMPOSED AGAINST RUSSIA ON THE BUSINESS

Taking into consideration the previous two years, we note that the Russian-Ukrainian crisis has contributed positively to the Company's operations as a result of the disruption noted across global logistics flow chains. Namely, intensified congestion was noted in the northern ports with the Black Sea being positioned close to the warzone. This resulted in a heightened increase in vessel insurance costs which further contributed to the growth in overall costs of logistics across that route, coupled with already prominent congestion present. Consequently, the challenges redirected additional business by means of driving additional throughput to the Company. This can be seen when comparing current period throughput to the period prior to the crisis - an **increase of 22.12%** when compared to the same peiord in 2021. Although total throughput in 2023 evidenced a decline of 14.15% in comparison to the prior year, operating income excluding trading income evidenced growth of **3,20%** in comparision to the prior year.

The Group does not execute any financial transactions with any Russian financial institution and does not have financial exposure to same. There were no transactions with Russian goods during 2023, rather the Company substituted the same with American coal.

The Company and the Group have assessed the associated risks arising from the aforementioned as follows:

- Increase in the cost of transport, raw materials and supplies, energy and fuel (when compared to previous years before the conflict), which is further transferred to other costs
- Given the significant increase in costs and compacted by logistical challenges faced, the Group has noted a significant increase in requests for advance payments by suppliers while the delivery time for receipt of goods from suppliers has been prolonged.

Although the above-mentioned risks still exist, reduced inflationary pressures on the operations of the Group have been noted when compared to 2022 (e.g. in respect of commodity prices). However, the pressure of heightened macroeconomic factors are still visible when considering the Group's operations, and our clients business.

The group has a satisfactory levels of liquidity, which are sufficient to fulfill all obligations as they fall due. In 2023 there was no need for additional short-term financing.

EVENTS AFTER BALANCE SHEET DATE

(a) There were no events after the balance sheet date that would have a significant impact on the Company's or Group's financial statements for the year ended 31 December 2023.

(b) Events after balance sheet date to date of issue of the financial statements that do not have a significant impact on the Company's or Group's financial statements for the year ended 31 December 2023 but are important to consider have been summarised below:

- Impact of the Israel conflict – the Company does not forsee a significant impact on the possible decline of throughput due to logistic obstacles in the Red Sea, given container operations do not comprise a significant contribution to the overall throughput of the Company (2023: 7.68%, 2022: 4.80%).

FUTURE BUSINESS OUTLOOK

The Company's business is dependent on trends in the global market, particularly with reference to variances in market prices of listed commodities for which the Company provides port handling services to its customers. That being said, the Company is prepared to respond to any upcoming challenges. Taking into account the projections of the International Monetary Fund, which were published in March 2024, GDP growth of 2,5% is anticipated in 2024 in the Bosnia and Hercegovina market. Other markets are expected to grow GDP at 2,7%. Identified risks that could materialise resulting in a decline in trade in the foreseeable future include, amongst others, economic cyclicality, more intensive environmental regulations and volatility in commodity prices, together with the negative impact of intensified regional conflict and a sharp slowdown in Europe.

In addition the Company is the starting and ending point of Corridor Vc, and will be included as a core port on the Trans-European road network, this creates opportunities for new business partners. With the Company continuously improving its capacities, efficiency and quality of port services aiming to successfully fulfil the needs of its existing and potential customers, the Company has noted the onboarding of new customers with new cargo types.

Accordingly, the most significant existing strategic project relates to increasing and enhancing the capacity of the container terminal with the aim of developing the port of Ploče into a smart green port and in the context of creating the ability to dock the largest container vessels – mother vessels, that sail to the Adriatic. Currently, the Company is able to dock feeders, i.e. smaller container vessels, which means that cargo arriving at the port of Ploče must first travel by mother vessel to Malta, where it is transferred to a feeder and only then can the cargo be delivered to the port of Ploče. Taking this into account, the port of Ploče is more expensive by one transshipment than other major Adriatic cargo ports.

RISK MANAGEMENT

The Company is exposed to financial risks (currency, interest and credit), as well as market risks that affect the core business of the Group. The Company manages financial risks using regular financial instruments available on the financial market of the Republic of Croatia. The Company implements appropriate policies and procedures for managing individual risks, and the method of managing and mastering risks is specifically prescribed and documented in rules and procedures. The Company accepts that these risks are a normal business occurrence and that it is necessary to respond to them in a timely and appropriate manner in order to be able to make quality decisions for the safeguarding and development of the business.Defined risks are presented below:

MARKET RISK

The maritime trade market is cyclical and depends on changes in the world economy and the mode of transport (land and sea). As part of the worldwide maritime trade network, market risk significantly affects the Company and the Group**.**

Destination market

Bosnia and Hercegovina is a key market in relation to the Company's operations, and political instability and negative macroeconomic factors of said can significantly and negatively influence (or vice versa) the Company's operations. A decline in production in Bosnia and Hercegovina would mean a decline in the throughput of bulk and general cargo and related revenue for the Company. The Company's management board focuses on minimizing risk through business development with business partners from other destinations (Central Europe and Italy).

Market competition

Competition risk is pronounced in the Adriatic region (Koper, Rijeka, Bar, Italian port cluster). The tariffs for the Company's services are in line with those of other ports in the Adriatic. However, it is important to emphasise that the correlation of tariffs for the Company's services is not sufficient to keep this route competitive. Competitiveness of pricing also depends on additional direct costs such as the price of lighting, port taxes and rail transport. Increases in these prices may adversely affect the traffic route through Luka Ploče. The Company's Management Board focuses on minimizing this risk through active monitoring and proactive adjustment of tariff prices, continuous investment in technology and digitalization in order to enhance and further develop capacity and productivity.

CREDIT RISK

Assets of the Group and the Company that may give rise to credit risk consist mainly of cash and cash equivalents, irrevocable facilities, trade receivables, employee receivables and other receivables. The Company's management board focuses on minimizing risk through proactive monitoring of receivables collection. As additional insurance, the Group and the Company are insured by the underlying goods and by means of actively managing limits and dispatch for past due receivables along with security provided by other insurance instruments (for example, bank guarantees). The receivables from employees are secured by salary suspension.

CURRENCY RISK

The Company is exposed to foreign exchange risk in USD. Port services are primarily contracted and invoiced in euro. In addition the bank borrowings are in euro.

The risk lies in the variability of the euro to the USD i.e. exchange rate differentials which affect realised and unrealised exchange rate differences. The Company is exposed to the USD currency in a much smaller capacity, and the exchange rate is converted using the mid rate of the CNB.

INTEREST RATE RISK

The risk exists whereby the value of the financial instrument can change due to changes in market interest rates. With increases in the value of Euribor, the interest expense of the Company and the Group increases. The long-term bank borrowing from HBOR is contracted at a fixed interest rate. The other long-term bank borrowing is contracted at a variable rate. The Company actively monitors its debt exposures - when funds from loans are not needed, these are repaid in a timely manner to reduce exposure to interest charges and related cash outflows.

LIQUIDITY RISK AND CASH FLOW RISK

Prudent liquidity risk management involves maintaining sufficient amounts of cash and cash equivalents, ensuring the availability of external funds by means of having in place and managing committed facilities with finance providers and maintaining the ability to meet all obligations as they fall due. The objective of the Group and the Company is to maintain flexibility of financing by having available committed credit facilities. The Company regularly and proactively monitors the level of available sources of funding and the collections structure of receivables to manage expected cash flows.

The Company controls risk through active monitoring of the maturity structure of assets and liabilities, and the relationship between current assets and short-term liabilities is particularly closely monitored.

Management scrutinizes detailed plans relating to expected cash inflows and outflows to ensure the Company and Group have adequate amounts of liquid assets to meet liabilities in line with expected maturities.

TECHNOLOGICAL RISK

Technological risk is related to the obsolescence of existing port technology and mechanisation. Without timely investment in the existing work dynamics, the risk of increased operating costs and decreased efficiency and productivity relating to port services is heightened. This would negatively impact the overall profitability of business operations and the success of the business as a whole. The Company is focused on minimizing the risk through active research and execution for appropriate capital investments in existing infrastructure, superstructure, new equipment and digitalization. This strategy is evidenced through the implementation of the investment plan in the current year. The Company continuously monitors and adjusts work processes and implements changes through documented procedures, formalized workflows, digital footprint.

HUMAN RESOURCE RISK

Port services are directly related to the need for human resources which is evidenced by the number of employees in the Company. To a large extent, the need for intensive physical work in operational terms and strong support and specialized knowledge in mechanization and service support are required. The Human Resources Department is responsible for the professional education and meeting legal regulations related to medical examinations aimed at educating employees to work in the field. Occupational safety monitors in detail the attestation of machines and the general safety of employees in the workplace. Employees are permitted to join the trade union and an employee of the Company has been assigned to the role for Employee Relations to manage this relationship.

ECOLOGICAL RISK

Bulk cargo forms the primary segment of the port's operations based on throughput and share of revenues generated. The Company has invested significant resources to improve the environmental impact of bulk cargo handling (i.e. new bulk cargo terminal, various watering and cleaning systems). Environmental risk is a key factor in the long-term sustainability of the Company's operations. The Company plans further investments in 2024 relating to equipment and ‘’going green’’ with the aim of enhancing energy efficiency through existing and new infrastructure with a focus on renewable energy sources. The “net zero” mission is a key goal for the business and the Management Board is focused on implementing the necessary sustainable measures **in order for the Company to reduce its exposure to associated risks more efficiently and effectively.**

REPORTING RISK

The risk exists that the accounting records are not maintained accurately and on a timely basis. Management is focused on reducing the inherent risk by means of digitising the reporting function and operations of the Company and creating a focused controlling function which and regular education of staff executing these roles.

DIGITALISATION

Over the past four years, the Company has actively worked on the development of an internal application system, which consists of a set of applications (modules) for the performance of specific business processes within the Group.

The IT department carried out the digitisation for the majority of business processes within the Group, such as: processing of incoming and outgoing invoices, time sheet records, work order records, human resources modules, maintenance modules, PCM (Port Community Management) and numerous other optimisations that have greatly facilitated and accelerated efficiency in business processes within the Group. Given the Group primarily uses its own internally-developed business system, integration with the new accounting system "Apross" was of key importance to allow for easier integration with other digitised business processes. The new accounting system "Apross" was put into operation on 1 January 2023. The process to convert the functional currency to euro was also successfully carried out. Integrating the Company's business information system and "Apross" has evidenced a significant leap in efficiency through simplified record keeping and more effective implementation and control of accounting and financial data and processes.

During 2023, the Company developed new modules to replace old systems and technologies, thereby improving the operations of internal and external users who actively participate in the Group's business processes. Taking into consiideration the new modules that were developed internally during 2023, the following are particularly noteworthy and of importance:

- sales module which allows for automated invoice generation for all completed services initiated in the PCM system as well as for the maintenence department for external customers;

- procurement module which replaced an external IT solution and was placed into production in quarter 3 of 2023. Same is intergrated with the Company's internally-developed DMS system and accounting system Apross.

- Continued development of the Company's internally-developed nastavak PCM system which encompasses: intergration of vehicle announcements, visitor announcements, digitisation and integration of railway and cement scales, which have significantly optimised business processes.

The Group continues to invest in the development and modernisation of the IT ecosystem, which is focused on customised solutions and modern technology, one of the primary objectives of the group.

NON-FINANCIAL REPORTING

The Group voluntarily published its first Sustainability Report in 2022, establishing the prerequisites for transparent monitoring of progress in managing business impacts on society, the environment and natural resources, the community in which Group operates and on its employees.

The report for 2022 was prepared in accordance with the standards of the Global Reporting Initiative (GRI), together with the use of the guidelines of the European Sustainability Reporting Standards (ESRS) when preparing dual materialities. The restrictions on reporting were aligned to those in the consolidated financial report.

In preparing the sustainability report, the significant impacts of business activities on sustainability factors were assessed, the business model and the quality of management practices were analysed, and the way forward was defined towards transforming the port into a green and digital port. The activities and measures that need to be taken, as well as defining key success indicators, will be considered and included in the **Sustainable Development Strategy**, which is currently in preparation and which will be adopted by the end of the first half of 2024.

It is important to note that the Group is still not obliged to publicly publish this information based on the Corporate Sustainability Reporting Directive (CSRD), but it chose to do so voluntarily in order to include all significant stakeholders in this process in a timely manner. The reporting obligation commences in 2026 for the reporting year 2025, when the Group is expected to publish an integrated report together with the consolidated financial statements. In the Sustainability Report for 2022, the Taxonomy Report was integrated, in which the share of taxonomically acceptable and unacceptable business activities was estimated, and information was also given in regards to Income, Expenditure, Investments in relation to these activities.

At the beginning of this year, the Group commenced its preparation of the Sustainability report for 2023, which will be prepared entirely according to ESRS guidelines.

In order to achieve climate neutrality by 2050, Luka Ploče d.d. as part of its preparation of the first report on sustainability, also prepared a carbon footprint analysis study with a proposal for measures to reduce greenhouse gas emissions. The study will be updated periodically, in accordance with the new sustainable development strategy, with the aim of monitoring the implementation of CO2 reduction measures and achieving the absolute goal of reducing emissions by 15 to 25% by 2030 and by 65 to 95% by 2050.

3

Corporate Governance Statement

CORPORATE GOVERNANCE STATEMENT

BASIC INFORMATION

Luka Ploče d.d. (hereinafter: the Company) as well as the Luka Ploče Group is continuously developing and operating in accordance with the defined standards of corporate governance.

This applies particularly to the manner in which the Company's bodies execute their duties, work with shareholders and employees, ensure transparency of business operations, and towards third parties. Since 16 June 2008, the Company adopted its own Code of Corporate Governance with the aim of further strengthening and establishing high standards of corporate governance. The management board fully complied with the provisions of its own Code and the Code of the Zagreb Stock Exchange d.d. from the day the shares were listed on the Official Market. The Company applies the corporate governance measures prescribed by law, and this is explained in detail in the annual questionnaire, which is published, in accordance with the regulations, on the website of the Zagreb Stock Exchange d.d. and the Company.

This Code has the force of a recommendation that provides guidance to the Company's bodies and Company employees to respect the principles prescribed and elaborated by this Code when making all types of decisions. The objective of the Code is to establish high standards of corporate governance and transparency in the operations of the Company and affiliated companies in the majority ownership of the Company.

The code defines the procedures of corporate governance in order to protect shareholders, employees, elected and appointed owners of responsible functions in the Company as well as all other interest holders through good and responsible management and supervision of the Company's business and management functions. The fundamental principles of this Code are: business transparency, clearly developed procedures for the work of the Supervisory Board, Management Board and other bodies and structures that make important decisions, prevention of conflicts of interest, efficient internal control and an efficient responsibility system.

Any interpretation of the provisions of this Code should first of all be guided by respect for the aforementioned principles and achieving the stated goals.

The Company's shares are listed on the official market of the Zagreb Stock Exchange, and the Company is primarily compliant with the Corporate Governance Code of the Zagreb Stock Exchange. The Company respects and follows the prescribed guidelines for corporate governance (as is presented in detail in the published annual questionnaire of the Zagreb Stock Exchange).

The largest shareholders according to data from the Central Clearing Depository Company are listed in the "Ownership structure" table in the Management Report and in note 28 to the Annual Financial Statements and are kept in the Company's Share Book. The Company is also obliged to publish on its website and through the stock exchange any acquisition or release of shares and other securities of the Company by each individual member of the Management Board and the Supervisory Board, as well as employees of the Company who have access to price-sensitive / privileged information of the Company as well as related parties.

Competencies, convening procedure and quorum, and decision-making methods of the General Assembly are regulated by the Company's Statute. When convening the General Assembly, the Management Board of the Company is obliged to determine the date according to which the balance in the register of shares will be determined, which will be relevant for exercising the right to vote at the General Assembly of the Company. That date should be before the General Assembly and may not be more than 6 days before the General Assembly.

The right to vote should include all shareholders of the Company in such a way that the number of votes that belong to them in the General Assembly is equal to the number of shares they hold, regardless of the type of shares. In case the Company issues non-voting shares, i.e. with limited voting rights, it is obliged to publish publicly and in a timely manner all relevant information on the content of all rights arising from such shares in order to enable investors to make an appropriate decision on the purchase of these securities.

The Company is obliged to act in the same way and under the same conditions towards all shareholders, regardless of the number of shares they have, their country of origin and other characteristics. This particularly applies to the duty of equal treatment of individual and institutional investors.

The election or appointment of members of the Supervisory Board is regulated by the Company's Statute. There are no restrictions based on gender, age, education, profession, etc. The Companies Act determines any amendments to the Company's Statute.

The basic medium for public publication of data is the National Gazette of the Republic of Croatia and the Company's website **www.luka-ploce.hr**.

CORPORATE GOVERNANCE STRUCTURE

Pursuant to the Law on Companies and the Company's Statute, the Company's bodies are the General Assembly, the Supervisory Board and the Management Board, and their duties and responsibilities are regulated by the aforementioned acts.

GENERAL ASSEMBLY

The General Assembly makes decisions that have a significant impact on the state of assets, financial position, business results, ownership structure and management of the Company, and are made exclusively at the General Assembly of the Company by the prescribed majority of votes. The management of the Company is obliged, as soon as possible, to publicly announce the decisions of the General Assembly as well as information on possible lawsuits to refute them. In 2023, the regular annual General Assembly was held on 14 June 2023 as well as on 15 November 2023

SUPERVISORY BOARD

The tasks and responsibilities of the Company's Supervisory Board are regulated by the Company's Statute. The members of the Supervisory Board should perform their duty with the attention of an orderly and conscientious businessman and keep the Company's business secret. The supervisory board is obliged to prepare an evaluation of its work for the past period on an annual basis. Such an assessment includes, in particular, an assessment of the work of the Committees established by the Supervisory Board, and an assessment of what has been achieved in relation to the Company's set goals. The Supervisory Board of the Company consists of five members.

The Chairman of the Supervisory Board is responsible for determining the calendar of regular annual meetings and convening extraordinary meetings when the need arises. The frequency of meetings of the Supervisory Board should be determined in accordance with the needs of the Company.

The members of the Supervisory Board on the date of this annual report and during the reporting period are as follows:

- Pavao Vujnovac - chairman (to 14 June 2023)
- Jeni Krstičević – deputy chairman
- Ivan Ostojić – member
- Damir Spudić - member (to 15 November 2023)
- Ana Marinović - member
- Boštjan Napast – member (from 15 November 2023 to 23 November 2023), chairman (from 23 November 2023)
- Zvonimir Novak – member (from 14 June 2023 to 4 July 2023, from 23 November 2023), chairman (from 4 July 2023 to 23 November 2023)

During the reporting period, the Supervisory Board of the Company consisted of five members.

During the reporting period, the Supervisory Board held a total of 9 sessions at which all members of the Supervisory Board were present.

Audit Committee

Pursuant to the Company's Statute, the Company's Supervisory Board established an Audit Committee. The audit committee is a body that provides support to the Management Board and the Supervisory Board in the efficient performance of the obligations of corporate management, financial reporting and control of the Company.

The audit committee, appointed in accordance with the law, worked in the past year with a composition of 3 members, all of whom are also members of the Supervisory Board.:

On the day of the annual report and during the reporting period, the Audit Committee comprised:

- Jeni Krstičević - chairman
- Damir Spudić – member (to 15 November 2023)
- Ivan Ostojić – member
- Zvonimir Novak – member (from 23 November 2023).

During 2023, three sessions of the Audit Committee were held, at which all members of the Audit Committee were present.

With the assistance of the Audit Committee, the Supervisory Board monitored the adequacy of the internal control system, which is realised through three mutually independent control functions (internal audit, risk control, compliance monitoring), with the aim of establishing such a system of internal controls that will enable timely detection and monitoring of all risks to which the Company is exposed in its operations.

Remuneration Committee

In accordance with the Company's Statute, the Company's Supervisory Board established a Remuneration Committee, which provides support to the Management Board and the Supervisory Board in creating a remuneration policy and proposing remuneration for members of the Management Board and senior management.

The remuneration committee, appointed in accordance with the law, worked in the past year with a composition of 3 members, all of whom are also members of the Supervisory Bord

On the day of the annual report and during the reporting period, the remuneration committee comprised:

- Ivan Ostojić - chairman
- Damir Spudić – member (to 15 November 2023)
- Jeni Krstičević – member
- Zvonimir Novak – member (from 23 November 2023).

During 2023, one session of the Remuneration Committee was held, at which all members of the committee were present.

Appointment Committee

Pursuant to the Company's Statute, the Company's Supervisory Board established the Appointment Committee, which provides support to the Management Board and the Supervisory Board in creating the appointment policy and preparing the succession plan for the members of the Supervisory Board and the Management Board.

The Appointment Committee, appointed in accordance with the law, worked in the past year with a composition of 3 members, all of whom are also members of the Supervisory Board.

On the day of the annual report and during the reporting period, the Appointment Committee comprised:

- Damir Spudić - chairman (to 15 November 2023)
- Ivan Ostojić – member
- Jeni Krstičević – member
- Boštjan Napast - chairman (from 23 November 2023)

During 2023, one session of the Appointments Committee was held, at which all members of the committee were present.

Management Board

The management board manages the Company's affairs in accordance with the Company's Statute and legal regulations. The Company is represented by the Board, the president or a member of the board individually and independently. The management board monitored that business and other records and business documentation were in accordance with the law, compiled accounting documents, realistically assessed assets and liabilities, compiled financial and other reports in accordance with applicable accounting regulations and standards.

The members of the Management Board during the reporting period were as follows::

- Hrvoje Livaja - president of the board
- Daniela Marelić – member of the board for finance

REPORT ON THE ASSESSMENT OF THE SUPERVISORY BOARD

The evaluation report of the Supervisory Board and its subcommittees was discussed and determined at the Supervisory Board session, no external evaluators were engaged in the evaluation process.

Based on the Statute of the Company, the Supervisory Board operates in its full composition of five members (two female members and three male members), elected or appointed in accordance with the Law, internal acts and the Diversity Policy, which was determined to be the optimal number for the effective performance of its duties.

Members of the Supervisory Board are appointed on the basis of their competence, knowledge and skills, taking into account diversity criteria such as gender, age, length of service, nationality and individual differences in professional and personal experiences, which are defined by the Diversity Policy adopted at Supervisory Board session held on 29 December 2021.

The members of the Supervisory Board have the necessary skills and experience, proven expertise and knowledge in the field or industry in which the Company operates or on which it intends to focus in the coming period, as well as high moral and personal qualities and integrity, with the specific request that at least one member of the Supervisory Board must be an expert in the field of accounting and/or audit of financial reports.

The appropriate level of representation of women is supported (in the current composition it is 40%), which meets the goals and guidelines established in the Diversity Policy.

During 2023, the Supervisory Board held its sessions regularly, in accordance with the Work Plan of the Supervisory Board of the Company for the 2023 financial year, as determined at the session held on 29 December 2022. The duties of the Supervisory Board were performed by all members demonstrating good mutual co-operation, having the necessary expertise, aligned with the Company's business requirements, and who performed their duties and responsibilities in an appropriate and efficient manner. In accordance with the above, the Supervisory Board assessed that during 2023 all members of the Supervisory Board and members of the Supervisory Board's subcommittees successfully performed tasks that, in accordance with the law, fall under the jurisdiction of the Supervisory Board and its subcommittees, and each member during 2023 contributed to a significantly in the performance of their duties. The assessment noted that the joint work and co-operation of all members of the Supervisory Board and its subcommittees in 2023 was satisfactory and that their work was successful.
Through the Company's secretary, adequate support was provided during the preparation of the sessions of the Supervisory Board and its subcommittees.
During 2023, the Management Board continuously submitted reports prescribed by law to the Supervisory Board and informed it about all important business events, the course of business, income and expenses, all deviations of business events from the original plans and the general state of the Company. As a result of the above, the Supervisory Board positively assesses their relationship with the management board in 2023.

KEY ELEMENTS OF THE SYSTEM OF INTERNAL CONTROLS AND RISK MANAGEMENT RELATING TO FINANCIAL REPORTING OF THE COMPANY AND THE GROUP

The Company is obliged to prepare its financial reports in accordance with the International Financial Reporting Standards and to publish them within the prescribed deadlines defined by the legislation of the Republic of Croatia. The financial reports compiled by the Company's Management Board, which have been audited by an independent external auditor, will be published on the Company's website.

The President of the Management Board is responsible for creating an internal control system that organizes and monitors the flow of accurate, concrete and complete data about the Company's organization, such as data on compliance with financial, business and legal obligations that may represent a significant risk for the Company. The internal auditor should review and verify the effectiveness of such a system at least once a year.

The Company is obliged to have independent external auditors as an important instrument of corporate governance, so their basic function is to ensure that the financial statements adequately reflect the real state of affairs of the Company as a whole.

An independent external auditor shall be considered to be an auditor who is not related to the Company by ownership or interest and does not provide any other services to the Company, either by himself or through related persons.

Independent auditors are obliged to report directly to the Management Board on the following issues:

- discussion of the main accounting policy,
- alternative accounting procedures,
- disagreement with the Management Board, risk assessment, and
- possible analyses of fraud and/or abuse.

In its annual report as well as on its Internet pages, the Company is obliged to state on the prescribed form (annual questionnaire) whether it has complied with the recommendations specified in this Code. This Code and its recommendations are based on the "act or explain" principle, i.e. if the Company deviates from or does not apply one of the recommendations of this Code, it must provide an explanation in the annual questionnaire as to why the non-application or deviation occurred. The annual questionnaire is an integral part of this Code.

Ploče, 30 April 2024

4

Statement on the responsibility of the Management Board

STATEMENT ON THE RESPONSIBILITY OF THE MANAGEMENT BOARD

Based on the current Croatian Accounting Act, the Management Board is obliged to ensure that the non-consolidated and consolidated financial statements for each financial year are prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("EU IFRS"), so that they give a true and objective picture of the financial position and business results of the Company Luka Ploče d.d. and subsidiaries ("Group") for that period.

Management reasonably expects that the Company and the Group have adequate funds to continue operations in the foreseeable future. For the stated reason, the Management Board continues to accept the principle of unlimited business time when preparing non-consolidated and consolidated financial statements.

The responsibilities of the Management Board when preparing non-consolidated and consolidated financial statements include ensuring:

- selection and consistent application of appropriate accounting policies;
- reasonable and cautious judgments and assessments;
- application of valid accounting standards; and
- preparation of non-consolidated and consolidated financial statements according to the principle of business continuity, unless it is inappropriate to assume whether the Company or the Group will continue its business activities

The Management Board is responsible for keeping correct accounting records that will at any time reflect the financial position of the Company and the Group with acceptable accuracy, as well as its compliance with the applicable Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Company and the Group and, therefore, for taking reasonable measures to prevent and detect embezzlement and other irregularities.

Moreover, in accordance with the Accounting Act, the Management Board is obliged to prepare an Annual Report comprising the nonconsolidated and consolidated financial statements, the nonconsolidated and consolidated Management Report and the Corporate Governance Statement. The nonconsolidated and consolidated Management Report was prepared in line with the requirements of Article 21 and 24 of the Croatian Accounting Act, and the Corporate Governance Statement in line with the requirements of Article 22 of the Croatian Accounting Act.

In accordance with Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 amending Directive 2004/109 / EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the single electronic reporting format "ESEF Regulation"), The Company's Management Board is obliged to compile and publish unconsolidated and consolidated Annual Report in XHTML format and descriptively mark annual financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union in XHTML format using XBRL tags and mark notes to annual financial statements as block of text in order to meet the requirements of Article 462 of the Capital Market Act.

The Annual Report was approved by the Management Board on 30 April 2024 for submission to the Supervisory Board and are signed below by:

Hrvoje Livaja
Chairman of the Board

Daniela Marelić
Member of the Management Board

Luka Ploče d.d.
Trg kralja Tomislava 21
20340 Ploče
Ploče, 30 April 2024

5 Separate and consolidated financial statements

LUKA PLOČE d.d., Ploče

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of EUR)	**Note**	**2023**	**2022**	**2023**	**2022**
Revenue	7,8	76,934	96,654	74,428	93,817
Other income	8	646	442	618	334
Materials and energy costs	9	(41,996)	(63,218)	(41,515)	(62,604)
Service costs	9	(5,865)	(5,714)	(6,083)	(5,620)
Staff costs	10	(11,474)	(11,062)	(9,972)	(9,616)
Depreciation and amortisation	15,16,18	(2,863)	(2,289)	(2,692)	(2,132)
Other operating expenses	11	(908)	(1,097)	(811)	(900)
Impairment loss on receivables – net		(30)	(98)	(31)	(100)
Impairment of property, plant, and equipment – net		(12)	(106)	(12)	(107)
Other (losses) – net	12	(682)	(50)	(682)	(52)
Operating profit		**13,750**	**13,462**	**13,248**	**13,020**
Finance expenses – net	13	(693)	(650)	(673)	(655)
Share of income of associates	20	17	12	-	-
Profit before tax		**13,074**	**12,824**	**12,575**	**12,365**
Income tax	14	(2,338)	(5,840)	(2,288)	(5,755)
Net profit		**10,736**	**6,984**	**10,287**	**6,610**
Other comprehensive income		-	-	-	-
Total comprehensive income		**10,736**	**6,984**	**10,287**	**6,610**
Earnings per share (in EUR) basic and diluted	**29**	**25.49**	**16.58**	**24.42**	**15.69**

LUKA PLOČE d.d., Ploče

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

(in thousands of EUR)	Note	Luka Ploče Group 31 December 2023	Luka Ploče Group 31 December 2022	Luka Ploče Group 1 January 2022	Luka Ploče d.d. 31 December 2023	Luka Ploče d.d. 31 December 2022	Luka Ploče d.d. 1 January 2022
			Restated	*Restated*		*Restated*	*Restated*
ASSETS							
Non-current assets							
Intangible assets	15	19	41	56	19	41	56
Property, plant and equipment	16	55,408	51,740	51,290	53,846	50,200	50,227
Advances for tangible assets	17	488	2,408	173	488	2,408	154
Investment property	18	210	282	463	210	282	463
Investments in subsidiaries	19	-	-	-	995	995	995
Investments in associates	20	128	111	99	11	11	11
Long-term loans given	21	19	35	130	19	35	130
Deferred tax assets	14	185	152	137	185	152	137
Long-term deposits	24	146	146	105	-	-	-
Total non-current assets		**56,603**	**54,915**	**52,453**	**55,773**	**54,124**	**52,173**
Current assets							
Inventories	22	955	931	527	937	911	503
Trade and other receivables	23	23,734	25,080	9,424	23,279	24,640	8,974
Short-term deposits	24	476	454	760	476	454	760
Short-term loans given to subsidiaries	21	-	-	-	207	285	285
Financial assets at fair value through profit or loss	25	38	33	36	38	33	36
Letters of credit	26	49	13,948	-	49	13,948	-
Cash and cash equivalents	27	18,492	5,941	16,196	17,114	4,491	14,969
Total current assets		**43,744**	**46,387**	**26,943**	**42,100**	**44,762**	**25,527**
Total assets		**100,347**	**101,302**	**79,396**	**97,873**	**98,886**	**77,700**

LUKA PLOČE d.d., Ploče

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

		Luka Ploče Group			Luka Ploče d.d.		
(in thousands of EUR)	**Note**	**31 December 2023**	**31 December 2022**	**1 January 2022**	**31 December 2023**	**31 December 2022**	**1 January 2022**
			Restated	***Restated***		***Restated***	***Restated***
CAPITAL AND RESERVES							
Share capital	28	22,417	22,455	22,455	22,417	22,455	22,455
Share premium	28	11,694	11,694	11,694	11,694	11,694	11,694
Legal reserves	28	1,123	1,123	1,123	1,123	1,123	1,123
Other reserves	28	6,430	6,392	6,392	6,430	6,392	6,392
Retained earnings		34,209	23,473	16,489	32,024	21,737	15,127
Total shareholders’ equity		**75,873**	**65,137**	**58,153**	**73,688**	**63,401**	**56,791**
LIABILITIES							
Non-current liabilities							
Borrowings	30	17,974	15,297	16,353	17,841	15,096	16,322
Provisions	31	485	476	561	449	435	523
Total non-current liabilities		**18,459**	**15,773**	**16,914**	**18,290**	**15,531**	**16,845**
Borrowings	30	2,321	11,575	1,347	2,245	11,492	1,297
Trade and other payables	32	2,404	2,786	2,167	2,345	2,489	1,991
Income tax liability		579	5,382	449	604	5,347	426
Provisions	31	711	649	366	701	626	350
Total current liabilities		**6,015**	**20,392**	**4,329**	**5,895**	**19,954**	**4,064**
Total liabilities		**24,474**	**36,165**	**21,243**	**24,185**	**35,485**	**20,909**
Total shareholders’ equity and liabilities		**100,347**	**101,302**	**79,396**	**97,873**	**98,886**	**77,700**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

Luka Ploče Group

(in thousands of EUR)	Share capital	Share premium	Legal reserves	Other reserves	Treasury shares	Retained earnings	Total
Balance at 1 January 2022	**22,455**	**11,694**	**1,123**	**6,533**	**(141)**	**16,489**	**58,153**
Net profit for the year	-	-	-	-	-	6,984	6,984
Other comprehensive income	-	-	-	-	-	**6,984**	**6,984**
Balance at 31 December 2022	**22,455**	**11,694**	**1,123**	**6,533**	**(141)**	**23,473**	**65,137**
Balance at 1 January 2023	**22,455**	**11,694**	**1,123**	**6,533**	**(141)**	**23,473**	**65,137**
Conversion of share capital in accordance with the provisions of the Company's Act	(38)	-	-	38	-	-	-
Net gain for the year	-	-	-		-	10,736	10,736
Other comprehensive income	**(38)**	-	-	**38**	-	**10,736**	**10,736**
Balance at 31 December 2023	**22,417**	**11,694**	**1,123**	**6,571**	**(141)**	**34,209**	**75,873**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

Luka Ploče d.d.

(in thousands of EUR)	Share capital	Share premium	Legal reserves	Other reserves	Treasury shares	Retained earnings	Total
Balance at 1 January 2022	**22,455**	**11,694**	**1,123**	**6,533**	**(141)**	**15,127**	**56,791**
Net profit for the year	-	-	-	-	-	6,610	6,610
Other comprehensive income	-	-	-	-	-	6,610	6,610
Balance at 31 December 2022	**22,455**	**11,694**	**1,123**	**6,533**	**(141)**	**21,737**	**63,401**
Balance at 1 January 2023	**22,455**	**11,694**	**1,123**	**6,533**	**(141)**	**21,737**	**63,401**
Conversion of share capital in accordance with the provisions of the Company's Act	(38)	-	-	38	-	-	-
Net gain for the year	-	-	-	-	-	10,287	10,287
Other comprehensive income	**(38)**	**-**	**-**	**38**	**-**	**10,287**	**10,287**
Balance at 31 December 2023	**22,417**	**11,694**	**1,123**	**6,571**	**(141)**	**32,024**	**73,688**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of EUR)	**Note**	**2023**	**2022**	**2023**	**2022**
Profit / (loss) before tax		**13,074**	**12,824**	**12,575**	**12,365**
Depreciation and amortisation	15,16,18	2,863	2,289	2,692	2,132
Impairment losses on receivables	23	30	215	31	215
Gains/(losses) on changes in fair value	12	(5)	3	(5)	3
Gain on sale of property, plant and equipment and intangible assets	12	(18)	(74)	(18)	(74)
Share of income from associates	20	(17)	(12)		
Finance expenses – net	13	693	650	673	655
Net change in provisions	31	71	198	89	187
Impairment of property, plant and equipment and inventories		-	69	-	70
Interest income	8	(26)	(6)	(26)	(13)
Total items that do not affect cash		**3,591**	**3,332**	**3,436**	**3,175**
Changes in working capital:					
(Increase) / decrease of trade and other receivables		1,346	(15,301)	1,359	(15,262)
(Increase) of inventories		(24)	(403)	(26)	(407)
Increase of trade and other payables		14,070	877	14,252	755
		15,392	**(14,827)**	**15,585**	**(14,914)**
Interest paid		(725)	(610)	(711)	(606)
Interest collected		28	6	28	13
Income tax paid		(7,174)	(922)	(7,065)	(848)
Net cash flow from operating activities		**24,186**	**(197)**	**23,848**	**(815)**
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(4,825)	(5,798)	(4,390)	(5,160)
Proceeds from disposal of property, plant and equipment		85	276	85	276
Open letters of credit	26	-	(13,948)	-	(13,948)
Net investments in deposits and guarantees		(6)	361	(106)	319
Net cash flow from investing activities		**(4,746)**	**(19,109)**	**(4,411)**	**(18,513)**
Cash flows from financing activities					
Proceeds from borrowings	30	15,000	25,074	15,000	24,777
Repayment of borrowings	30	(21,625)	(15,624)	(21,550)	(15,528)
Repayment of leases	30	(264)	(399)	(264)	(399)
Net cash flow from financing activities		**(6,889)**	**9,051**	**(6,814)**	**8,850**
Net increase / (decrease) in cash and cash equivalents		**12,551**	**(10,255)**	**12,623**	**(10,478)**
Cash and cash equivalents at beginning of year		5,941	16,196	4,491	14,969
Foreign exchange (losses) / gains on cash and cash equivalents		-	-	-	
Cash and cash equivalents at end of year	27	**18,492**	**5,941**	**17,114**	**4,491**

The notes and accounting policies that follow are an integral part of these financial statements.

NOTE 1 – GENERAL INFORMATION

LUKA PLOČE d.d. (the "Company") is a joint stock company registered under the laws and regulations of the Republic of Croatia. The Company is domiciled in Ploče, Croatia. The Company is headquartered in Trg Kralja Tomislava 21, Ploče.

The principal activities of the Company are port services (handling of goods), warehousing and wholesale and retail services in domestic and foreign trade. Other activities of the Group include construction, maintenance, freight forwarding, trading and other services.

As at 31 December 2023, LUKA PLOČE Group (the "Group") comprises the parent company LUKA PLOČE d.d., its three subsidiaries (2022: three subsidiaries) based in Ploče, Croatia (Note 19) and equity-accounted associates (Note 20).

As at 31 December 2023, the Company's shares were listed on the official listing of the Zagreb Stock Exchange.

Management and the Supervisory Board of the Company

During the reporting period the Management Board comprised:

Name	Surname	Function
Hrvoje	Livaja	President of the Management Board
Daniela	Marelić	Member of the Management Board

During the reporting period the Supervisory Board comprised:

Name	Surname	Function
Boštjan	Napast	Chairman of the Supervisory Board from 23 November 2023, member of Supervisory Board from 15 November 2023 to 23 November 2023
Zvonimir	Novak	President of the Supervisory Board from 14 June 2023 to 23 November 2023, member of Supervisory Board from 23 November 2023
Pavao	Vujnovac	Chairman of the Supervisory Board to 14 June 2023
Jeni	Krstičević	Deputy President of the Supervisory Board
Ivan	Ostojić	Member of the Supervisory Board
Ana	Marinović	Member of the Supervisory Board
Damir	Spudić	Member of the Supervisory Board to 15 November 2023

On 14 June 2023, Pavao Vujnovac was revoked from the position of Chairman of the Supervisory Board and Zvonimir Novak was appointed. On 15 November 2023, Damir Spudić resigned from the position of member of the Supervisory Board and Boštjan Napast was appointed. On 23 November 2023, Zvonimir Novak revoked from the position of Chairman of the Supervisory Board and was appointed as member of the Supervisory Board, while Boštjan Napast was appointed to the position of Chairman of the Supervisory Board.

NOTE 2 – BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated and separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("EU IFRS").

The separate financial statements are presented for the Company while the consolidated financial statements relate to the Company and its subsidiaries and associates (referred to as "the Group"). The separate and consolidated financial statements are further referred to as the "financial statements". The financial statements were approved by the Management Board on 30 April 2024.

2.2 Basis of presentation

The financial statements have been prepared on the basis of historical cost, except where otherwise stated.

2.3 Functional and presentation currency

On 1 January 2023, the euro became the official currency and legal tender in the Republic of Croatia, replacing the previous national currency kuna. The introduction of the euro as the official currency represents a prospective change in the functional currency applied from the specified date. Consequently, the presentation currency for the financial statements for 2023 also changed from kuna to euro, and the financial information for the comparative period was converted to euro as the new functional and presentation currency. Since the financial statements for the previous period were presented in kuna, the change in the presentation currency for the comparative period in the current year's financial statements constitutes a change in the accounting policy of the Company and Group.

In line with this, the Company and Group presents three statements of financial position in the financial statements, as at 1 January 2022, 31 December 2022, and 31 December 2023. The fixed prescribed exchange rate of 7.5345 kuna per euro was used for the conversion of the statements of financial position as at 31 December 2022, and 1 January 2022. Additionally, the same fixed prescribed exchange rate as at 31 December 2022, was used for the conversion of capital and reserve items.

For the statement of comprehensive income for the year ended 31 December 2022, the fixed conversion rate of 7.5345 kuna per euro was also applied. During 2022, there were no significant exchange rate fluctuations between the euro and the Croatian kuna. As such, the Company's management used the fixed conversion rate rather than the average rate on the transaction date.

Items included in the financial statements of the Group are stated using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which represents the Company's and the Group's functional and presentation currency.

2.4. Adoption of New or Revised Standards and Interpretations

On 1 January 2023, the Company reassessed the useful life of equipment used at the Bulk Cargo Terminal.

	Useful service life in the years 2023	**Useful service life in the years 2022**
Equipment	30 to 50 years	50 years

The net effect of this change in accounting estimate for the current financial year resulted in an increase in depreciation expense totaling 297 thousand euro.

NOTE 2 – BASIS OF PREPARATION (continued)

2.5. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, which have been endorsed by the EU and which the Group/Company has not early adopted.

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued on 9 December 2021, (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Supplements to IAS 12 Corporate Income Tax: International Tax Reform – Model Rules Related to Pillar 2 (published on 23 May 2023).

The Group and the Company do not expect the adoption of these standards and interpretations to have a significant impact on their separate and consolidated financial statements.

2.6. New accounting standards and interpretations

Several new accounting standards and interpretations have been published, which are mandatory for annual periods beginning on or after January 1, 2024, and have been adopted in the EU but were not previously adopted by the Group and the Company.

Here are the key updates:

- Amendments to IFRS 16 Leases: Obligations arising from sale and leaseback transactions (published on September 22, 2022, and effective for annual periods beginning on or after January 1, 2024).
- Classification of Liabilities as Short-Term or Long-Term – Amendments to IAS 1 (originally published on January 23, 2020, and subsequently amended on July 15, 2020, and October 31, 2022, effective for annual periods beginning on or after January 1, 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Financial arrangements with suppliers (published on May 25, 2023).
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchange ability (published on August 15, 2023).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (published on September 11, 2014, and effective for annual periods beginning on or after a date to be determined by the IASB).

The Group and the Company do not expect the adoption of these standards and interpretations to have a significant impact on their separate and consolidated financial statements.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of the separated and consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and companies over which the Company has control (subsidiaries) as of and for the year ended 31 December 2023. The Company and its subsidiaries together are referred to as the Group.

(i) Subsidiaries

Subsidiaries are all companies over which the Parent Company exercises control over financial and business policies, thereby directing the relevant activities of the entities. The Parent Company has three subsidiaries, all of which are 100% owned and are consolidated from the date when control was effectively transferred to the Parent Company. Balances and transactions between Group companies are eliminated in the consolidation of financial statements. In the separate financial statements, the Company recognises investments in subsidiaries at cost.

(ii) Associates

Associates are entities over which the Company has significant influence but not control. The Company has an investment in two associates with a 49% ownership holding. Investments in associates are accounted for using the equity method for consolidation. The Company recognises investments in associates in the separate financial statements at cost. The Group's share of income or losses from associates post-acquisition is recognised in the statement of comprehensive income. The investment in associates balance is adjusted for cumulative changes occurring after acquisition.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker responsible for allocating resources and assessing performance of the operating segments, is the Management Board of the Company.

3.3 Transactions and balances in foreign currencies

In the Republic of Croatia, as of 1 January 2023, the functional currency is the euro. All currencies other than the euro are considered foreign currency. The Company and the Group operate not only in euros but also in USD.

- Foreign currency transactions are translated into the functional currency by using the exchange rate on the transaction date.
- Gains or losses arising from settling these transactions and revaluing monetary assets and liabilities expressed in foreign currencies are recognized in the statement of comprehensive income.
- Specifically, gains and losses related to borrowings, cash, cash equivalents, and short-term deposits are presented within "financial income or expenses".
- All other positive and negative exchange rate differences are presented in the statement of comprehensive income under "other (losses)/gains - net".

Non-monetary assets and items measured at historical cost are not translated.

3.4 Intangible assets

Software, licenses and project documentation are amortised over their estimated useful lives. Estimated useful lives are assessed annually and impairment reviews are undertaken where indicators of impairment are present.

Subsequent expenditure is capitalised only if it is probable that these will result in the increase of future economic benefits. All other expenditure is recognised in the statement of comprehensive income as an incurred expense.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date on which they are available for use. The estimated useful lives of intangible assets are 2.5 to 5 years.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Property, plant and equipment (''PPE'')

i) Owned Assets

The Company owns various assets, with the most significant share attributed to equipment/facilities (87% of the acquisition value of assets) and land/buildings. Additionally, it invests in leasehold improvements (leased properties under concession) and assets under construction (advances for tangible assets).

- Buildings, facilities, and equipment are reported in the statement of financial position at historical cost, adjusted for accumulated depreciation and impairment reserves if necessary. The historical cost includes expenses directly related to acquiring the assets.
- Advances for tangible assets (assets under construction) are reported in the statement of financial position at the purchase price based on contractually agreed terms. When the asset for which an advance payment was made is delivered, and an invoice from the supplier is received, the paid advances are recognised as an investment within PPE at the purchase price.
- Land and assets under construction are reported in the statement of financial position at cost and are not amortized.
- Amortisation is calculated using the straight-line method to allocate the cost to the residual value of the asset over its estimated useful life.

(in years)	2023/2022
Land and assets under construction (advances for tangible assets)	are not amortized
Buildings (real estate)	8-67
Equipment/facilities	2-67
Leasehold improvements	15-67

Subsequent expenditures are capitalised, only if it is probable that these will result in the increase of future economic benefits and if the cost of the asset can be reliably measured. The carrying amount of any replaced part is de-recognised. All other expenditure is recognised in the statement of comprehensive income as an incurred expense or maintenance cost in the financial period in which they occur.

The residual value of an asset is the estimated amount that the Group or the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group or the Company expect to use the asset until the end of its useful life. The assets' residual values and useful lives are assessed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is impaired to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in 'other gains/(losses) – net' in the statement of comprehensive income.

(ii) Assets which are subject to the concession arrangement

The Company has a signed long-term concession agreement for the provision of port services, which represent most of the revenues generated by the Company. Current concession arrangement involves transfer of the operating rights over the Luka Ploče for a limited period of time, under the control of local port authorities, using the specified asset (port infrastructure) or assets constructed by the Company during the term of the concession arrangements, or received by the Company for a fee or free of charge.

This arrangement defines the "public service obligations" of the Company in exchange for a fee. The fee is based on the operating conditions, continuity of services, regulation of prices and obligations related to the maintenance/replacement of the port infrastructure. The agreement sets forth the terms and conditions governing the transfer of port infrastructure to the local port authority or concessionaire successor upon expiry.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Property, plant and equipment (continued)

(ii) Assets which are subject to the concession arrangement (continued)

Maintenance expenses

Maintenance expenses relating to assets that are part of the concession arrangement are recognised as an expense when incurred, within the statement of comprehensive income and are reported within the cost of materials and services used.

Capital expenditure in the area under concession

Capital investments in the port infrastructure, made in accordance with the terms of the concession agreement, are recognised as assets within the appropriate class of property, plant and equipment and are recorded at cost less accumulated depreciation and any accumulated impairment losses. Acquisition cost includes expenditure that is directly attributable to the acquisition of assets.

In the case where the asset is **transferred to the local port authority (the grantor)** upon the expiration of the concession arrangement, the depreciation of that asset is calculated using the straight-line method to allocate the acquisition cost, reduced by the residual value of the asset, over the shorter of the estimated useful life and the remaining duration of the concession arrangement.

For **assets that are not transferred to the grantor of the concession**, depreciation is calculated in accordance with the depreciation policy of the PPE class to which the asset is classified, as explained in Note 3.5 (i)

3.6 Investment property

Investment property, principally comprising residential apartments, is held for long-term rental yields or appreciation and is not occupied by the Group or the Company. Investment property is treated as a long-term investment unless it is intended to be sold in the next year and a buyer has been identified in which case it is classified within current assets.

Investment property is carried at historical cost less accumulated depreciation and impairment losses, if any. The depreciation of investment property is calculated using the straight-line method to allocate cost over their estimated useful life of 66 years. There are no subsequent expenditures that are capitalized.

3.7 Accounting treatment of leases – where the Group or the Company is the lessee

(i) IFRS 16 leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16, based on which it assesses whether:

- the contract involves the use of identified assets - which may be determined explicitly or implicitly, and which should be physically separated or represent a predominant part of the capacity of the physically separated assets. If the supplier has a significant right of exchange, then the asset is not identified;
- the Group has the right to essentially all economic rights from the use of the property during the period of use; and
- the Group has the right to manage the use of the respective property. The Group has this right when it exercises management rights that are most relevant to changes in decisions as to how and for what purpose the assets are used. In the rare cases where a decision on how and for what purpose the assets in question are used is predetermined, the Group has the right to manage the use of the assets if:
- the Group has the right to manage the assets; or
- the Group has designed the asset in a manner that determines in advance how and for what purpose it will be used.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Accounting treatment of leases – the Group or the Company is the lessee (continued)

By analysing the Concession Agreement, the Group concluded that the concession area and related infrastructure assets represent a single integrated asset and that the Group realizes essentially all economic benefits from the use of these assets during the concession period.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments (including fixed expenditures for infrastructure);
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

(ii) Other leases

Liabilities related to expenditures for own assets (equipment) and maintenance, as well as payments of variable concession fee, do not constitute components related to lease in accordance with IFRS 16 and will therefore continue to be recognised in accordance with other relevant standards, primarily in accordance with IAS 16 *Property, Plant and Equipment.*

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

The group discloses right-of-use assets as part of tangible assets, and lease obligations as part of borrowings in the statement of financial position.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.7 Accounting treatment of leases – the Group or the Company is the lessee (continued)

(iii) *Short-term leases and leases relating to low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases relating to low-value assets and those that are short-term. The Group recognises the lease payments associated with these leases as an expense on a linear basis over the lease term. These types of leases are limited and are not material.

3.8 Accounting treatment of leases – where the Group or the Company is the lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

3.9 Impairment of non-financial assets

The carrying amount of non-financial assets of the Company and the Group, other than inventories and deferred tax assets, are assessed at each reporting date to determine whether any indication of impairment exists. If any such trigger exists, the recoverable amount of the asset is assessed. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Cash-generating unit is defined as the smallest group of assets that can be identified and generate cash flows that are independent from other assets and groups of assets.

Impairment losses are recognized in the statement of comprehensive income. Impairment losses relating to cash generating units reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that suggest that the loss no longer exists or has decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the carrying amount of an asset does not exceed the carrying amount that would have been determined, net of depreciation, and impairment losses on assets not recognised.

NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.10 Inventories

Inventories relating to raw materials, trading goods and spare parts are recorded at the lower of cost and net realisable value. Net realisable value is defined as the estimated selling price in the ordinary course of business less the forecasted costs of completion and estimated expenses to facilitate the sale. Inventories relating to trading goods are recorded at net realisable value. Inventories are measured using the weighted average method.

3.11 Trade receivables and loans given

Trade receivables and loan given are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if significant, if not at nominal value less provision for impairment. The amount of the provision is recognised in the statement of comprehensive income within the category of “Impairment of receivables - net”. Subsequent recoveries are recorded in the statement of comprehensive income within the category of ‘impairment of receivables - net’.

3.12 Financial assets

(i) Recognition and Initial Measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

- Receivables from customers without a significant financing component are initially measured at the transaction price.
- The Company owns shares in a listed company in which its holding does not exceed 20%. The related financial assets are measured at Fair value through profit or loss (FVTPL). These are not material for the Company. Refer to Note 5 ''Fair Value Estimation'' for detail.

(ii) Classification and subsequent measurement

At initial recognition, financial assets are classified as measured at:

- amortized cost;

- or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the business model objective is to hold the assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Trade receivables relate to the business model held for collection and are measured at amortised cost. Financial assets held for trading purposes or managed and valued on the basis of their fair value are measured at FVTPL.

Assessment of whether the contracted cash flows constitute only principal repayments and interest

For the purposes of this assessment, 'principal' is defined as the fair value of a financial asset at initial recognition. "Interest" is defined as a fee for the time value of money, credit risk associated with the period of time in which the remaining part of the principal is repaid, and other underlying risks and costs of lending (e.g. liquidity risk and administrative costs), as well as for profit margin. When assessing the basic criterion, namely whether the contractual cash flows constitute solely principal and interest payments, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual condition that could change the time of exercise or the amount of contractual cash flows in such a way that the underlying criterion would not be met.

NOTE 3 - MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The structure of financial assets of the Group is simple as it primarily relates to trade receivables with no significant financing component and short-term bank deposits, letters of credit and cash and cash equivalents. This facilitates and minimizes the complexity of the assessment of whether or not the financial assets meet the basic criterion of representing 'solely payments of principal and interest'. In addition, the Group does not have any separate business models for financial asset management, and because of its simplicity, it manages its through regular business operations.

Subsequent measurement and gains and losses

The table below provides an overview of key features of the accounting policy that the Group applies with respect to subsequent measurement of financial assets and recognition of gains and losses per each type of financial asset:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group enters into transactions whereby it transfers financial assets recognised in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not derecognized.

3.13 Financial liabilities

(i) Recognition and initial measurement

Financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value including transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

The Group measures financial liabilities at amortised cost using the effective interest rate method. Interest expense and exchange rate losses are recognised within the statement of comprehensive income. Any gains or losses at derecognition are also recognised within the statement of comprehensive income.

(iii) Derecognition

The Group derecognises financial liabilities when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of comprehensive income.

NOTE 3 - MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.14 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.15 Impairment of non-derivative financial assets

Recognition of loss allowances

The Group recognises provisions for expected credit losses (''ECLs'') on:

- financial assets measured at amortized cost;
- contract assets.

The Group recognises provisions for losses equal to ECLs throughout the entire duration of the asset's economic life. Provisions for ECLs relating to trade receivables without a significant financial component are always measured taking into account total ECLs throughout the entire duration of the economic life of those assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on financial assets (primarily receivables) has increased significantly if early warning indicators are activated in line with the Group's policy or the contractual terms of the instrument.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTE 3 - MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.15 Impairment of non-derivative financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or considerable delays in payment of due receivables;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off of financial assets

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group generally expects no significant recovery from the amount written off.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held with banks and other short-term highly liquid instruments with original maturities of three months or less.

3.17 Borrowings

Loans are initially recognised at fair value, reduced by transaction costs. In subsequent periods, loans are recognised at amortized cost; any differences between receipts (net of transaction costs) and the redemption value are recognised in the statement of comprehensive income during the term of the loan duration, using the effective interest rate method. Other loan related expenses are recognised as expenses.

Fees paid when arranging loans are recognised as transaction costs if it is likely that a portion or the entire loan will be drawn down.

Loans are classified as short-term liabilities, unless the Group or Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

3.18 Share capital

The share capital consists of ordinary shares.

Share capital consists of ordinary shares. The consideration paid for repurchased own shares, including all directly attributable transaction costs (net of income tax), reduces the share capital that can be attributed to the Company's shareholders until the shares are either canceled or reissued

NOTE 3 - MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.19 Taxation

(i) Income Taxes

The Company and Group members are taxpayers according to the laws and regulations of the Republic of Croatia. According to Croatian law, the basis for calculating corporate income tax consists of the difference between income and expenses determined in accordance with the Law. Corporate income tax is calculated at a rate of 18% for the Company and the subsidiary Pločanska Plovidba d.o.o., and at a rate of 10% for the other subsidiaries.

(ii) Deferred tax assets and liabilities

The amount of deferred tax is calculated using the balance sheet method, on temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets and liabilities are measured by tax rates expected to apply during the period when the assets will be reimbursed or liability settled, based on tax rates and tax laws, which are in force or partially applicable at the balance sheet date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(iii) Value Added Tax (VAT)

The Company and the Group are liable to submit VAT on a monthly basis. The IRS requires VAT to be settled on a net basis. VAT arising from sales and purchase transactions is recognised and reported in the statement of financial position on a net basis. In the event of impairment of trade receivables, the impairment loss is recorded at the gross amount of the receivable, including VAT.

3.20 Employee benefits

(a) Pension obligations and post-employment benefits

In the normal course of business through salary deductions, the Group or the Company make payments to mandatory pension funds on behalf of their employees as required by law. All contributions made to the mandatory pension funds are recorded as payroll expenses when incurred. The Group and the Company do not have any other pension schemes and consequently, have no other obligations in respect of employee pensions. In addition, the Group and the Company are not obliged to provide any other post-employment benefits.

(b) Long-term employee benefits

The Group and the Company recognise a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability includes assumptions of the probable number of employees to whom the benefit will be payable, estimated benefit cost and the discount rate.

(c) Short-term employee benefits

The Group and the Company recognise a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Group and the Company recognise a liability for unused vacation days at the balance sheet date.

NOTE 3 - MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.20 Employee benefits (continued)

(d) Severance pay

Severance pay obligations are recognised when the Group or Company terminates an employee's employment before the expected retirement date or when an employee decides to accept termination in exchange for compensation. The Group or Company recognises severance pay obligations when it has demonstrably assumed the obligation to terminate the employment of current employees, based on a detailed formal plan, without the possibility of withdrawal, or provides severance pay as a result of an offer to encourage termination of employment.

Long-term employee benefits (severance pay upon retirement) are determined based on assumptions about the number of employees to whom such benefits will be paid, the estimated cost of those benefits, and the discount rate

3.21 Provisions

Litigation provisions are recognised when: the Group or the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the value of costs that are expected to be required to meet the obligation.

3.22 Trade and other liabilities

Trade and other liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

3.23 Earnings per share

Earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year, less treasury shares.

3.24 Dividend distribution

To date, the Company has not paid out dividends.

3.25 Revenue recognition

Revenue is measured on the basis of the fee specified in the contract with the customer, which is based on the prescribed tariff for port services. The Group recognises revenue when transfer of control occurs in relation to goods or services to customers. The transfer of control may take place continuously (revenue recognition over time) or on a specific date (recognition in time). Before revenue is recognised, the Group identifies both the contract and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. Specific criteria for revenue recognition for the Group's and the Company's activities is described below.

(a) Revenue from port services

The Company and Group's primary activity is providing port services: loading, unloading, handling of goods and storage services, transport, refinement and weighing of freight. Most of the Group's customer arrangements involve several separate services which have a stand-alone and reliably measurable value to the customer (based on the tariff) whereby each separate service has its own separate performance obligation. Prices of provided services are determined based on tariffs.

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on the basis of the actual service provided as a proportion of the total services to be provided (for instance, number of tons off or on loaded compared to total shipment size; or number of storage days elapsed compared to the total number of storage days contracted). The transfer of control of services usually takes place over time.

NOTE 3 - MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.25 Revenue recognition (continued)

Contractual assets are recognised for contractual obligations which have been completed but are not invoiced at reporting date. Contractual assets are transferred to trade receivables when the rights become unconditional. This usually happens when the Group issues an invoice to the customer.

(b) Revenue from sale of goods

Revenue from sale of goods is recognised when the obligation in a customer contract (performance obligation) has been satisfied by transferring control over the goods to the customer which is usually when the Group delivers goods to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of loss have been transferred to the customer and the customer has accepted the products in accordance with the contract terms. Control over goods is usually transferred at a point in time.

The amount of revenue recognised is based on the price specified in the contract, net of estimated volume discounts and returns at the time of sale. Past experience is used to estimate the discounts and returns.

(c) Interest income

Interest income is recognised on a time-proportional basis using the effective interest rate method. The Group and the Company recognise interest income within the "Financial income / (expense) – net".

(d) Dividend income

Dividend income is recognised when the right to pay dividends has been established. The Company recognises dividend income within "Financial income / (expense) – net".

NOTE 4 – FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The accounting policies for financial instruments have been applied to the following items:

(in thousands of EUR)	**Luka Ploče Group** 31 December 2023	**Luka Ploče Group** 31 December 2022	**Luka Ploče d.d.** 31 December 2023	**Luka Ploče d.d.** 31 December 2022
Financial assets				
Loans given	37	65	244	350
Financial assets at FVTPL	38	33	38	33
Trade receivables	22,443	24,375	22,242	23,992
Deposits	622	600	476	454
Letters of credit	49	13,948	49	13,948
Cash and cash equivalents	18,492	5,941	17,114	4,491
Total	**41,681**	**44,962**	**40,163**	**43,268**
Financial liabilities				
Borrowings	20,295	26,872	20,086	26,588
Trade payables	1,312	1,752	1,432	1,618
Total	**21,607**	**28,624**	**21,518**	**28,206**

The fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities that are traded on active liquid markets, under standard conditions, is determined with reference to quoted market;
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models, based on discounted cash flow analysis using prices from observable current market transactions and prices offered for similar instruments.

Financial instruments held for collection in the normal operations are recognised at cost less amounts repaid. Fair value is determined as the amount at which the instrument could be exchanged between willing parties on an arm's length basis, except in the case of a forced sale or liquidation. The fair value of a financial instrument is the quoted market price, or the price that is obtained using the discounted cash flow.

On 31 December 2023, the carrying amounts of cash, short-term deposits, receivables, short-term liabilities, accrued expenses, borrowings and other financial instruments approximate their fair values due to the short-term nature of these assets and liabilities and because most of current assets and current liabilities carry a variable interest rate.

Management deems the fair value of the Group's long-term receivables related to investment properties to not materially differs from their carrying amount due to low market interest rates for same. Management regularly monitors the relevant market interest rates on similar assets in order to assess the validity of this assumption.

At the reporting dates, the carrying amount of bank loans and other loans approximates their fair value because most of these loans have a variable interest rate or a fixed interest rate which approximates current market interest rates.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

The activities carried out by the Group and the Company expose them to various financial risks: market risk (currency risk, price risk, cash flow risk, interest rate risk), credit risk and liquidity risk. The Company and the Group implement appropriate policies and procedures for managing individual risks, and the manner of managing these risks is specifically prescribed and documented by policies and procedures. The Company accepts that these risks are part of the normal course of business and that it is necessary to react to them in a timely and appropriate way in order to be able to make quality decisions to secure and grow business operations.

(a) Market risk

(i) Currency risk

The Group and the Company are exposed to currency risk arising from revenues generated and purchases from non-EU countries in US dollars (USD). As such, variances in exchange rates between the US dollar and the euro can have an impact on future business results and cash flows.

An overview of the value of the Group's and Company's financial assets and liabilities denominated in foreign currencies as at 31 December 2023 and the maximum impact on profit before tax assuming that all other indicators remain unchanged:

Luka Ploče Group

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities)**	**Change in currency**	**Effect on profit before tax**
	(in thousands of EUR)		*(in thousands of EUR)*	**%**	*(in thousands of EUR)*
USD	1,047	-	1,047	3%	31

Luka Ploče d.d.

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities)**	**Change in currency**	**Effect on profit before tax**
	(in thousands of EUR)		*(in thousands of EUR)*	**%**	**%**
USD	873	-	873	3%	26

The following table presents an overview of the Group’s and the Company’s assets and liabilities denominated in foreign currencies as at 31 December 2023 and the maximum effect on profit after tax, with all other variables held constant:

Luka Ploče Group

Currency *(in thousands of EUR)*	**Assets**	**Liabilities**	**Net assets/(liabilities)**	**% change in currency**	**Effect on profit before tax**
USD	14,072	-	14,072	3%	422

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Luka Ploče d.d.

Currency *(in thousands of EUR)*	**Assets**	**Liabilities**	**Net assets/(liabilities)**	**% change in currency**	**Effect on profit before tax**
USD	13,916	-	13,916	3%	417

The effect on profit after tax is mainly the result of foreign exchange gains/losses on translation of USD-denominated trade receivables and cash and cash equivalents. The Group and the Company do not use derivative instruments to actively hedge currency risk exposure.

(ii) Interest rate risk

The interest rate risk of the Group and the Company arises from long-term loans. Loans granted at variable rates expose the Group to cash flow interest rate risk. Loans granted at fixed rates expose the Group to fair value interest rate risk.

Exposure to interest rate risk through borrowings at variable interest rates is as follows:

	Luka Ploče Group		**Luka Ploče d.d.**	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Borrowings at variable interest rates	4,874	10,484	4,666	10,200

The following table shows the sensitivity of profit before tax to changes in interest rates on loans of the Group and the Company with an agreed variable interest rate, assuming that all other variables are constant:

	Increase / decrease in %	**Luka Ploče Group**		**Luka Ploče d.d.**	
		2023.	**2022.**	**2023.**	**2022.**
		(in thousands of EUR)		*(in thousands of EUR)*	
Effect of interest rate increase on profit before tax	+1%	(49)	(105)	(47)	(102)
Effect of interest rate decrease on profit before tax	-1%	49	105	47	102

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 December 2023, long-term loans are linked to a fixed interest rate and variable EURIBOR.

The Group and the Company do not use derivative instruments for active protection against exposure to cash flow interest rate risk and fair value interest rate risk.

The Group and the Company continuously monitor changes in interest rates. Different situations are simulated, taking into account refinancing, restoration of the current situation as well as alternative financing. Based on these situations, the Group and the Company calculate the impact of interest rate changes on the profit and loss account.

(b) Credit risk

The Group’s and the Company’s assets that may potentially lead to credit risk, primarily include cash and cash equivalents, deposits, trade receivables, receivables from employees and other receivables. The collection of the Group’s and the Company’s trade receivables is additionally secured by goods, while receivables from employees are secured by salary deductions.

The largest part of the Group's and the Company's business is related to co-operation with known customers, while a small part of the business is related to new customers. The Group's top five customers generated approximately 84.1% of the total sales revenue (2022: 81.4%), of which the two largest customers with the largest impact on the Group's and the Company's revenue have 69.2% of the total revenue in 2023 (2022: 62.5%) The Group and the Company manage credit risk through the analysis of key customers, the implementation of appropriate protection measures in contracts and through continuous communication with customers and liens on goods and their shipment.

The Group and the Company mainly keep their cash and deposits with financial institutions in Croatia that do not have a defined credit rating.

(c) Liquidity risk

A prudent liquidity risk management implies maintaining a sufficient amount of cash, ensuring the availability of financial resources by an adequate amount of agreed credit lines and the ability to settle all liabilities. The Group and the Company's objective is to maintain the financing flexibility by ensuring available credit lines. The Finance Department regularly – on a daily basis - monitors the level of available cash fund.

The following tables detail the Group’s and the Company’s remaining contractual maturities for its financial liabilities. These amounts represent undiscounted cash flows from both principal and interest perspective.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4,1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Financial liabilities do not include employee liabilities, liabilities for contributions, taxes and advances received.

(in thousands of EUR)	Principal	Contractual cash flows	Up to 1 year	1 - 5 years	Over 5 years
Luka Ploče Group					
31 December 2023					
Leases	4,654	4,654	241	735	3,678
Bank borrowings	15,569	17,913	2,535	10,294	5,084
State borrowings	72	72	9	63	-
Trade payables	1,312	1,312	1,312	-	-
Total	**21,607**	**23,951**	**4,097**	**11,092**	**8,762**
31 December 2022					
Finance leases	4,609	4,609	277	609	3,723
Bank borrowings	22,172	25,029	12,539	5,060	7,430
State borrowings	91	91	20	71	-
Trade payables	1,752	1,752	1,752	-	-
Total	**28,624**	**31,481**	**14,588**	**5,740**	**11,153**

	Principal	Contractual cash flows	Up to 1 year	1 - 5 years	Over 5 years
Luka Ploče d.d.					
31 December 2023					
Leases	4,654	4,654	241	735	3,678
Bank borrowings	15,360	17,797	2,555	10,158	5,084
State borrowings	72	72	9	63	-
Trade payables	1,432	1,432	1,432	-	-
Total	**21,518**	**23,955**	**4,237**	**10,956**	**8,762**
31 December 2022					
Finance leases	4,609	4,609	277	609	3,723
Bank borrowings	21,888	25,018	12,534	5,054	7,430
State borrowings	91	91	20	71	-
Trade payables	1,618	1,618	1,618	-	-
Total	**28,206**	**31,336**	**14,449**	**5,734**	**11,153**

Trade and other payables as well as short-term borrowings are due within 12 months after the balance sheet date, while the maturity of long-term borrowings is disclosed in Note 30.

The Company's and the Group's financial assets in the amount of 42,788 thousand euros and 40,956 thousand euros, respectively, mainly relate to deposits, cash and receivables which are short-term in nature. This indicates that the Company and the Group have sufficient liquidity in the short term.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.2 Operational risk management

The Group is primarily exposed to the risk of sales concentration. For more details on exposure to this risk and how it is managed refer to Note 7.

4.3 Capital risk management

The Group and the Company monitor capital in accordance with the laws and regulations of the countries in which they operate. Croatian laws and regulations require minimum paid in capital of 26,545 euro for joint stock companies and 2,654 euro for limited liability companies. Owners do not require any specific measures regarding capital management. The Group has no obligation to comply with capital requirements imposed externally. Furthermore, there are no capital targets that are monitored internally.

NOTE 5 – ESTIMATION OF FAIR VALUE

The Company adopts a series of accounting policies and disclosures that require fair value measurement for financial and non-financial assets and liabilities. The Company has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board in relation to the monitoring of all significant fair value measurements, consultation with external experts and the responsibility to report, with respect the above, to those charged with corporate governance.

Fair values are measured using information collected from third parties in which case the Board and the finance department assess whether the evidence collected from third parties supports the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair value estimates are reported to the Supervisory Board and the Audit Committee. Fair values are categorized into different levels in the fair value hierarchy based on the input variables used in the valuation techniques as follows:

- *Level 1* - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* - inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- *Level 3* - input variables for assets or liabilities that are not based on observable market data (unobservable inputs)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3.

The following table presents the Group's and the Company's assets at fair value as at 31 December 2023 and 2022:

(in thousands of EUR)	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2023				
Listed companies	38	-	-	38
Unlisted companies	-	-	-	-
Total	**38**	**-**	**-**	**38**
31 December 2022				
Listed companies	33	-	-	33
Unlisted companies	-	-	-	-
Total	**33**	**-**	**-**	**33**

NOTE 6 – KEY ACCOUNTING ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and the Company make estimates and assumptions related to the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Service Concession Arrangements

The European Union has adopted the interpretation of IFRIC 12 Service Concession Arrangements, which is effective for financial years beginning on or after 1 April 2009. A significant part of the Company's registered activities is carried out in the area under concession of the maritime domain. According to the Law on maritime domain and sea ports, the maritime domain is managed by the Port Authority Ploče, which is the grantor of the concession. The concession agreement for the old port was originally signed on 13 August 2005 for a period of 12 years, and was renewed in 2008, which extended the concession period for an additional 20 years, until 2037. The agreement on the extension of the concession was concluded on 24 May 2010. The concession agreement for the container terminal was signed on 18 January 2010 for a period of 32 years to 2042 with the possibility of extension for another 13 years until 2055. The bulk cargo terminal concession agreement was signed on 18 January 2010 for a period of 45 years until 2055. Concession Agreement refers to the port activities in a specific area (part of the port area of Ploče and port Metković), with the risk and responsibility of the operator (or the Company) and considering; technical regulations applicable to the activity, reconstruction, current and capital maintenance, construction, modernisation, reconstruction and growth in port services stipulated in the Law on maritime domain and seaports; the terms and conditions related to the license for the provision of port services and other requirements prescribed by the Port Authority of Ploče. According to the concession agreement, the operator will have the right to use the property that represents the port infrastructure ("relevant property") owned by Luka Ploče, which is found in the above-mentioned area for the provision of port services. The ownership rights of the relevant assets remain on the concession provider and those assets have not been recorded in the Company's books.

On 20 March 2023, the Company concluded a new concession agreement for the economic use of storage facilities 4a and 4b in the port of Ploče, with a total area of 4,146 m2. The concession is granted for a period of 15 years from the date of conclusion of the Contract, i.e. until March 20, 2038.

The concession agreement establishes obligations for reconstruction, investment, and maintenance of areas under concession. According to the concession agreement, the Operator has the obligation to cover all costs associated with the activity determined by the concession (energy, water, gas, postal and telephone services, waste disposal and similar related costs), as well as the cost of utilities, water charges, water preservation levies, insurance costs and various other charges arising from the use of the area under concession.

In addition to covering the costs associated with the concessions, the concession operator is obligated to pay to the Provider the annual concession fee consisting of a fixed fee per square meter of area under concession and a variable fee per ton for each type of cargo handles at the Port as well as variable compensation for the services of mooring and unmooring and acceptance and diverting of vessels.

Furthermore, in accordance with the concession agreement, operator shall make capital expenditures related to the maintenance / replacement of property within the port infrastructure in the area under concession (including PPE) in accordance with the predefined schedule (refer to Note 34 - Commitments and contingencies for further detail). The operator is obliged to return to the Provider ''relevant property" (including investment in the relevant assets as stipulated in the concession contract) after the expiry of the concession and dismantle, at no cost, at the request of the Provider, any property in the concession area, if the Provider requires (currently, the Operator does not expect future costs arising from the dismantling).

At the reporting date, the Company is substantially owned by shareholders from the private sector. IFRIC 12 deals with public-to-private service concession agreements and considering the ownership structure, current concession arrangements represent a form of public-to-private service concession arrangements, and should, as such, be subject to the provisions of IFRIC 12 if the arrangement contains the characteristics defined in this interpretation.

NOTE 6 – KEY ACCOUNTING ESTIMATES (continued)

(a) Concession Arrangements (continued)

Characteristics of concession arrangements that are defined and fall under IFRIC 12 are as follows:

- Obligation taken by the operator are in substance a public service
- The party that grants the contract (the Concession grantor) is a public sector entity, including governmental body or private sector entity to which the responsibility for the service has been transferred
- The operator is responsible for at least some of the management of the infrastructure and related services and does not merely act as an agent on behalf of the grantor
- The contract sets the initial prices to be levied by the operator and regulates price revisions over the period of the service arrangement.
- The operator is obliged to hand over the infrastructure to the grantor in a specified condition at the end of the period of the arrangement, for little or no incremental consideration irrespective of which party initially financed it.

One of the main factors that management considers in terms of the applicability of IFRIC 12 is a mechanism which regulates and revises price for the duration/term of the service agreement. The concession provider, under the current agreement has the right to regulate the maximum level of price that the Company may charge for providing services that are subject to the agreement by prescribing maximum fees and approving an application for the modification of fees or price tariffs proposed by the Company. However, due to the specifics of port location and prices of the supporting transport infrastructure, in order to maintain competitiveness and a satisfactory level of transactions, fees that are charged by the Company to its customers are continuously significantly below the maximum prescribed fees of the Port Authority of Ploče. In this regard, taking into account all relevant provisions of IFRIC 12, the Management Board applied the judgment and has assessed that, the mechanism of regulating and revising prices that is currently in practice has no essential characteristics of price regulation. The Company's management regularly monitors deviations between service fees charged to customers and maximum tariffs in order to determine if this assumption is still valid.

If the Management Board, during its monitoring of relevant elements of the current mechanism of price regulation, identifies substantial change in circumstances, which would make the above described mechanism relevant in representing the essential mechanism of price regulation, and if the Management Board assesses that such circumstances have a long-term characteristic, the Management Board will reassess and analyse the accounting treatment that is currently used and the possible applicability of IFRIC 12 in the context of the above substantial changes in the mechanism of price regulation.

In case that the Company changes its accounting policy in accordance with IFRIC 12, the Board expects that the changes would be implemented retrospectively, unless it would not be practical, and expects that the impact on the financial statements would be generally as follows: reclassification from property, plant and equipment to intangible assets in the amount relating to leasehold improvements owned by the Provider, the recognition of intangible and/or financial assets related to the "relevant property", which currently is not included in the Company's balance sheet and the recognition of revenue from construction and construction costs in the statement of comprehensive income related to investments in infrastructure owned by the Concession grantor.

In case of an accounting policy change, the Company will make the valuation and accounting model that will enable it to assess the amount and type of assets related to the application of IFRIC 12 (intangible assets, financial assets or combination of both) that need to be recognised in the statement of financial position and the expected structure and dynamics of the items associated with the application of IFRIC 12 which affect the future statements of comprehensive income of the Company. Currently, the Management Board has not quantified the possible impact of the potential application of IFRIC 12 since the change in the accounting policy, in this regard, is not considered to be likely.

NOTE 6 – KEY ACCOUNTING ESTIMATES (continued)

(b) Recoverability of property, plant and equipment

As at 31 December 2023, property, plant and equipment of the Group and the Company amounted to 55,409 thousand euro and 53,846 thousand euro respectively.

The Management Board conducts impairment tests on property, plant, and equipment when there are indications of impairment. The Company's operations are influenced by global market trends, particularly fluctuations in commodity prices that the Company handles for its clients. Over the past two years, the significant impact of sanctions on Russia has been evident globally, resulting in a substantial increase in the price of raw material and heightened volatility in capital markets. These factors continue to affect the global supply chain. Macroeconomic challenges are manifested in rising costs, supply-demand cycle disruptions, significant inflation, and a trend of increasing interest rates (compared to prior years before the sanctions were imposed). Although these risks persist, a reduced inflationary pressure has been noted on the Group's and Company's operations in 2023 (e.g., in terms of commodity prices). However, the influence of macroeconomic factors on the Group's, Company's, and our clients' operations remains tangible. Based on this assessment, the Management Board concluded that indicators of asset impairment were identified as at 31 December 2023 and relevant impairment tests were performed accordingly.

Management estimates that the total assets located in the concession areas represent one cash-generating unit (CGU). The recoverable amount of this unified CGU is estimated using a present value technique based on a discounted cash flow model that requires a significant judgment in assessing the reasonableness of grouping assets into CGUs, the reasonableness of cash flow projections such as planned cargo throughput and tariffs, operating costs, capital expenditures and working capital as well as the determination of the appropriate discount rate.

The calculation of recoverable amount is based on business plans for the period of the concession agreements, including the use of the option to extend the concession for the container terminal until 2055, and is prepared taking into account future strategy and market trends that are of current and future interest to the Group (Bosnia and Herzegovina, Croatia, Italy).

Plans include assumptions of growth in cargo volume as follows:

- growth of bulk cargo volume in the old port and at the bulk cargo terminal at an average annual rate of 3.8% and 3.4%, respectively;
- growth of general cargo volume in the old port and at the container terminal at a rate at an average annual rate of 4.9% and 2.2%, respectively;
- growth of liquid cargo volume at an average annual rate of 0.8%;

Plans include assumptions of growth in prices as follows:

- growth in the price of services for bulk cargo in the old port at an average annual rate of 1%, in the new bulk cargo terminal at an average annual rate of 0.9%.
- growth in the price of services for general cargo in the old port at an average annual rate of 0.8%, at the container terminal at an average annual rate of 1%;

These estimated cash flows are discounted to their present value using a pre-tax discount rate of 11.94% (2022: 13.32%) which reflects the risk specific to the assets.

Management estimates that the carrying amount of property, plant and equipment as at 31 December 2023 is recoverable.

The Group and the Company considered the impact of reasonable changes in key assumptions and determined the following:

- a 1% decrease in the average annual growth rate of cargo volume during the entire duration of the concession agreement would not result in the impairment of PPE.
- a 3% increase in the discount rate would not result in the impairment of PPE.

NOTE 7 – OPERATING SEGMENTS

Management separately monitors and discloses operating revenues, profit from operations, capital expenditures, total assets and total liabilities as follows:

1. Port services segment consists of cargo handling (loading, unloading, transportation, refinement, weighing of freight) and represents the parent Company.
2. Marine services segment provides freight forwarding and various vessel handling services to users of port services.
3. Trading segment deals with sale of materials and goods from the free zone of the Port Ploče.
4. Other business segments relate to the Group's ancillary business activities (maintenance, restaurants and similar and investments in financial assets (deposits)).

The segment results for the year ended 31 December 2023 are as follows:

(in thousands of EUR)	**Port services**	**Marine services**	**Trading segment**	**Other segments**	**Total Group**
Revenue	35,396	1,446	38,862	1,230	76,934
Operating profit before depreciation and amortisation	14,331	497	1,606	179	16,613
Depreciation, amortisation and impairment of fixed assets	2,692	33	-	138	2,863
Operating profit / (loss)	**11,639**	**464**	**1,606**	**41**	**13,750**
Capital expenditures	4,447	290		88	4,825

The segment results for the year ended 31 December 2022 are as follows:

(in thousands of EUR)	**Port services**	**Marine services**	**Trading segment**	**Other segments**	**Total Group**
Revenue	33,872	2,270	59,094	1,418	96,654
Operating profit before depreciation and amortisation	14,360	466	792	132	15,750
Depreciation, amortisation and impairment of fixed assets	(2,132)	(32)	-	(125)	(2,289)
Operating profit	**12,228**	**434**	**792**	**7**	**13,461**
Capital expenditures	2,299	10	-	628	2,937

NOTE 7 – OPERATING SEGMENTS (continued)

The activities of the Group and the Company are carried out in three main geographical areas. Sales revenue is categorized across geographical areas based on the customer's headquarters.

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Croatia	19,547	18,914	17,810	17,030
Bosnia and Herzegovina	4,537	7,138	4,339	6,335
European Union countries	50,675	69,167	50,509	69,150
Other	2,175	1,435	1,770	1,302
Total	**76,934**	**96,654**	**74,428**	**93,817**

Concentration risk relating to sales revenue

The Group generates 25.6% (2022: 19.6%) of revenue from sales to domestic customers while 74.4% (2022: 80.4%) of revenue is derived from sales to foreign customers (in terms of the geographical location of customers) which mainly relates to sales to customers from Bosnia and Herzegovina, which generate 5.9% of revenue (2022: 7.4%). The Group determines the selling price to customers in accordance with the macroeconomic conditions prevailing in each market where customers are located taking into account the maximum approved tariffs for services covered by the concession agreement.

Group revenue is substantially exposed to volatility due to the relatively high concentration of revenue to a limited number of customers. The top five customers of the Group generated approximately 84.1% of revenue (2022: 81.4%), of which two customers contributed 69.2% of revenue sales in 2023 (2022: 62.5%). With the two largest customers, the Group primarily trades in goods. As a result of its exposure to a limited number of customers, the Company manages this risk through active and frequent communication with key customers, acquisition of new customers and through monitoring of relevant competitors and market conditions both at local and international level.

NOTE 8 – REVENUE

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Revenue				
Revenue from rendering services	38,067	37,556	35,562	34,723
Revenue from sale of goods	38,867	59,098	38,866	59,094
	76,934	**96,654**	**74,428**	**93,817**
Other income				
Subsidy revenues	499	157	498	156
Interest income	26	6	26	6
Other income	121	279	94	172
	646	**442**	**618**	**334**
	77,580	**97,096**	**75,046**	**94,151**

Interest income includes income from interest on bank deposits.

NOTE 8 – REVENUE (continued)

Revenue segmentation by type of cargo is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Bulk cargo	27,578	24,726	27,578	24,726
General cargo	5,775	7,498	5,775	7,498
Liquid cargo	1,848	1,641	1,848	1,641
Other port services	2,866	3,691	361	858
	38,067	**37,556**	**35,562**	**34,723**
Revenue from sale of goods	38,867	59,098	38,866	59,094
	76,934	**96,654**	**74,428**	**93,817**

Bulk, general, and liquid cargo relate to port services in relation to the handling of those types of cargo for which the Group charges fees based on tons of cargo handled while other port services relate to storage, warehouse handling and other services related to the handling of other cargo types. Revenue from sale of goods relates to the sale of metallurgical coal.

Revenue segmentation by type of service is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Port handling services	24,076	27,372	24,076	27,372
Rent and warehousing	10,713	5,750	10,713	5,750
Other services	3,278	4,434	773	1,601
	38,067	**37,556**	**35,562**	**34,723**
Revenue from sale of goods	38,867	59,098	38,866	59,094
	76,934	**96,654**	**74,428**	**93,817**

NOTE 9 – MATERIALS, ENERGY COSTS AND SERVICE COSTS

Costs of materials and energy are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Cost of goods sold	37,278	58,324	37,255	58,303
Fuel costs	1,155	1,343	1,123	1,296
Consumption of raw materials and supplies	1,588	1,621	1,249	1,205
Electricity	1,835	1,743	1,835	1,743
Small inventory, spare parts and office supplies	98	132	36	35
Other costs	42	55	17	22
	41,996	**63,218**	**41,515**	**62,604**

NOTE 9 – MATERIALS, ENERGY COSTS AND SERVICES (continued)

Service costs are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Utilities	772	502	762	475
Variable concession fee	876	865	857	865
Repairs and maintenance	1,891	1,839	2,129	1,937
Security costs	583	508	583	508
Intellectual services	304	186	270	185
Advertising and entertainment expenses	172	110	313	145
Transport and telecommunication services	249	712	196	657
Other services	1,018	992	973	848
	5,865	**5,714**	**6,083**	**5,620**

The contracted fee for audit services for 2023 is 34 thousand euros (2022: 31 thousand euros).

NOTE 10 – STAFF COSTS

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Salaries and taxes	6,943	7,012	5,940	6,088
Contributions from and on salaries /i/	2,996	2,848	2,564	2,469
Termination benefits and jubilee awards and bonuses/ii/	510	378	513	378
Other employee benefits /iii/	1,025	824	955	681
	11,474	**11,062**	**9,972**	**9,616**

/i/ Defined pension contributions paid by the Group and the Company to mandatory pension funds for 2023 amounted to 1,727 thousand euro and 1,475 thousand euro (2022: 1,616 thousand euro and 1,401 thousand euro). Contributions are calculated as a percentage of the employees' gross salaries.

/ii/ Severance pay, jubilee rewards and bonuses include the effect of reserve releases in accordance with IAS 19. During 2023, there were no releases of reserves noted relating to severance pay and jubilee awards (2022: 40 thousand euros).

/iii/ Other employee benefits include travel costs (to and from work), gifts for children, event specific benefits (e.g. birth, easter etc.) and other benefits.

As at 31 December 2023 the Group had 474 employees (2022: 476), and the Company had 403 employees (2022: 395).

NOTE 11 – OTHER OPERATING EXPENSES

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Insurance premiums	213	192	189	166
Damages, penalties, and demurrage	72	195	60	194
Contributions and membership fees	116	119	109	111
Bank charges	145	169	129	150
Daily allowances and travel expenses	44	33	41	30
Supervisory Board fees	39	56	39	56
Other staff costs	52	80	12	9
Donations	81	33	96	33
Write-off of safety clothing and footwear	52	54	52	54
Litigation provisions	19	10	19	-
Other operating expenses	75	156	65	97
	908	**1,097**	**811**	**900**

NOTE 12 – OTHER (LOSSESS)/ GAINS – NET

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of *EUR*)		*(in thousands of EUR)*	
Gain/(loss) from changes in fair value of financial assets through profit or loss (Note 25)	5	(3)	5	(3)
Gain on disposal and impairment of property, plant and equipment /i/	18	74	18	74
Net foreign exchange differences	(705)	(121)	(705)	(123)
	(682)	**(50)**	**(682)**	**(52)**

/i/ The disposal of property, plant and equipment comprises the following:

(in thousands of EUR)	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
Net carrying amount	(67)	(173)	(67)	(173)
Proceeds on sale of tangible assets	85	247	85	247
Gain on disposal of property, plant and equipment	**18**	**74**	**18**	**74**

NOTE 13 – FINANCE INCOME / (EXPENSES) - NET

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Foreign exchange gains / (losses) – net	30	(76)	29	(79)
Interest expense	(723)	(574)	(702)	(576)
Finance expenses – net	**(693)**	**(650)**	**(673)**	**(655)**

NOTE 14 – INCOME TAX

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Current income tax	2,371	2,424	2,321	2,339
Additional profit tax	-	3,431	-	3,431
Deferred tax income	(33)	(15)	(33)	(15)
	2,338	**5,840**	**2,288**	**5,755**

A reconciliation of tax expense of the Group and the Company per statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Profit before tax	**13,074**	**12,824**	**12,575**	**12,365**
Corporate income tax at various rates	2,313	2,308	2,263	2,226
Effect of tax-free income	(6)	(24)	(3)	(17)
Effect of tax-deductible costs	31	125	28	115
Additional corporate income tax	-	3,431	-	3,431
Corporate income tax	**2,338**	**5,840**	**2,288**	**5,755**

NOTE 14 – INCOME TAX (continued)

In accordance with Croatian regulations, the tax authorities may at any time, inspect any of the Group company's records within 3 years subsequent to the year in which the tax liability is reported and may impose additional tax assessments and penalties. The Group's Management is not aware of any circumstances which may give rise to a potential material liability in this respect.

Deferred Tax Assets ("DTA") and Deferred Tax Liability ("DTL") are recognized for any temporary differences up to the level that these amounts are likely to be realized through the Group and the Company's future taxable profits:

	Luka Ploče Group		Luka Ploče d.d.	
	2023.	**2022.**	**2023.**	**2022.**
	(in thousands of euros)		*(in thousands of euros)*	
DTA on recognition of employee benefits	137	128	137	128
DTA on recognition of ECL	45	37	45	37
DTA on recognition of lease liabilities	821	792	821	792
Total deferred tax assets	**1,003**	**957**	**1,003**	**957**
DTL on recognition of right-of-use property	(818)	(805)	(818)	(805)
Total deferred tax liability	**(818)**	**(805)**	**(818)**	**(805)**
Total deferred tax assets - net	**185**	**152**	**185**	**152**

Changes in deferred tax assets of the Group and the Company during the year were as follows:

(in thousands of euros)	**Employee benefits (bonuses, jubilee, severance pay)**	**Expected credit losses**	**Lease liabilities**	**TOTAL**
1 January 2022	**79**	**16**	**815**	**910**
Recognised in the statement of comprehensive income	49	21	(23)	47
31 December 2022	**128**	**37**	**792**	**957**
1 January 2023	**128**	**37**	**792**	**957**
Recognised in the statement of comprehensive income	9	8	29	46
31 December 2023	**137**	**45**	**821**	**1,003**

NOTE 14 – CORPORATE INCOME TAX (continued)

The changes in the Group and the Company's deferred tax liability during the year were as follows:

(in thousands of euros)	**Right-of-use property**	**TOTAL**
1 January 2022	**(845)**	**(845)**
Recognised in the statement of comprehensive income	40	40
31 December 2022	**(805)**	**(805)**
1 January 2023	**(805)**	**(805)**
Recognised in the statement of comprehensive income	(13)	(13)
31 December 2023	**(818)**	**(818)**

NOTE 15 – INTANGIBLE ASSETS

Luka Ploče Group *(in thousands of EUR)*	**Intangible assets**
At 1 January 2022	
Cost	398
Accumulated amortisation	(342)
Net carrying amount	**56**
For the year ended 31 December 2022	
Net carrying amount at the beginning of the year	56
Amortization	(15)
Net carrying amount at the end of the year	**41**
At 31 December 2022	
Cost	398
Accumulated amortisation	(357)
Net carrying amount at the end of the year	**41**
For the year ended 31 December 2023	
Net carrying amount at the beginning of the year	41
Reclassification of tangible assets	(19)
Amortisation	(3)
Net carrying amount at the end of the year	**19**
At 31 December 2023	
Cost	379
Accumulated amortisation	(360)
Net carrying amount	**19**

Intangible assets relate to software and network station.

NOTE 15 – INTANGIBLE ASSETS (continued)

Luka Ploče d.d. *(in thousands of EUR)*	**Intangible assets**
At 1 January 2022	
Cost	398
Accumulated amortisation	(342)
Net carrying amount	**56**
For the year ended 31 December 2022	
Net carrying amount at the beginning of the year	56
Amortization	(15)
Net carrying amount at the end of the year	**41**
At 31 December 2022	
Cost	398
Accumulated amortisation	(357)
Net carrying amount at the end of the year	**41**
For the year ended 31 December 2023	
Net carrying amount at the beginning of the year	41
Reclassification of tangible assets	(19)
Amortisation	(3)
Net carrying amount at the end of the year	**19**
At 31 December 2023	
Cost	379
Accumulated amortisation	(360)
Net carrying amount	**19**

Intangible assets relate to software and network station.

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

Luka Ploče Group	Land and buildings	Equipment	Assets under construction	Leasehold improvements	Total
(in thousands of EUR)					
At 1 January 2022					
Cost	7,288	60,542	644	1,876	70,350
Accumulated depreciation	(1,209)	(16,668)	-	(1,183)	(19,060)
Net carrying amount	**6,079**	**43,874**	**644**	**693**	**51,290**
For the year ended 31 December 2022					
Opening balance	**6,079**	**43,874**	**644**	**693**	**51,290**
Increases	-	47	2,914	10	2,971
Transfer from assets under construction	-	2,963	(2,963)	-	-
Lease modification	-	(32)	(159)	(63)	(254)
Depreciation	(248)	(1,965)	-	(54)	(2,267)
Closing balance	**5,831**	**44,887**	**436**	**586**	**51,740**
At 31 December 2022					
Cost	7,248	61,550	436	1,593	70,827
Accumulated depreciation	(1,417)	(16,663)	-	(1,007)	(19,087)
Net carrying amount	**5,831**	**44,887**	**436**	**586**	**51,740**
For the year ended 31 December 2023					
Opening balance	5,831	44,887	436	586	51,740
Increases	330	22	6,168	5	6,525
Reclassification from intangible assets and equipment		(61)		80	19
Transfer from assets under construction		6,021	(6,021)		
Sales and impairment		(22)			(22)
Depreciation	(264)	(2,547)		(43)	(2,854)
Closing balance	**5,897**	**48,300**	**583**	**628**	**55,408**
At 31 December 2023					
Cost	7, 579	67,327	583	1,717	77,206
Accumulated depreciation	(1,682)	(19,027)		(1,089)	(21,798)
Net carrying amount	**5,897**	**48,300**	**583**	**628**	**55,408**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Luka Ploče d.d.	**Land and buildings**	**Equipment**	**Assets under construction**	**Leasehold mprovements**	**Total**
(in thousands of EUR)					
At 31 December 2022					
Cost	7,197	58,869	644	2,094	68,804
Accumulated depreciation	(1,179)	(15,952)	-	(1,446)	(18,577)
Net carrying amount	**6,018**	**42,917**	**644**	**648**	**50,227**
For the year ended 31 December 2022					
Opening balance	**6,018**	**42,917**	**644**	**648**	**50,227**
Increases	-	-	2,299	-	2,299
Transfer from assets under construction	-	2,340	(2,340)	-	-
Decreases and sales	-	(32)	(167)	(17)	(216)
Depreciation	(245)	(1,819)	-	(46)	(2,110)
Closing balance	**5,773**	**43,406**	**436**	**585**	**50,200**
At 31 December 2022					
Cost	7,174	59,173	436	1,590	68,373
Accumulated depreciation	(1,401)	(15,767)	-	(1,005)	(18,173)
Net carrying amount	**5,773**	**43,406**	**436**	**585**	**50,200**
For the year ended 31 December 2023					
Opening balance	**5,773**	**43,406**	**436**	**585**	**50,200**
Increases	309	26	6,010	-	6,345
Reclassification of intangible assets	-	-	-	19	19
Transfer from assets under construction	21	5,824	(5,845)	-	-
Decreases and sales	-	(10)	(25)	-	(35)
Depreciation	(260)	(2,385)	-	(38)	(2,683)
Closing balance	**5,843**	**46,861**	**576**	**566**	**53,846**
At 31 December 2023					
Cost	7,504	64.937	576	1.609	74.626
Accumulated depreciation	(1,661)	(18,076)	-	(1,043)	(20,780)
Net carrying amount	**5,843**	**46,861**	**576**	**566**	**53,846**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment of the Group and the Company with a net carrying amount of 27,685 thousand euro (2022: 28,703 thousand euro) were pledged as a loan collateral.

As at 31 December 2023 the Group's equipment in the net carrying amount of 100 thousand euro was pledged as security for lease payments (31 December 2022: 109 thousand euro).

As at 31 December 2023, right-of-use assets amounting to 5,254 thousand euro and 5,236 thousand euro are included in the property, plant and equipment of the Company and the Group, respectively.

Right-of-use property

Equipment leases and concession agreements are recognised as right-of-use assets with the related liabilities from the date on which the leased assets become available for use by the Group.

	Luka Ploče Group			Luka Ploče d.d.		
(in thousands of euros)	**Equipment**	**Property in concession**	**TOTAL**	**Equipment**	**Property in concession**	**TOTAL**
Net carrying amount						
As at 1 January 2022	**883**	**4,693**	**5,576**	**877**	**4,693**	**5,570**
Depreciation	(95)	(222)	(317)	(83)	(222)	(305)
As at 31 December 2022	**788**	**4,471**	**5,259**	**794**	**4,471**	**5,265**
As at 1 January 2023	**788**	**4,471**	**5,259**	**794**	**4,471**	**5,265**
Increases	-	309	309	-	309	309
Depreciation	(95)	(237)	(332)	(83)	(237)	(320)
As at 31 December 2023	**693**	**4,543**	**5,236**	**711**	**4,543**	**5,254**

NOTE 17 – ADVANCES FOR TANGIBLE ASSETS

As at 31 December 2023, advances for tangible assets of the Group and the Company amounted to 488 thousand euro (31 December 2022: Group and Company 2,408 thousand euro) and primarily relate to advances paid for the purchase of tools, plant and transport equipment.

NOTE 18 – INVESTMENT PROPERTY

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Cost	328	431	328	431
Accumulated depreciation	(118)	(149)	(118)	(149)
Net carrying amount	**210**	**282**	**210**	**282**

Investment property relates to apartments that are leased to former and current employees at minimal rates. Based on current market prices and location, the Management Board determined that the fair value of investment property approximates the net carrying amount.

Rental income recognised by the Group and the Company in 2023 was 6 thousand euro (2022: 8 thousand euro) and is included in other income. Depreciation amounting to 6 thousand euro (2022: 8 thousand euro) was expensed.

Future minimum lease payments are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Up to 1 year	5	7	5	7
From 1 to 5 years	21	27	21	27
Over 5 years	42	55	42	55
Total	**68**	**89**	**68**	**89**

NOTE 19 – INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at 31 December 2023 and 31 December 2022 are as follows:

Subsidiaries	Investment		Ownership %		Principal activity
	(in thousands of EUR)				
	2023	**2022**	**2023**	**2022**	
Luka Šped d.o.o.	421	421	100%	100%	Freight forwarding services
Pomorski servis - Luka Ploče d.o.o.	240	240	100%	100%	Maritime transport services
Pločanska plovidba d.o.o.	334	334	100%	100%	Shipping services
Total	**995**	**995**			

NOTE 20 – INVESTMENTS IN ASSOCIATES

	Luka Ploče Group		Luka Ploče d.d.	
(in thousands of EUR)	**2023**	**2022**	**2023**	**2022**
Lučka sigurnost d.o.o.	79	77	8	8
Vizir d.o.o.	49	34	3	3
Total	**128**	**111**	**11**	**11**

The Group and the Company have shares in associates, of which the Company has a 49% investment in two associates in the amount of 10 thousand euro, whereas the remaining 51% is owned by the Port of Authority. The Port of Authority controls these associates given they are responsible for appointing the only member of the Management Board responsible for making operational decisions and given they are responsible for appointing the majority in the supervisory boards. The associates' principal activity is the protection and security of business premises. Transactions with associates are disclosed in Note 33. In 2023 the Group recognised a share of income in associates amounting to 17 thousand euro (2022: 12 thousand euro).

Basic financial information relating to the associates at the reporting date are as follows:

	Lučka sigurnost d.o.o.		Vizir d.o.o.	
(in thousands of EUR)	**2023**	**2022**	**2023**	**2022**
Assets	250	231	155	103
Liabilities	(74)	(60)	(52)	(30)
Net assets	**176**	**171**	**103**	**73**
Revenue	687	599	562	430
Profit for the year	**5**	**8**	**30**	**16**

NOTE 21 – LONG-TERM LOANS GIVEN

Loans to employees

	Luka Ploče Group		Luka Ploče d.d.	
(in thousands of EUR)	**2023**	**2022**	**2023**	**2022**
Long-term loans given				
- To employees	110	138	110	138
- Impairment of long-term loan receivables	(73)	(73)	(73)	(73)
	37	65	37	65
Current portion (Note 23)	(18)	(30)	(18)	(30)
	19	**35**	**19**	**35**

In previous years, the Company sold apartments to its employees on credit in accordance with legal regulations of the Republic of Croatia. The loans are repayable over a period of 20 – 35 years with an interest rate of 1% p.a. The loans are repaid regularly in monthly instalments. The loans are not discounted. The loans are secured by mortgages on the apartments. The Company is obliged to pay 65% of the received proceeds to the state budget. Loans given are denominated in euro.

NOTE 21 – LOANS GIVEN (continued)

Loans to employees (continued)

The maturity of loans given to employees is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Up to 1 year	18	30	18	30
Between 1 and 5 years	19	35	19	35
Total	**37**	**65**	**37**	**65**

Loans to subsidiaries

Short-term loans granted to subsidiaries as at 31 December 2023 amounted to 207 thousand euro (31 December 2022: 285 thousand euro). These loans are denominated in euro, are contracted at a fixed interest rate of 2.68% and are not secured.

NOTE 22 – INVENTORIES

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Raw materials	870	840	855	823
Spare parts	81	86	81	86
Advances for inventories	3	3	1	2
Trade goods	1	2	-	-
	955	**931**	**937**	**911**

NOTE 23 – TRADE AND OTHER RECEIVABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2023	2022	2023	2022
	(in thousands of EUR)		*(in thousands of EUR)*	
Receivables from domestic customers	2,672	377	2,502	212
Receivables from foreign customers	8,855	6,182	8,799	5,950
Receivables not yet invoiced	11,896	18,719	11,896	18,718
Impairment provision	(980)	(903)	(955)	(888)
Trade receivables	**22,443**	**24,375**	**22,242**	**23,992**
Current portion of long-term loans given (Note 21)	18	30	18	30
Receivables from the state	374	521	303	476
Advances	758	26	583	19
Guarantees	1	2	-	2
Other receivables	140	126	133	121
	23,734	**25,080**	**23,279**	**24,640**

NOTE 23 – TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2023, the Group's trade receivables that are past due but not impaired amounted to 2,933 thousand euro (2022: 2,358 thousand euro). The same at a Company level amounted to 2,389 thousand euro (2022: 2,115 thousand euro). The ageing of trade receivables is based on the days outstanding after the maturity date and are categorised as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Up to 30 days	330	1,263	328	1,223
Up to 60 days	713	105	650	57
Up to 90 days	498	96	377	86
Over 90 days	1,392	894	1,034	749
	2,933	**2,358**	**2,389**	**2,115**

The fair value of trade receivables approximates their carrying amount.

Balances and movement in the provision for impairment losses is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of euros)		*(in thousands of euros)*	
At 1 January	903	801	888	776
Impairment	42	142	43	142
Exchange rate differences	47	-	36	-
Post write-off recoveries	(12)	(4)	(12)	(4)
Write-offs	-	(36)	-	(26)
At 31 December	**980**	**903**	**955**	**888**

During 2023, the group generated income from previously written-off receivables in the amount of 12 thousand euro (2022: 4 thousand euro).

Expected credit loss (ECL) model

For the calculation of expected credit losses, the Group and the Company prepare an impairment matrix. Loss rates are calculated based on the probability that the receivable will exceed 365 days post maturity and will not be collected subsequently. The probabilities of default (PD) and loss given default (LGD) are based on historical data for the last three years. Exposure at default (EAD) is adjusted for the estimated value of collateral.

As at 31 December 2023, the Group's and Company's probabilities of defaults were as follows: overdue receivables: 0.13% (2022: 0.11%), 1 to 30 days: 1.16% (2022: 1.97%), 31 to 90 days: 2.20% (2022: 11.80%), 91 to 180 days: 9.79% (2022: 31.56%), 181 to 365 days: 37.88% (2022: 71.60%) and over 365 days: 79.93% (2022: 90.86%).

NOTE 23 – TRADE AND OTHER RECEIVABLES (continued)

Financial assets (trade receivables and guarantees) are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
EUR	21,594	24,149	21,393	23,032
USD	849	226	849	960
	22,443	**24,375**	**22,242**	**23,992**

NOTE 24 – DEPOSITS

	Luka Ploče Group		Luka Ploče d.d.	
(in thousands of EUR)	**2023**	**2022**	**2023**	**2022**
Bank deposits	622	600	476	454
Total deposits	**622**	**600**	**476**	**454**
Short-term	476	454	476	454
Long-term	146	146	-	-
	622	**600**	**476**	**454**

All deposits are denominated in euro. Interest rates are up to 0.004% (2022: 0.001%).

NOTE 25 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
At beginning of year	33	36	33	36
Fair value gains / (losses) (Note 12)	5	(3)	5	(3)
At end of year	**38**	**33**	**38**	**33**

As at 31 December 2023, investments in listed companies where the Group's holding does not exceed 20% of ownership amounted to 38 thousand euro (2022: 33 thousand euro). Details relating to fair value assumptions are explained in Note 5. Financial assets at fair value through profit or loss are denominated in euro.

NOTE 26 – LETTERS OF CREDIT

Letters of credit as at 31 December 2023 amounted to 49 thousand euro (2022: 13,948 thousand euro).

Letters of credit are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2023.	**2022.**	**2023.**	**2022.**
	(in thousands of EUR)		*(in thousands of EUR)*	
EUR	49	344	49	344
USD	-	13,604	-	13,604
	49	**13,948**	**49**	**13,948**

Letters of credit are irrevocable and cannot be unconditionally used for everyday transactions (readily convertible), and as such do not meet the definition of cash equivalents according to IAS 7.

NOTE 27 – CASH AND CASH EQUIVALENTS

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Giro account	18,293	555	17,090	395
Foreign currency account	199	5,386	24	4,096
	18,492	**5,941**	**17,114**	**4,491**

Cash and cash equivalents are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
EUR	18,293	5,699	17,090	4,403
USD	199	242	24	88
	18,492	**5,941**	**17,114**	**4,491**

NOTE 28 – CAPITAL AND RESERVES

Share capital

The ownership structure as at 31 December 2023 and 2022 was as follows:

	2023		2022	
Shareholders	**Number of shares**	**Ownership (%)**	**Number of shares**	**Ownership (%)**
Energia naturalis d.o.o.	161,865	38.27	161,865	38,27
Small shareholders	90,061	21.29	93,363	22,07
Mandatory pension funds	102,361	24.20	102,361	24,20
Voluntary pension funds	32,216	7.62	32,416	7,66
Financial institutions	34,745	8.21	31,243	6,85
Treasury shares	1,719	0.41	1,719	0,41
Total	**422,967**	**100.00**	**422,967**	**100,00**

As at 31 December 2023 Shareholders' equity amounted to 22,417 thousand euro (2022: 22,455 thousand euro) and consists of 422,967 ordinary shares (31 December 2022: 422,967 shares) with a nominal value of 53 euro (31 December 2022: 53 euro).

Based on the decision of the Company's Assembly dated 14 June 2023, and the resolution of the Commercial Court in Dubrovnik Tt-23/1602-3, the Company reduced its share capital from 22,455 thousand euro by 38 thousand euro to an amount of 22,417 thousand euro, with the difference of 38 thousand euro being allocated to other reserves of the Company.

Share Premium

In 2011, the Company recognised a share premium of 11,966 thousand euro from newly issued shares. This premium was reduced by the costs associated with issuing new shares, amounting to 272 thousand euros. As at 31 December 2023, the share premium amounts to 11,694 thousand euro (2022: 11,694 thousand euro).

NOTE 28 – CAPITAL AND RESERVES (continued)

Other reserves

Other reserves at 31 December 2023 amounted to 6,430 thousand euro (2022: 6,392 thousand euro) in the Company and the Group. The increase in other reserves during the current year amounting to 38 thousand euro relates to the decrease in share capital as a result of the conversion from kuna to euro. Treasury share reserves amounted to 1.040 thousand euro at 31 December 2023 (2022: 1,040 thousand) of which 142 thousand euro was used to acquire the treasury shares. Other reserves are distributable.

Legal reserves

Legal reserves in the amount of 1,123 thousand euro (2022: 1,123 thousand euro) were formed in line with Croatian law and must be built up to a minimum of 5% of the profit for the year until the total legal reserve reaches 5% of the Company's share capital. Legal reserves are not distributable.

Treasury shares

In 2011, the Company purchased 380 treasury shares at a price between 90 euro and 102 euro per share.
In 2012, the Company purchased 626 treasury shares at a price between 73 euro and 81 euro per share.
In 2013, the Company purchased 713 treasury shares at a price between 76 euro and 79 euro per share.

NOTE 29 – EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Company's net profit with the outstanding weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The basic earnings per share is equal to diluted earnings per share, since the Company did not issue any financial instruments that may dilute number of shares.

	Luka Ploče Group		**Luka Ploče d.d.**	
	2023	**2022**	**2023**	**2022**
Net profit /(loss) attributable to shareholders from continuing operations *(in thousands of euro)*	10,736	6,984	10,287	6,610
Weighted average number of ordinary shares	421,248	421,248	421,248	421,248
Basic/diluted earnings / (loss) per share from continuing operations *(in euro)*	**25.49**	**16.58**	**24.42**	**15.69**

NOTE 30 – BORROWINGS

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Leases	4,654	4,609	4,654	4,609
Bank borrowings	15,569	22,172	15,360	21,888
State borrowings	72	91	72	91
	20,295	**26,872**	**20,086**	**26,588**
Current portion	(2,321)	(11,575)	(2,245)	(11,492)
Total long-term borrowings	**17,974**	**15,297**	**17,841**	**15,096**

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Current portion	2,321	11,575	2,245	11,492
Total short-term borrowings	**2,321**	**11,575**	**2,245**	**11,492**

Currency structure of borrowings is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
EUR	20,295	26,571	20,086	26,287
	20,295	**26,872**	**20,086**	**26,588**

Currency risk is explained further in Note 4.

NOTE 30 – BORROWINGS (continued)

Reconciliation of movements in borrowings to cash flows arising from financing activities of the Group is as follows:

Luka Ploče Group	**2023**	**2022**
	(in thousands of EUR)	
At 1 January	**26,872**	**17,700**
Changes in financing cash flows		
Loans receipts	15,000	25,074
Repayment of loans	(21,625)	(15,624)
Repayment of leases	(264)	(399)
Interest expenses	725	610
Interest payments	(725)	(610)
Total changes in financing cash flows	**(6,889)**	**9,051**
Other changes		
Exchange rate effect	-	48
Lease increases	312	
Other	-	73
Total other changes	**312**	**121**
At 31 December	**20,295**	**26,872**

Reconciliation of movements in borrowings to cash flows arising from financing activities of the Company is as follows:

Luka Ploče d.d.	**2023**	**2022**
	(in thousands of EUR)	
At 1 January	**26,588**	**17,619**
Changes in financing cash flows		
Loans receipts	15,000	24,777
Repayment of loans	(21,550)	(15,528)
Repayment of leases	(264)	(399)
Interest expenses	711	606
Interest payments	(711)	(606)
Total changes in financing cash flows	**(6,814)**	**8,850**
Other changes		
Exchange rate effect	-	48
Lease increases	312	
Other	-	71
Total other changes	**312**	**119**
At 31 December	**20,086**	**26,588**

NOTE 30 – BORROWINGS (continued)

Bank and state borrowings

The contractual maturities for bank and state borrowings at the reporting date are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Up to 1 year (current portion)	2,080	11,296	2,004	11,214
Between 1 and 5 years	8,836	4,252	8,703	4,050
Over 5 years	4,725	6,715	4,725	6,715
	15,641	**22,263**	**15,432**	**21,979**

As at 31 December 2023 bank borrowings amounted to 10,693 thousand euro (31 December 2022: 11,688 thousand euro) and relate to a loan from HBOR that is denominated in euro, which bears a fixed interest rate of 3% and is secured by the Company's equipment.

The remaining portion of the Group's bank borrowings is denominated in euro, contracted at variable interest rate between 1,95% and 2,60%, linked to EURIBOR and secured by the Group's movable assets.

In relation to long-term loans given to its employees for the purchase of apartments, the Company has recognised a liability for the repayment of 65% of all proceeds from the employees to the State budget (Note 21). These loans are denominated in euro.

Leases

The contractual maturity of leases at the reporting date is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Up to 1 year (current portion)	241	277	241	277
Between 1 and 5 years	735	609	735	609
Over 5 years	3,678	3,723	3,678	3,723
	4,654	**4,609**	**4,654**	**4,609**

Equipment leases

The lease of equipment from the Port Authority amounted to 58 thousand euro and is denominated in euro. This lease was contracted in 2008 and is payable in equal monthly instalments and secured by promissory notes. The remaining portion of the Group’s lease liabilities are denominated in euro and contracted with a fixed interest rate of 5.20%. These leases are secured by leased assets (disclosed in Note 16) as well as promissory notes, bills of exchange, insurance policies and short-term deposits.

Leases arising from concession agreements

The Company and the Group have concluded that liabilities related to the payment of fixed concession fees and infrastructure-related expenses are lease components, while the remaining liabilities that relate to expenditures for own assets (equipment) and maintenance, as well as payments of variable concession fees do not constitute lease components in accordance with IFRS 16 and will therefore continue to be recognized in accordance with other relevant standards, primarily in accordance with IAS 16 Property, Plant and Equipment.

The Company’s and the Group’s leases arising from concession agreements in the amount of 4,562 thousand euro (4,398 thousand euro) are denominated in euro. As at 31 December 2023 and as at 31 December 2022, the average incremental borrowing rate applied was 3%.

NOTE 30 – BORROWINGS (continued)

Amounts recognized in the statement of comprehensive income

	Luka Ploče Group		Luka Ploče d.d.	
	2023.	2022.	2023.	2022.
	(in thousands of euros)		*(in thousands of euros)*	
Interest costs per lease	134	130	134	130
Variable payments under concession contracts not included in calculated lease liabilities (Note 9)	876	823	857	824
Depreciation (Note 16)	332	317	320	304
Total	**1,342**	**1,270**	**1,311**	**1,258**

NOTE 31 – PROVISIONS

Luka Ploče Group	**Litigation**	**Employee remuneration**	**TOTAL**
(in thousands of euros)			
Balance as at 1 January 2023	**218**	**896**	**1,114**
Increases	19	535	554
Reclassification to liabilities	(33)	(425)	(458)
Releases	-	(14)	(14)
Closing balance as at 31 December 2023	**204**	**992**	**1,196**
Analysis of total provisions			
Long-term provisions	204	281	485
The short-term provisions	-	711	711
	204	**992**	**1,196**

Luka Ploče d.d.	**Litigation**	**Employee remuneration**	**TOTAL**
(in thousands of euros)			
Balance as at 1 January 2023	**218**	**843**	**1,061**
Increases	19	528	547
Reclassification to liabilities	(33)	(425)	(458)
Closing balance as at 31 December 2023	**204**	**946**	**1,150**
Analysis of total provisions			
Long-term provisions	204	245	449
The short-term provisions	-	701	701
	204	**946**	**1,150**

Provisions relate to legal disputes, long and short-term employee benefits as defined by the collective agreement. Non-current provisions relate to legal disputes, jubilee awards and retirement benefits, while current provisions relate to the current portion of termination benefits, jubilee awards and unused leave pay at year end.

NOTE 32 – TRADE AND OTHER PAYABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
Domestic trade payables	1,200	1,702	1,318	1,570
Foreign trade payables	112	50	114	48
Total trade payables	**1,312**	**1,752**	**1,432**	**1,618**
Net salaries payable	596	586	525	521
Taxes/contributions from and on salaries	304	322	272	287
Payables to the state	102	123	27	61
Other	90	3	89	2
	2,404	**2,786**	**2,345**	**2,489**

Trade payables (including accrued interest) comprising financial liabilities are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(in thousands of EUR)		*(in thousands of EUR)*	
HRK	-	1,702	-	1,570
EUR	1,312	50	1,432	48
	1,312	**1,752**	**1,432**	**1,618**

NOTE 33 – RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party, is under common control or exercises significant influence over the other party in making financial or operational decisions.

Related parties which were not included in consolidation are the Port Authority as a state institution (entity with influence on the Group's operations in accordance with the Concession agreement) and the associates Vizir d.o.o. Ploče, Lučka sigurnost d.o.o., Ploče (see Note 20) and companies under common control of shareholders.

Transactions and balances with the above-mentioned related parties as at 31 December 2023 and 2022 are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2023	**2022**	**2023**	**2022**
	(thousands of EUR)		*(thousands of EUR)*	
Receivables				
Port Authority	2	1	2	1
Companies under common control of shareholders	17,652	19,740	17,652	19,740
Associates	-	-	-	-
Subsidiaries	-	-	207	285
Total	**17,654**	**19,741**	**17,861**	**20,026**
Liabilities				
Port Authority	219	235	212	226
Companies under common control of shareholders	122	4	122	4
Associates	63	43	63	43
Subsidiaries	-	-	317	37
Total	**404**	**282**	**714**	310
Revenues				
Port Authority	17	9	15	7
Companies under common control of shareholders	57,650	65,755	57,650	65,755
Associates	5	4	5	4
Subsidiaries	-	-	188	822
Total	**57,672**	**66,768**	**57,858**	**66,588**
Expenses				
Port Authority	1,443	1,180	1,400	1,113
Companies under common control of shareholders	552	385	552	385
Associates	583	508	583	508
Subsidiaries	-	-	560	277
Total	**3,578**	**2,073**	**3,095**	**2,283**

Transactions with the Port Authority comprise utility expenditure. Transactions with associates comprise security of business premises. Transactions with Companies under common control of shareholders comprise: insurance, electricity costs and transport costs. Expenses incurred to the Port Authority include variable concession fees amounting to 857 thousand euro (2022: 823 thousand euro). Lease liabilities related to the Port Authority as at 31 December 2023 amounted to 4,562 thousand euro (31 December 2022: 4,609 thousand euro).

NOTE 33 – RELATED PARTY TRANSACTIONS (continued)

Key management fee

Key management of the Company comprises 2 members of the Management Board (2022: 2) and 3 directors in the subsidiaries of the Group (2022: 4). Key management remuneration at a Group level amounted to 615 thousand euro (2022: 495 thousand euro), while for the Company it amounted to 437 thousand euro (2022: 324 thousand euro).

Key management pension contributions paid to mandatory pension funds for 2023 at a Group and Company level amounted to 88 thousand euro (2022: 78 thousand euro).

NOTE 34 – COMMITMENTS AND CONTINGENCIES

Legal disputes

The Group and the Company are the defendant and the plaintiff in several court proceedings arising from regular business operations. In the financial statements for the year ended 31 December 2023, litigation provisions were recognised amounting to 204 thousand euro.

Commitments

By signing concession agreements, the Company committed to invest in concession area and port handling equipment.

Scheduled investments in port handling equipment for the bulk cargo terminal was planned in two phases. Sub-phase A of the first phase was completed during 2019, while sub-phase B of the first phase in the amount of 13 million euro depends on the level of cargo throughput, i.e. when said reaches 3 million tons. The second phase of investment amounting to 7 million euro is planned when cargo throughput reaches eighty percent (80%) of the maximum annual capacity of 6.2 million metric tons. Financing for the first phase was sourced by means of a loan from HBOR and own funds.

Capital investments amounting to 8 million euro in the container terminal are planned once the Company reaches certain throughput-related conditions, i.e. when cargo throughput reaches at least 90 TEU.

Commitments under the concession agreement for the old port are as follows:

	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	**Total**
Capital investments (old port)	210	406	3,992	3,496	**8,104**
	210	**406**	**3,992**	**3,496**	**8,104**

Capital investments in the old port exclude capital expenditure for infrastructure already recognised under IFRS 16. In accordance with the signed agreements, dynamic investment plans are re-evaluated every year and may change. Luka Ploče d.d. has a general obligation under the Concession Agreement which is subject to continuous negotiations with Port Authority in respect to type and final value of investments during the concession period.

Excluding capital expenditure obligations under the concession agreement, the Group and the Company have an obligation to pay the variable portion primarily dependent on the quantities of cargo handled. The fixed part of the concession fee, including fixed expenses related to infrastructure, is recognised in accordance with the requirements of IFRS 16.

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

There were no events noted after balance sheet date that would have a significant impact on the Company's or Group’s financial statements on or for the period ended 31 December 2023.

ISSUER'S GENERAL DATA

Reporting period:	**01.01.23**	to	**31.12.23**
Year:	**2023**		

Annual financial statements

Registration number (MB):	**03036138**	Issuer's home Member State code:	**HR**
Entity's registration number (MBS):	**090006523**		
Personal identification number (OIB):	**51228874907**	LEI:	**74780000P0WHNTXNI633**
Institution code:	**2574**		
Name of the issuer:	**Luka Ploče d.d.**		
Postcode and town:	**20340**		**Ploče**
Street and house number:	**Trg kralja Tomislava 21**		
E-mail address:	financije@luka-ploce.hr		
Web address:	www.luka-ploce.hr		
Number of employees (end of the reporting period):	**403**		
Consolidated report:	**KN**	(KN-not consolidated/KD-consolidated)	
Audited:	**RD**	(RN-not audited/RD-audited)	

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

Bookkeeping firm:	**No**	(Yes/No)	(name of the bookkeeping firm)
Contact person:	**DANIELA MARELIĆ** (only name and surname of the contact person)		
Telephone:	**020 603 223**		
E-mail address:	d.marelic@luka-ploce.hr		
Audit firm:	PricewaterhouseCoopers d.o.o. (name of the audit firm)		
Certified auditor:	Tanja Babac (name and surname)		

BALANCE SHEET

balance as at 01.01.2023.

in EUR

Submitter: Luka Ploče 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	54.196.995	55.846.040
I INTANGIBLE ASSETS (ADP 004 to 009)	003	21.501	18.672
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	21.501	18.672
II TANGIBLE ASSETS (ADP 011 to 019)	010	52.908.733	54.543.750
1 Land	011	4.755.231	4.827.103
2 Buildings	012	1.017.651	1.016.359
3 Plant and equipment	013	41.596.292	44.864.956
4 Tools, working inventory and transportation assets	014	2.414.569	2.561.454
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	2.407.013	488.268
7 Tangible assets in preparation	017	435.763	575.723
8 Other tangible assets	018	0	0
9 Investment property	019	282.214	209.887
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	1.006.230	1.006.230
1 Investments in holdings (shares) of undertakings within the group	021	995.679	995.679
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 interest	024	10.551	10.551
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	108.389	91.715
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	108.389	91.715
V. Deferred tax assets	036	152.142	185.673
C) CURRENT ASSETS (ADP 038+046+053+063)	037	44.571.970	41.896.402
I INVENTORIES (ADP 039 to 045)	038	910.969	936.803
1 Raw materials	039	909.243	935.938
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advance payments for inventories	043	1.726	865
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	24.422.322	23.068.645
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	23.918.981	22.169.128
4 Receivables from employees and members of the undertaking	050	1.761	749
5 Receivables from government and other institutions	051	477.107	303.113
6 Other receivables	052	24.473	595.655
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	14.748.205	777.008
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	284.774	206.594
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	32.465	37.854
8 Loans, deposits, etc. given	061	482.534	483.380
9 Other financial assets	062	13.948.432	49.180
IV CASH AT BANK AND IN HAND	063	4.490.474	17.113.946
D) PREPAID EXPENSES AND ACCRUED INCOME	064	116.874	129.583
E) TOTAL ASSETS (ADP 001+002+037+064)	065	98.885.839	97.872.025
OFF-BALANCE SHEET ITEMS	066		

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	63.400.201	73.687.130
I. INITIAL (SUBSCRIBED) CAPITAL	068	22.454.947	22.417.251
II CAPITAL RESERVES	069	11.693.820	11.731.516
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	5.201.058	5.201.058
1 Legal reserves	071	1.122.747	1.122.747
2 Reserves for treasury shares	072	1.181.838	1.181.838
3 Treasury shares and holdings (deductible item)	073	-141.524	-141.524
4 Statutory reserves	074	0	0
5 Other reserves	075	3.037.997	3.037.997
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. 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
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	17.440.426	24.050.376
1 Retained profit	084	17.440.426	24.050.376
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	6.609.950	10.286.929
1 Profit for the business year	087	6.609.950	10.286.929
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	859.819	949.007
1 Provisions for pensions, termination benefits and similar obligations	091	642.096	745.092
2 Provisions for tax liabilities	092	0	203.915
3 Provisions for ongoing legal cases	093	217.723	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	15.095.651	17.888.446
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	10.693.438	13.365.366
7 Liabilities for advance payments	104	0	47.500
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	4.402.213	4.475.580
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	19.449.496	5.257.999
1 Liabilities towards undertakings within the group	110	36.820	316.620
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	43.438	62.611
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	11.194.738	1.994.738
7 Liabilities for advance payments	116	0	0
8 Liabilities towards suppliers	117	1.233.726	793.023
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	538.387	524.549
11 Taxes, contributions and similar liabilities	120	5.677.642	903.350
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	724.745	663.108
E) ACCRUALS AND DEFERRED INCOME	124	80.672	89.443
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	98.885.839	97.872.025
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2023 to 31.12.2023

in EUR

Submitter: Luka Ploče d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (AOP 002 do 006)	001	94.280.638	75.234.031
1 Income from sales with undertakings within the group	002	804.942	173.586
2 Income from sales (outside group)	003	93.007.479	74.268.596
3 Income from the use of own products, goods and services	004	141.292	159.232
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	326.925	632.617
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	81.118.590	61.310.736
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (AOP 010 do 011)	009	68.432.037	47.878.953
a) Costs of raw material	010	4.476.496	4.444.505
b) Costs of goods sold	011	58.302.709	37.255.270
c) Other external costs	012	5.652.832	6.179.178
3 Staff costs (AOP 014 do 016)	013	8.556.580	8.503.954
a) Net salaries and wages	014	5.532.786	5.352.144
b) Tax and contributions from salaries expenses	015	1.956.177	2.063.566
c) Contributions on salaries	016	1.067.617	1.088.244
4 Depreciation	017	2.132.124	2.692.196
5 Other expenses	018	1.426.840	1.635.607
6 Value adjustments (AOP 020+021)	019	284.261	53.513
a) fixed assets other than financial assets	020	69.052	10.633
b) current assets other than financial assets	021	215.209	42.880
7 Provisions (AOP 023 do 028)	022	286.748	546.513
a) Provisions for pensions, termination benefits and similar obligations	023	286.748	527.747
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	0	18.766
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	0	0
8 Other operating expenses	029	0	0
III FINANCIAL INCOME (AOP 031 do 040)	030	263.723	140.527
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0
4 Other interest income from operations with undertakings within the group	034	7.632	6.951
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	5.738	28.177
8 Exchange rate differences and other financial income	038	250.353	98.406
9 Unrealised gains (income) from financial assets	039	0	5.389
10 Other financial income	040	0	1.604
IV FINANCIAL EXPENDITURE (AOP 042 do 048)	041	1.061.159	1.488.024
1 Interest expenses and similar expenses with undertakings within the group	042	2.409	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	603.579	711.255
4 Exchange rate differences and other expenses	045	452.510	776.769
5 Unrealised losses (expenses) from financial assets	046	2.661	0
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	0	0
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (AOP 001+030+049 +050)	053	94.544.361	75.374.558
X TOTAL EXPENDITURE (AOP 007+041+051 + 052)	054	82.179.749	62.798.760
XI PRE-TAX PROFIT OR LOSS (AOP 053-054)	055	12.364.612	12.575.798
1 Pre-tax profit (AOP 053-054)	056	12.364.612	12.575.798
2 Pre-tax loss (AOP 054-053)	057	0	0
XII INCOME TAX	058	5.754.662	2.288.869
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	6.609.950	10.286.929
1 Profit for the period (AOP 055-059)	060	6.609.950	10.286.929
2 Loss for the period (AOP 059-055)	061	0	0

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (AOP 063-064)	**062**	0	0
1 Pre-tax profit from discontinued operations	**063**	0	0
2 Pre-tax loss on discontinued operations	**064**	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	**065**	0	0
1 Discontinued operations profit for the period (AOP 062-065)	**066**	0	0
2 Discontinued operations loss for the period (AOP 065-062)	**067**	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (AOP 055+062)	**068**	0	0
1 Pre-tax profit (AOP 068)	**069**	0	0
2 Pre-tax loss (AOP 068)	**070**	0	0
XVII INCOME TAX (AOP 058+065)	**071**	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068-071)	**072**	0	0
1 Profit for the period (AOP 068-071)	**073**	0	0
2 Loss for the period (AOP 071-068)	**074**	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (AOP 076+077)	**075**	0	0
1 Attributable to owners of the parent	**076**	0	0
2 Attributable to minority (non-controlling) interest	**077**	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**078**	6.609.950	10.286.929
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	**079**	0	0
III Items that will not be reclassified to profit or loss (AOP 081 do 085)	**080**	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	**081**	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	**082**	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	**083**	0	0
4 Actuarial gains/losses on the defined benefit obligation	**084**	0	0
5 Other items that will not be reclassified	**085**	0	0
6 Income tax relating to items that will not be reclassified	**086**	0	0
IV Items that may be reclassified to profit or loss (AOP 088 do 095)	**087**	0	0
1 Exchange rate differences from translation of foreign operations	**088**	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	**089**	0	0
3 Profit or loss arising from effective cash flow hedging	**090**	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	**091**	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	**092**	0	0
6 Changes in fair value of the time value of option	**093**	0	0
7 Changes in fair value of forward elements of forward contracts	**094**	0	0
8 Other items that may be reclassified to profit or loss	**095**	0	0
9 Income tax relating to items that may be reclassified to profit or loss	**096**	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	**097**	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	**098**	6.609.950	10.286.929
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	**099**	0	0
1 Attributable to owners of the parent	**100**	0	0
2 Attributable to minority (non-controlling) interest	**101**	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2023 . to 31.12.2023.

in EUR

Submitter: Luka Ploče 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	12.364.612	12.575.798
2 Adjustments (ADP 003 to 010):	002	3.204.809	3.475.831
a) Depreciation	003	2.132.124	2.692.196
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-4.430	-18.002
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	217.870	37.491
d) Interest and dividend income	006	-13.370	-35.128
e) Interest expenses	007	605.988	711.255
f) Provisions	008	187.278	102.995
g) Exchange rate differences (unrealised)	009	79.349	-14.976
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	15.569.421	16.051.629
3 Changes in the working capital (ADP 013 to 016)	012	-14.625.449	15.720.128
a) Increase or decrease in short-term liabilities	013	754.953	13.743.682
b) Increase or decrease in short-term receivables	014	-15.291.712	1.821.826
c) Increase or decrease in inventories	015	-407.293	-25.833
d) Other increase or decrease in the working capital	016	318.603	180.453
II Cash from operations (ADP 011+012)	017	943.972	31.771.757
4 Interest paid	018	-605.988	-711.255
5 Income tax paid	019	-847.575	-7.065.083
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-509.591	23.995.419
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	276.490	85.375
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	13.370	35.128
4 Dividends received	024	0	1.604
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	289.860	122.107
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-5.160.226	-4.446.791
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	-100.000
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	-13.948.432	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-19.108.658	-4.546.791
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-18.818.798	-4.424.684
Cash flow from financing activities			
1 Cash receipts from the increase of 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	24.776.647	15.000.000
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	24.776.647	15.000.000
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-15.527.419	-21.528.072
2 Dividends paid	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	-399.111	-419.191
VI Total cash payments from financing activities (ADP 040 to 044)	045	-15.926.530	-21.947.263
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	8.850.117	-6.947.263
1 Unrealised exchange rate differences in cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	-10.478.272	12.623.472
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	14.968.746	4.490.474
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	4.490.474	17.113.946

STATEMENT OF CHANGES IN EQUITY

for the period from 01.01.23 to 31.12.23

in EUR

Item	ADP code	Attributable to owners of the parent: 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 through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	22.454.947	11.693.820	1.122.747	1.181.838	141.524	0	3.037.997	0	0	0	0	0	0	13.779.742	3.660.684	56.790.251	0	56.790.251
2 Changes in accounting policies	02	0	0	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	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	22.454.947	11.693.820	1.122.747	1.181.838	141.524	0	3.037.997	0	0	0	0	0	0	13.779.742	3.660.684	56.790.251	0	56.790.251
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0			0	6.609.950	6.609.950	0	6.609.950
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 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
10 Gains or losses 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	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0
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	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	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	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	0	0
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0	0	0	3.660.684	-3.660.684	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	22.454.947	11.693.820	1.122.747	1.181.838	141.524	0	3.037.997	0	0	0	0	0	0	17.440.426	6.609.950	63.400.201	0	63.400.201
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)	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6.609.950	6.609.950	0	6.609.950
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	0	0	0	0	0	0	0	0	0	3.660.684	-3.660.684	0	0	0
Current period																			
1 Balance on the first day of the current business year	28	22.454.947	11.693.820	1.122.747	1.181.838	141.524	0	3.037.997	0	0	0	0	0	0	17.440.426	6.609.950	63.400.201	0	63.400.201
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	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) (AOP 28 to 30)	31	22.454.947	11.693.820	1.122.747	1.181.838	141.524	0	3.037.997	0	0	0	0	0	0	17.440.426	6.609.950	63.400.201	0	63.400.201
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0			0	10.286.929	10.286.929	0	10.286.929
6 Exchange rate differences from translation of foreign operations	33	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	34	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	0	0	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 interest	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined remuneration plans	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	-37.696	37.696	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease 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	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	6.609.950	-6.609.950	0	0	0
22 Carryforward per annual plan	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	22.417.251	11.731.516	1.122.747	1.181.838	141.524	0	3.037.997	0	0	0	0	0	0	24.050.376	10.286.929	73.687.130	0	73.687.130
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 33 to 41)	52	-37.696	37.696	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	-37.696	37.696	0	0	0	0	0	0	0	0	0	0	0	0	10.286.929	10.286.929	0	10.286.929
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	0	0	0	0	0	0	0	6.609.950	-6.609.950	0	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: Luka Ploče d.d.

Personal identification number (OIB): 51228874907

Reporting period: 01.01.2023.-31.12.2023.

Notes to the financial statements are to be drawn up in accordance with the International Financial Reporting Standards (hereinafter: IFRS) in such a way that they:

a) present information about the basis for the preparation of the financial statements and the specific accounting policies used in accordance with the International Accounting Standard 1 (IAS 1),

b) disclose any information required by IFRSs that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity,

c) provide additional information that is not presented elsewhere in the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, but is relevant for understanding any of them.

(d) in the notes to the financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. issuer's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the issuer is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

2. adopted accounting policies

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the issuer within the group or company linked by virtue of participating interest shall be disclosed separately

4. the amount of advances and credits granted to the members of the administrative, managerial and supervisory bodies, with indications of the interest rates, main conditions and any amounts repaid, written-off or revoked, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category

5. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

6. amounts owed by the issuer and falling due after more than five years, as well as the total debts of the issuer covered by valuable security furnished by the issuer, specifying the type and form of security

7. average number of employees during the financial year

8. where, in accordance with the regulations, the issuer capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

9. the amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former members of those bodies, with an indication of the total for each category

10. the average number of persons employed during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down between net salaries and wages, tax costs and contributions from salaries, contributions on salaries and other salary costs, excluding cost allowances

11. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

12. the name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the company concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the company concerned does not publish its balance sheet and is not controlled by another company

13. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

14. where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting value for each class

15. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

16. the name, registered office and legal form of each of the companies of which the issuer is a member having unlimited liability

17. the name and registered office of the company which draws up the consolidated financial statements of the largest group of companies of which the issuer forms part as a controlled group member

18. the name and registered office of the company which draws up the consolidated financial statements of the smallest group of companies of which the issuer forms part as a controlled group member and which is also included in the group of companies referred to in point 17.

19. the place where copies of the consolidated financial statements referred to in points 17 and 18 may be obtained, provided that they are available

20. the proposed appropriation of profit or treatment of loss, or where applicable, the appropriation of the profit or treatment of the loss

21. the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the company

22. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet

23. the net income broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised.

24 the total fees for the financial year charged by each statutory auditor or audit firm for the statutory audit of the annual financial statements, i.e. annual consolidated financial statements, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non-audit services, total research and development expenditure as the basis for granting state aid.

Company Luka Ploče d.d.
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (EU).
A summary of significant accounting policies is presented in Note 3 to the audited financial statements.
The Company also prepared consolidated financial statements as at 31 December 2023 and for the year then ended, in accordance with IFRS as approved by the EU for the Company and its subsidiaries (Group) which are approved by the Management Board.
The stand alone and consolidated financial statements including the detailed notes to the financial statements are published on the Company's website, on the Zagreb Stock Exchange website and in the Official Register of Prescribed Information (HANFA). Information that is required to be presented in accordance with IFRS and which is not presented in the financial position statement, statement of comprehensive income, statement of cash flows and statement of changes in equity, is disclosed in Notes 4 to 35 to the audited financial statements.
The name, registered office (address) of the issuer, legal form of the issuer, country of establishment, identification number of the entity and personal identification number are published on the''General Data'' tab within this document and in Note 1 to the audited financial statements.
The adopted accounting policies are explained in Note 3 to the audited financial statements.
The Company does not have financial liabilities relating to issued guarantees or contingencies that are not included in the balance sheet. The Company has no pension liabilities.
The Company has no advance payments or loans issued to members of the administrative, management and supervisory bodies nor obligations agreed in their favour through any guarantees.
Liabilities maturing after more than five years are explained in Note 30 to the audited financial statements.
Lease liabilities arising from the application of IFRS 16 are disclosed in AOP 107 and AOP 123 and are explained in Note 30 and Note 34 to the audited financial statements.
In 2023, the Company employed an average of 406 employees. The Company monitors employees by category.
There was no salaries capitalization in 2023.
In 2023, members of the Management Board received a gross amount of 437 thousand euro on the basis of salary and annual bonus.
Members of the Supervisory Board are entitled to remuneration and during 2023 a total gross amount of 39 thousand euro was incurred.
Provisions for deferred tax, deferred tax balances at the end of the financial year and movements in these balances during the financial year are presented in Note 14 to the financial statements.
The Company has business relations with associates: Lučka sigurnost d.o.o. Trg kralja Tomislava 21, 20340 Ploče and Vizir d.o.o. Trg kralja Tomislava 21, 20340 Ploče. The Company has an ownership interest of 49% in each respectively.
Investments in subsidiaries and Investments in associates which are accounted for using the equity method, are explained in Note 19 and Note 20 to the audited financial statements, respectively.
There were no share subscriptions or equities transacted during the year relating to authorized capital. (except for the impact on share capital due to conversion of currency from kuna to euro). There are no multiple categories of shares. The Company has no certificates of participation, convertible debentures, guarantees, options or similar securities or rights.
The Company has no ownership stake in any companies with unlimited liability.
The consolidated financial statements of the Company (the Issuer) represent the largest group of companies. The Issuer is not a controlled member of any other group of companies.
The audited stand alone and consolidated financial statements for 2023 have been approved by the Supervisory Board. The proposal for distribution of profits has also been shared with the Supervisory Board.
Transactions with related parties are disclosed in Note 33 to the audited financial statements.
Post balance sheet events have been disclosed in Note 35 to the financial statements.
The Company's revenue is presented in Notes 7 and 8 to the audited financial statements.
Audit fees for the Company amounted to 34 thousand euro (refer to Note 9 to the audited financial statements).
Lease liabilities arising from the application of IFRS 16 are disclosed in AOP 107 and AOP 123 and are explained in Note 30 and Note 34 to the audited financial statements. The right-of-use assets are disclosed in AOP 011 and explained in Note 16 to the audited financial statements.
In order to reconcile the amounts presented in the standard form GFI-POD and the audited financial statements of the Company, the following should be taken into account:
Balance Sheet positions:
1. AOP 004-009; 011-018; 019 reconciles to the audited financial statements Note 15 - INTANGIBLE ASSETS, Note 16 - PROPERTY, PLANT AND EQUIPMENT, Note 17 - ADVANCES FOR TANGIBLE ASSETS and Note 18 - INVESTMENT PROPERTY.
2. AOP 021; 024 reconciles to the audited financial statements Note 19- INVESTMENTS IN SUBSIDIARIES and Note 20 - INVESTMENTS IN ASSOCIATES.
3. AOP 032-035 reconciles to the audited financial statements Note 21 - LONG-TERM LOANS GIVEN.
4. AOP 036 reconciles to the audited financial statements Note 14 - INCOME TAX.
5. AOP 039-045 reconciles to the audited financial statements Note 22 – INVENTORIES.
6. AOP 047-052 reconciles to the audited financial statements Note 23 - TRADE AND OTHER RECEIVABLES.
7. AOP 056 ; 060; 061; 062; 063 reconciles to the audited financial statements Note 21 - LONG-TERM LOANS GIVEN, Note 25 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, Note 24 – DEPOSITS, Note 26 – LETTERS OF CREDIT and Note 27 - CASH AND CASH EQUIVALENTS.
8. AOP 068-076 reconciles to the audited financial statements Note 28 - CAPITAL AND RESERVES.
9. AOP 084 reconciles to the audited financial statements Note 14 - INCOME TAX.
10. AOP 091-096 reconciles to the audited financial statements Note 31 – PROVISIONS.
11. AOP 103, AOP 104, AOP 107, AOP 115 i AOP 123 reconciles to the audited financial statements Note 30 - BORROWINGS.
12. AOP 110; 112; 117; 119; 120; 124 reconciles to the audited financial statements Note 32 - TRADE AND OTHER PAYABLES.
The differences that are noted in the positions of the Balance Sheet in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 euro).
Income statement positions:
1. AOP 002 and 006 reconciles to the audited financial statements Note 8 – REVENUE.
2. AOP 010-012 reconciles to the audited financial statements Note 9 - MATERIALS, ENERGY COSTS AND SERVICES.
3. AOP 014-016 reconciles to the audited financial statements Note 10 - STAFF COSTS.
4. AOP 017 reconciles to the audited financial statements Note 15 - INTANGIBLE ASSETS, Note 16 - PROPERTY, PLANT AND EQUIPMENT, Note 17 – ADVANCES FOR TANGIBLE ASSETS and Note 18 - INVESTMENT PROPERTY.
5. AOP 018 reconciles to the audited financial statements Note 11 - OTHER OPERATING EXPENSES.
6. AOP 020-021 reconciles to the audited financial statements Note 16 - PROPERTY, PLANT AND EQUIPMENT and Note 23 - TRADE AND OTHER RECEIVABLES.
7. AOP 023-029 reconciles to the audited financial statements Note 10 – PERSONNEL EXPENSES and Note 11 - OTHER OPERATING EXPENSES.
8. AOP 031-050 reconciles to the audited financial statements Note 12 – OTHER (LOSSES)/ GAINS – NET and Note 13 - FINANCE INCOME / (EXPENSES) – NET. The Company presents the effect of exchange rate differences and interest rates in the standard form. The exact amount of exchange rate differences and interest is disclosed in the note.
9. AOP 058 reconciles to the audited financial statements Note 14 - INCOME TAX.
The differences that are noted in the positions of the Income Statement in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 euro).
Cash flow positions:
Refer to Notes 8, 12, 13, 15-18, 23, 26, 30 and 31 to the audited financial statements of the Company.
The differences that are noted in the XLS format when compared to those in the audited financial statements are a result of mapping variances and rounding (i.e. presentation in '000 euro).