LUKA RIJEKA D.D.

As of 26 April 2024, Supervisory Board meeting hasn't been held, therefore, set of financial reports for Zagreb Stock Exchange couldn’t be verified by members of the Supervisory Board. The investment public will be informed in time about Supervisory Board meeting and verification of reports.

LUKA RIJEKA D.D.
RIJEKA

ANNUAL REPORT FOR
FOR THE YEAR 2023

This version of the Annual 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 the Annual Report takes precedence over this translation.

CONTENT

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PORT OF RIJEKA GROUP

MANAGEMENT REPORT
FOR 2023

LUKA RIJEKA D.D.
Riva 1, HR-51 000 RIJEKA
OIB: 92590920313

Rijeka, April 2024.

STRUCTURE OF THE PORT OF RIJEKA GROUP

The Port of Rijeka Group consists of:

THE PORT OF RIJEKA j.s.c. Rijeka (Company)
The parent company, the largest concessionaire for the transshipment of dry cargo in the area of the port of Rijeka, which provides the services related to maritime traffic, stevedoring, warehousing of goods and forwarding agents activities.
The headquarters of the Company is in Rijeka, at the address Riva 1.

LUKA - PRIJEVOZ ltd Kukuljanovo, 100% owned by the Port of Rijeka j.s.c., the main business activity of which is providing transport services.
The headquarters of the Company is in Kukuljanovo, at the address Kukuljanovo 460.

STANOVI ltd Rijeka, 100% owned by the Port of Rijeka j.s.c., the main business activity is management of apartments owned by the parent company and the activities related to the management of buildings.
The headquarters of the Company is in Rijeka, at the address Dubrovačka 4.

LUKA RIJEKA CONTAINER DEPOT ltd Kukuljanovo, 100% owned by Luka Rijeka, whose principal activity is stuffing/unstuffing, loading/unloading and repair of containers
The headquarters of the Company is in Škrljevo, at the address Kukuljanovo 460.

The Port of Rijeka j. s. c. owns a 49% share in the company **ADRIATIC GATE j. s. c. Rijeka.** Profit/loss of this company is attributed to the Port of Rijeka j. s. c. by applying the ownership share method.

As of December 31, 2023, the share capital of the parent company the **PORT OF RIJEKA j.s.c**. it amounted to 67.402.375 euros and was divided into 13.480.475 shares with an individual nominal value of 5 euros. All issued shares are registered and paid in full.

The share of the institutions of the Republic of Croatia: CERP, in the ownership structure of the Company as of December 31, 2023, is 25.02%.

The company PORT ACQUISITIONS A.S. with headquarters in Prague, Czech Republic, on March 14, 2023, bought shares from Rubicon Partners Ventures ASI SP Z.O.O. and OT Logistics S.A., thereby acquiring 34.34% of ordinary shares, becoming the largest individual shareholder.

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OWNERSHIP STRUCTURE OF PORT RIJEKA GROUP

An overview of the Company's key shareholders and ownership structure as of December 31, 2023 is as follows:

Shareholder	Number of shares	% ownership
PORT ACQUISITIONS A.S.	4.629.564	34,34%
CERP/ REPUBLIKA HRVATSKA	3.372.495	25,02%
OTP BANKA D.D./ AZ OMF KATEGORIJE B	2.024.227	15,02%
ERSTE & STEIERMARKISCHE BANK D.D./ PBZ CO OMF KATEGORIJE B	1.024.100	7,60%
OTP BANKA D.D./ ERSTE PLAVI OMF KATEGORIJE B	918.221	6,81%
ERSTE &STEIERMARKISCHE BANK d.d.	215.303	1,60%
OTP BANKA D.D./ ERSTE PLAVI EXPERT- DOBROVOLJNI MIROVINSKI FOND	123.093	0,91%
OTP BANKA D.D./ AZ OBVEZNI MIROVINSKI FOND KATEGORIJE A	115.000	0,85%
ZAGREBAČKA BANKA D.D./AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND	95.575	0,71%
ERSTE & STEIERMARKISCHE BANK D.D.	40.200	0,30%
OSTALI DIONIČARI	922.697	6,84%
Total	**13.480.475**	**100,00%**

The company voluntarily applies the Code of corporate governance, which was jointly developed by the Croatian Financial services supervision agency and the Zagreb Stock Exchange d.d., and regularly issues a Statement on the application of the Code of corporate governance. The statement and the Corporate governance code are available on the Company's website.

Composition of the Company's management and supervisory bodies

Audit Committee

The members of the Audit Committee during 2023 were as follows:

Alen Host	Member since August 31, 2022.
Vesna Buterin	Member since August 31, 2022.
Marin Mijolović	Member since August 31, 2022 (President from April 28, 2023.)

Supervisory Board

The members of the Supervisory Board during 2023 were as follows:

Alen Jugović	President of the Supervisory Board since December 27, 2017.
Dragica Varljen	Deputy President of the Supervisory Board since February 28, 2020.
Hrvoje Pauković	Member since February 28, 2022.
Witold Waldemar Rusinek	Member from August 31, 2022 to August 25, 2023..
Tomislav Penić	Member from August 31, 2022 to August 24, 2023.
Jesper Kjaedegaard	Member since August 25, 2023.
Ondrej Jašek	Member since August 25, 2023.

The Management Board

The members of the Management Board in 2023 were as follows:

Duško Grabovac	President of the Management Board since May 1, 2020.
Marina Cesarac Dorčić	Member since December 1, 2022

KEY EVENTS during 2023

CEF (Connecting Europe Facillity) projects

The multi-year investment through the CEF project at the Rijeka Terminal continued throughout 2023, and construction works were carried out in the entire area of the Rijeka Terminal. In 2023, final works were carried out on the sea side of the silo, final works on the Budapest pier, final works on the Visin pier-south side, work began on the Metropolis building and on the Prague pier, and work on the junction of the Visin pier, Budapest pier, Prague pier and Metropolis building. The value of the investment in the CEF project Rijeka during 2023 was 12,8 million euros. With the renewed infrastructure, warehouse capacities will be increased, technical means and cargo will be preserved, which will increase the safety of manipulations in the port, and the quality of the provided service will be improved.

As part of the CEF Bakar project in 2023, the Company received a confirmation of the conclusion of all activities and the final verification of the final and financial report, thereby ensuring the final payment of the total co-financed funds by the European Executive Agency, which were received in May 2023.

Terminal container Depo

In November 2023, a construction permit was obtained for the arrangement of the new storage and operational area of the Container Depo Terminal, thus meeting all the prerequisites for starting the implementation of the project. The project is worth 5,7 million euros, and work will begin in the first half of 2024.
During 2023, investments were made in the infrastructure and the improvement of the surface of the existing plateau at the Container Depo Terminal in the amount of 900 thousand euros. Also, at the end of the year, the construction of the entrance to the Container Terminal Depo and Terminal Škrljevo began, with a contracted value of 118 thousand euros, and the completion of the works is expected in the second quarter of 2024.

Škrljevo Terminal

In accordance with the adopted business strategy, the Company/Group realized the replacement of worn-out means of work and acquired new machines, namely 4 motorized forklifts with a capacity of up to 6 t in the value of 428 thousand euros, 1 motorized forklift with a capacity of up to 5 t for the needs of handling containers in the value of 82 thousand euros, 2 electric forklifts with a capacity of up to 2.5 t worth 87 thousand euros, and 2 manual electric forklifts.

Bakar Terminal

In 2023, we continued to successively invest in the replacement of machines, and for the needs of the Bakar Terminal, we acquired a motorized forklift with a capacity of 4 t worth 69 thousand euros and a motorized forklift with a capacity of 6 t, worth 114 thousand euros.

Bršica Terminal

For Terminal Bršica, a public procurement procedure was carried out, and a contract was signed for the purchase of a hydraulic gantry crane with a capacity of up to 20 t in the value of 2,5 million euros, and the delivery deadline was extended from the end of 2023 to the end of April 2024. The crane arrived at the beginning of April 2024. One motorized forklift with a load capacity of 4 t worth 69 thousand euros was purchased and put into use, which, along with the acquisition of the crane, will enable the simultaneous operation of two vessels and thus increase productivity.

Rijeka Terminal

Due to the loss of the concession over the Zagreb coast within the Rijeka Terminal, it was necessary to relocate all port facilities - maintenance service workshops, garages and office spaces of the mechanization department, procurement warehouses from the Zagreb coast area and provide them with new work space. For this purpose, during 2023, warehouse no. 9 was rearranged into workshops of various purposes for the needs of maintenance services, namely auto mechanic, auto electrician, vulcanizer, locksmith, mechanic and lathe workshops, where the means of work that we use in daily business to perform port activities are maintained. The value of the works performed until the end of 2023 is 871 thousand euros. As part of the modernization of the Maintenance Service workshop, the purchase of 3 bridge cranes worth 56 thousand euros is also planned.

In 2023, the Warehouse No. 16 was removed, which created an open storage space for transshipment and storage of metal products. During 2023, works worth 373 thousand euros were carried out.

The process of rehabilitation and modernization of the coastal crane with a capacity of 32 t at the Rijeka Terminal in the amount of 365 thousand euros has been initiated. Completion of the works is planned for the second quarter of 2024.

In order to enable faster and simpler operations, and to improve and facilitate cargo handling, several machines were acquired. In the first quarter of 2023, 2 motorized forklifts with a load capacity of 25 t and 33 t were purchased with a total purchase value of 742 thousand euros. At the beginning of June, 1 motorized forklift with a load capacity of 6 t and a value of 107 thousand euros was purchased and put into use. During the third quarter, a car basket for work at heights was purchased in the amount of 67 thousand euros.

NATURAL BUSINESS INDICATORS

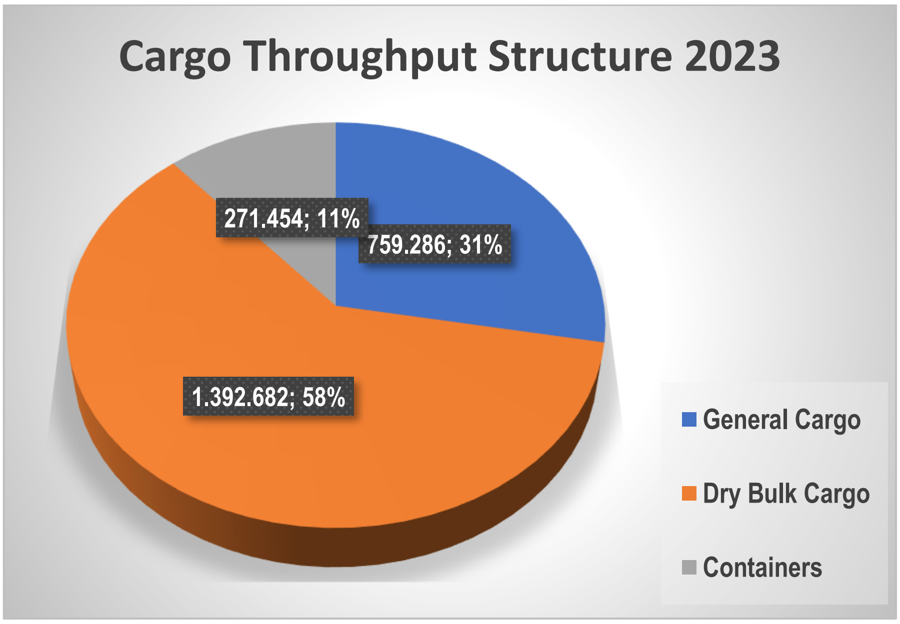
Total traffic

By observing the natural indicators of business, an increase in the turnover of general cargo was observed from 719,094 tons in 2022 to 759,286 tons in 2023. The turnover index for general cargo is 106, which indicates an increase of 6%.
For bulk cargo, a decrease was observed from 1,569,779 tons in 2022 to 1,392,682 tons in 2023. The turnover index is 89, which means a decrease of 11%.
In container traffic, there was a slight decrease from 290,729 tons in 2022 to 271,454 tons in 2023, with a traffic index of 93, which implies a drop of 7%.
Observing the total traffic, a decrease in total tonnage is recorded from 2,579,602 tons in 2022 to 2,423,422 tons in 2023. The total turnover index is 94, which represents a total decrease of 6%.

Total traffic of Port of Rijeka jsc from January to December 2023./2022. was as follows:

Luka Rijeka d.d.	Realization 01.-12.2023.	Realization 01.-12.2022.	Index 2023/2022
General cargo (tons)	759.286	719.094	106
Bulk cargo (tons)	1.392.682	1.569.779	89
Containers (tons)	271.454	290.729	93
TOTAL (tons)	**2.423.422**	**2.579.602**	**94**

Traffic structure - Port of Rijeka jsc in 2023.godine



The traffic structure in 2023 includes 759,286 tons of general cargo (31%), 1,392,682 tons of bulk cargo (58%), and 271,454 tons of container cargo (11%).

General cargoes

General cargo in the turnover achieved during the reporting period indicates diverse trends within the categories of cargo with which the Company/Group operates.

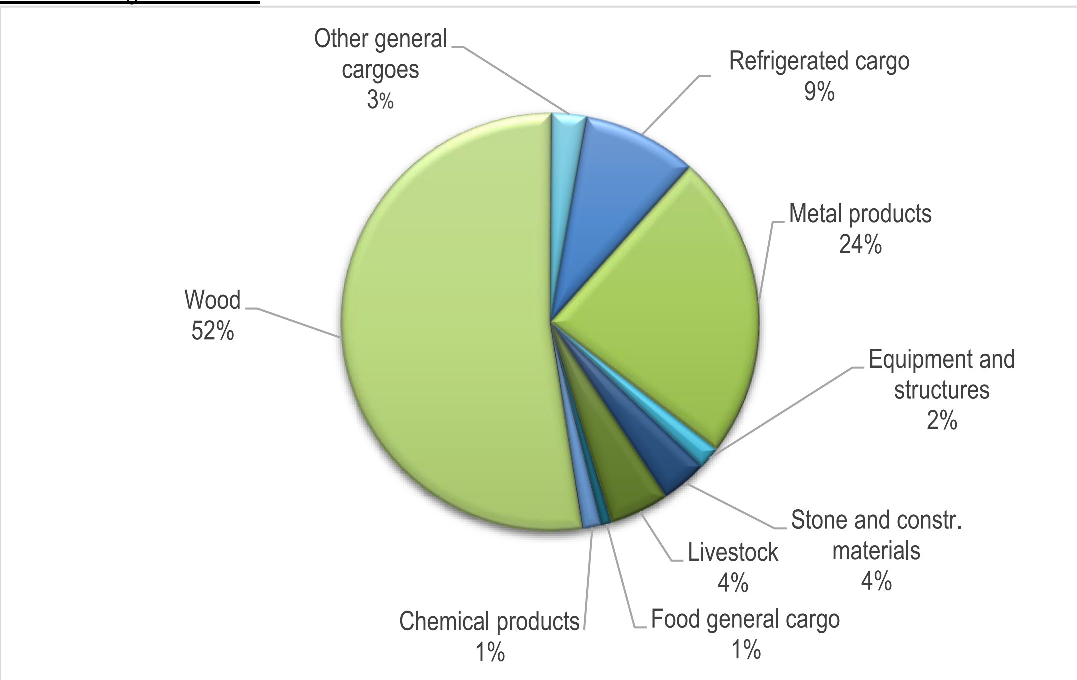
There is a significant increase in the turnover of refrigerated cargo, from 53,771 tons in 2022 to 67,273 tons in 2023. This represents an increase of 25%, with a turnover index of 125. The metal products segment recorded an increase of 38%, with turnover rising from 131,155 tonnes to 180,363 tonnes. Equipment and construction traffic fell by 39%, decreasing from 20,874 tons in 2022 to 12,827 tons in 2023, resulting in a traffic index of 61.

Traffic in stone and building materials decreased by 40%, falling from 45,318 tons to 27,316 tons, which set the traffic index for that category at 60. Traffic in the livestock cargo segment increased by 21%, from 28,778 tons to 34,780 tons, resulting in with a traffic index of 121. The amount of food general cargo in traffic decreased by 10%, decline from 6,893 tons to 6,186 tons, indicated by an index of 90.

The turnover of chemical products recorded an increase of 22%, rising from 9,055 tons to 11,017 tons, which was recorded by an index of 122. The turnover of wood fell slightly by 3%, decreasing from 410,178 tons to 399,140 tons, which set the turnover index at 97 In the category of other general cargo, there was a significant increase of 56%, with an increase from 13,072 tons to 20,384 tons, which corresponds to a turnover index of 156. Wood and metal products are the cargo segments that occupy the largest share within the general cargo structure with which the Company/Group operates .

The total for general cargo increased from 719,094 tons to 759,286 tons, which is an index of 106, or a increase of 6% compared to the previous year.

General cargo structure:



The structure of general cargo in 2023 includes 399,140 tons of wood (52%), 180,363 tons of metal products (24%), 67,273 tons of refrigerated cargo (9%), 34,780 tons of livestock (4%), 27,316 tons of stone and construction materials (4%), 20,384 tons of other general cargo (3%), 12,827 tons of equipment and structures (2%), 11,017 tons of chemical products (1%), and 6,186 tons of food general cargo (1%).

Bulk cargoes

Bulk cargoes in traffic achieved during the reporting period indicate diverse trends within the categories of cargo with which the Company/Group operates.

The turnover of cereals increased by 29%, increasing from 165,539 tons to 213,289 tons, with an index of 129. The turnover of oilseeds increased by 128%, from an increase of 3,640 tons to 8,276 tons, which the index of 227 confirms. Coal recorded an impressive increase of 128% from 227,778 tons to 518,720 tons, reflected by an index of 228.

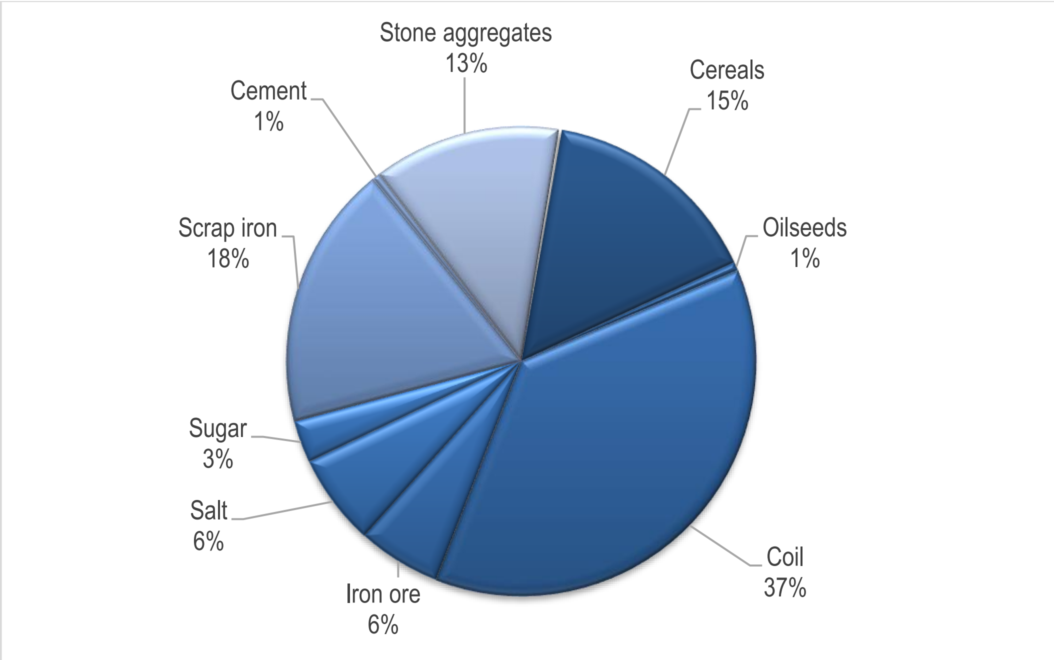
Iron ore saw a drastic drop in traffic of 85%, decreasing from 544,041 tons to 79,999 tons, an index of 15. Salt traffic remained almost unchanged with a slight decrease of 2%, decreasing from 89,143 tons to 87,358 tons, with an index of 98 Sugar turnover increased by 181% from 14,400 tons to 40,534 tons, as indicated by an index of 281.

Scrap iron shows a decrease of 12% from 289,126 tons to 254,430 tons, the index is 88. Cement turnover decreased by 71% from 24,432 tons to 7,072 tons, which is an index of 29.

Stone aggregate saw a 7% decline from 192,650 tonnes to 180,001 tonnes, with an index of 93. Other bulk also started at 3,003 tonnes in 2023, with no turnover in the previous year. Coal and iron ore are the cargo segments that occupy the largest share within the structure of bulk cargo with which the Company/Group operates.

The total turnover of bulk cargo decreased by 11%, with a decrease from 1,569,779 tons to 1,392,682 tons, which is indicated by an index of 89.

Structure of bulk cargo:



The structure of bulk cargo in 2023 includes 518,720 tons of coal (37%), 254,430 tons of scrap iron (18%), 180,001 tons of stone aggregate (13%), 213,289 tons of grain (15%), 87,358 tons of salt (6%), 79,999 tons of iron ore (6%), 40,534 tons of sugar (3%), 7,072 tons of cement (1%), 8,276 tons of oilseeds (1%).

Container traffic

Port of Rijeka jsc deals with container loading and unloading services, as well as land manipulation of cargo from Terminal Brajdica to Terminal Škrljevo and Terminal Rijeka (and vice versa).

The total weight of containers in traffic decreased by 7% from 290,729 tons in 2022 to 271,454 tons in 2023, which the index of 93 confirms.

The number of containers measured in TEU (Twenty-foot Equivalent Unit) also decreased by 7%, from 147,523 TEU in 2022 to 137,144 TEU in 2023, also with an index of 93.

These data indicate a decrease in the activity of container traffic in the Port of Rijeka during the mentioned period, which is equally expressed in the weight of the cargo and in the number of transport units.

Container traffic of Port of Rijeka jsc 2023./2022.

Luka Rijeka d.d.	Realization 01.-12.2023	Realization 01.-12.2022	Index 2023/2022
Containers (tons)	271.454	290.729	93
Containers (TEU)	*137.144*	*147.523*	*93*
TOTAL (tons)	**271.454**	**290.729**	**93**

Affiliated company Jadranska vrata d.d. they deal with the service of transshipment of containers from container vessels to trucks and wagons.
The weight of containers in traffic increased slightly by 2%, from 3,725,434 tons in 2022 to 3,816,194 tons in 2023, which the index of 102 confirms.
The number of containers expressed in TEU increased by 3%, from 373,343 TEU in 2022 to 385,794 TEU in 2023, with an index of 103.
These indicators reflect a slight increase in container traffic in Jadranka vrata d.d., both in terms of cargo weight and the number of container units.

Container traffic Jadranska vrata d.d. 2023./2022.

Jadranska vrata d.d.	Realization 01.-12.2023	Realization 01.-12.2022	Index
Containers (tons)	3.816.194	3.725.434	102
Containers (TEU)	*385.794*	*373.343*	*103*
TOTAL (tons)	**3.816.194**	**3.725.434**	**102**

BUSINESS FINANCIAL INDICATORS

Key performance indicators of the Company and Port of Rijeka jsc Group

Financial indicators of business	31.12. 2023. *Group*	31.12. 2022. *Group*	31.12. 2023. *Company*	31.12. 2022. *Company*	Index Group '23/'22	Index Company '23/'22
Liquidity indicators						
Working capital (in *000* eur)	(5.114)	(3.011)	(5.792)	(3.430)	170	169
Current liquidity	0,71	0,89	0,68	0,87	80	78
Indebtedness indicators						
Current liabilities/capital	0,24	0,45	0,35	0,61	54	57
Long term liabilities/capital	0,42	0,58	0,59	0,78	73	76
Loan obligations/capital	0,21	0,29	0,30	0,40	72	75
Total liabilities/assets	0,34	0,45	0,40	0,50	76	80
Profitability indicators						
EBIT (in *000* eur)	4.099	4.160	3.712	3.906	99	95
EBITDA (in *000* eur)	7.313	6.989	6.834	6.653	106	104
EBITDA margin	21,7%	22,8%	20,4%	21,7%	95	94
EBIT margin	12,0%	13,6%	10,9%	12,8%	88	85
NETmargin	24,9%	25,2%	3,8%	29,8%	99	13
Productivity indicators						
Number of employees	655	664	638	646	99	99
Income per employee (in *000* eur)	52	46	53	47	112	112

For the business year 2023, the Company achieved good financial results. The Company's EBIT in 2023 amounted to 3,712 thousand euros (Group: 4,099 thousand euros), which is an excellent success considering the business challenges that marked the year 2023, such as inflation, increases in energy prices, a significant increase in the minimum wage for workers and an increase in wages and benefits to workers that were inevitable given inflation and trends in the labor market.

The Company's EBITDA was realized in the amount of 6,834 thousand euros (Group: 7,313 thousand euros), which represents an increase of 4% compared to the previous year when EBITDA was realized in the amount of 6,653 thousand euros (Group: 6,989 thousand euros).

The company's current liquidity was reduced by 22%, considering that during 2023 the Company invested significant own funds in investment activity, and built new construction facilities and acquired new equipment, which will enable more efficient and productive operations in the coming period. Although the working capital has a negative sign, it is primarily due to the obligation to invest in the CEF project Rijeka expressed within the company's short-term liabilities, which amount to around 16,5 million euros, and 85% of which will be financed from grants from the European Union. If the stated obligation were excluded, the working capital would be positive.

Indebtedness indicators are better in 2023 compared to the previous year 2022, which also shows more successful and efficient operations of the Company (Group).

In 2023, cargo transshipment decreased by 6%, while revenues from the sale of services increased by 4%, partly thanks to price growth and partly thanks to additional services provided in addition to basic cargo handling.

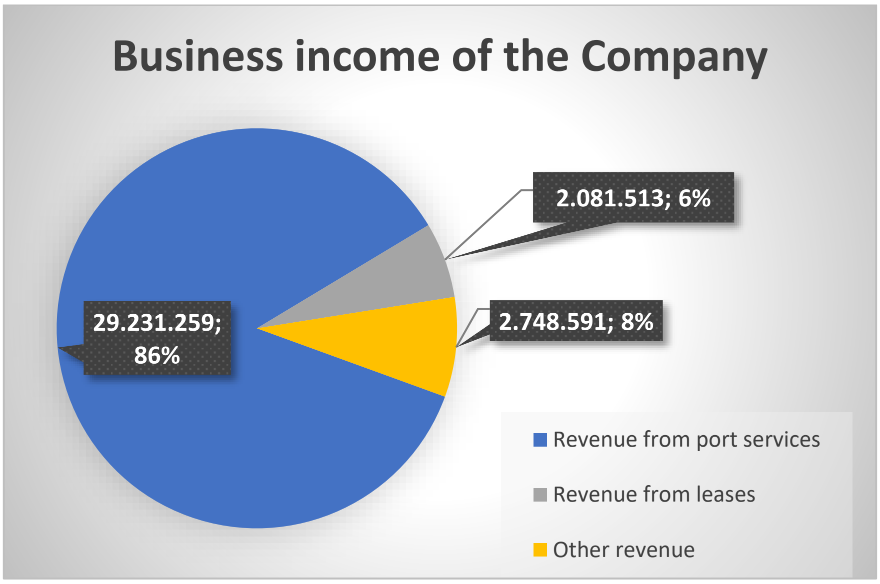
The business result achieved in 2023 is slightly lower than the result of the previous year 2022. Despite the increase in the Company's expenses, due to the impact of inflation, the increase in energy prices, and the increase in labor costs, we were able to maintain the financial result at the approximate level of the previous year through an increase in income.

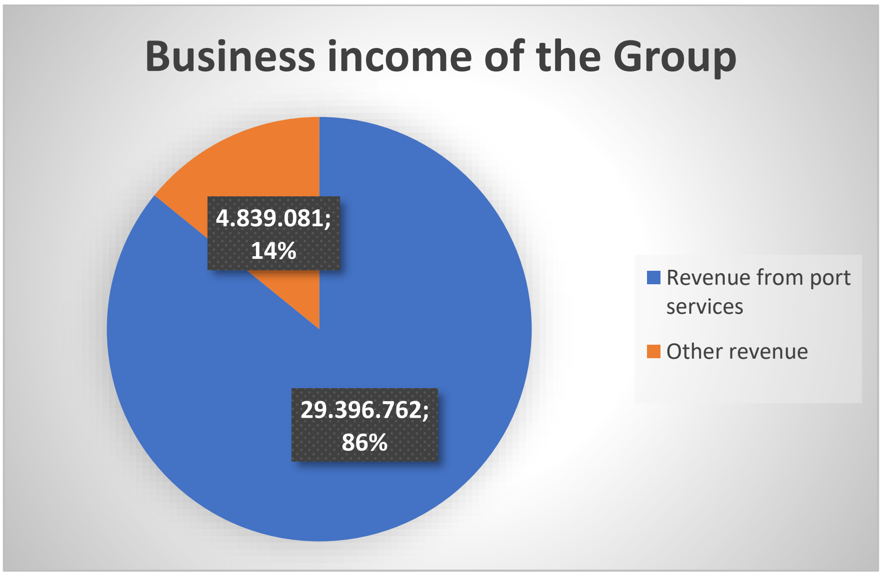
Revenues of the Company and PORT OF RIJEKA jsc Group

In the observed period, the total revenues of the Company amount to 34,076 thousand euros, and the Group's: 41,110 thousand euros, and are 11% lower and (Group: 12%) higher compared to the same period of the previous year. In the structure of total revenues, the largest part is business revenues with 34,061 thousand euros (Group: 34,235 thousand euros), which increased by 11%, compared to 2022, which is an important indicator of the Company's stable and upward trend. There was a significant decrease in financial income, because in 2023 there was no income from the collected dividend of the associated company JADRANSKA VRATA d.d. considering it made a decision on the distribution of profit from 2022 in retained earnings.

Natural traffic generates key business revenues from the core business - revenues from the sale of services in the country and abroad amounting to 29,231 thousand euros (Group: 29,397 thousand euros), which make up 86% of business income.

The structure of the company's business income:

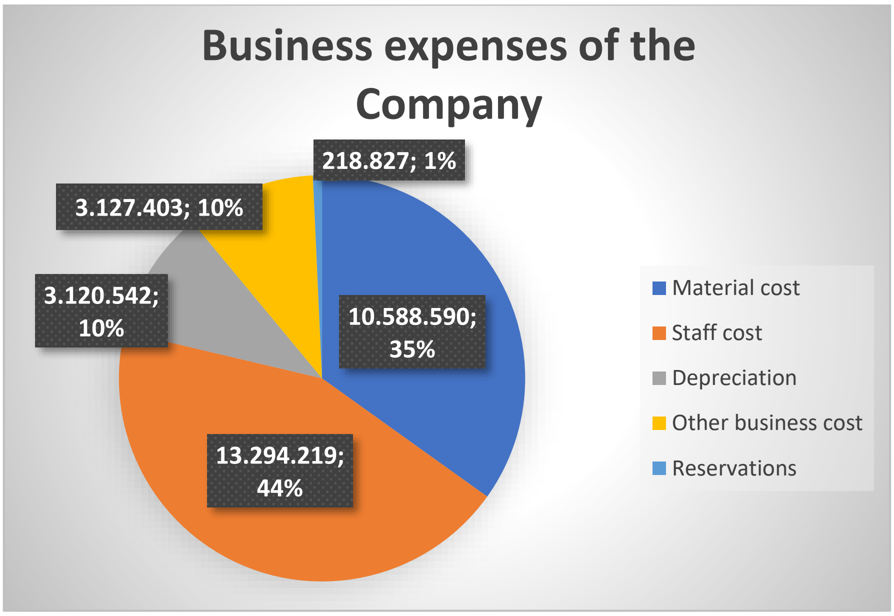


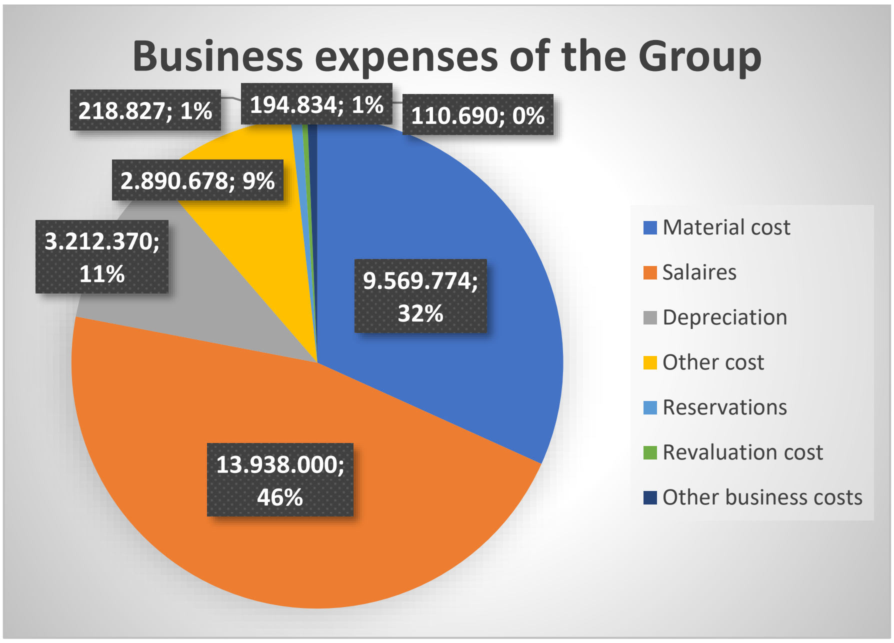


Expenses of the Company and PORT OF RIJEKA jsc Group

Total expenses for the period of 2023 amount to 32,779 thousand euros (Group: 32,572 thousand euros), which represents a growth of 13% (Group: 13%) compared to 2022. Expenditures grew slightly more than revenues, which is an understandable growth considering the increase in the prices of products and services, and also an indicator that the Company manages expenditures and keeps them at almost the same level. The company's profit was 1,005 thousand euros (Group: 8,177 thousand euros).
Business expenses for the mentioned period amount to 30,348 thousand euros (Group: 30,136 thousand euros), which represents a growth of 13.8% compared to the previous year.

Structure of business expenses of the company:





In the observed period, an increase in material costs by 20.3% compared to the previous year, and an increase in personnel costs by 19% as a result of the increase in wages and benefits for workers, is visible. The cost of depreciation has also increased by 13.6% compared to 2022 due to the acquisition of new fixed assets.

Personnel

According to personnel records as of December 31, 2023, Luka Rijeka d.d. has 638 employed workers, i.e. 8 workers less than on 31.12.2022. (646 workers). Considering that during the previous year the company continuously employed a large number of people, mostly operators of technical equipment and port transport workers, during 2023 there was no need for a significant number of new workers. The company employed its own workforce, and the number of subcontractors was reduced to a minimum number, within the Maintenance Service and in the port fire brigade, due to the lack of qualified workers for those specific jobs on the labor market.

The company also pays special attention to retaining the existing quality workforce. We believe that developing the professional competencies of employees, their skills and knowledge is crucial for a successful business. Every employee has the right to education, training and professional development, which are carried out in accordance with the requirements of the workplace.

RISK MANAGEMENT

Market risk

For many years, the Port of Rijeka has been an important transit port for the countries of the hinterland, mainly the countries of Central, Central and Eastern Europe. In this large area, it strategically targets two groups of countries in the group of priority and secondary markets, and then third markets and the wider gravitational hinterland.
It is part of the world network of maritime trade traffic and the point of change of transport modality from sea to land and vice versa. Complex supply chains that touch that point are very dynamic because they react to changes in the global economy, as well as the movement of the economies of individual regions. Therefore, strategic planning is important in order to assess potential risks and achieve the set plans.

Business involves various risks due to the nature of the maritime industry and its dependence on global economic, environmental and regulatory factors, therefore it is necessary to be adaptable to the needs and changes dictated by the market.

Destination markets

Very important destination (emitting) markets, which realize trade exchange with the gravitational hinterland, are the markets of North Africa and the Eastern Mediterranean-Levant. Important markets are also those with a gravity hinterland that carry out trade via the Suez Canal (liner container traffic).

Market competition

The closest competition consists of the ports of the northern Adriatic cluster (the port of Koper and the port of Trieste).

The advantage of northern Adriatic ports compared to ports in the North Sea or the Baltic stems from the shortest maritime connection between Europe and the Near, Middle and Far East.
Since the Adriatic Sea is the most indented part of the European continent, the northern Adriatic is the part of Europe that gives the Central European countries the closest access to the world's seas.

The Port of Rijeka is located on the strategic EU-Mediterranean corridor, and its inclusion in the Baltic-Adriatic corridor, which is also strategic, is important for the further development of the port and the strengthening of its position, given that it passes through an important EU market to which the port of Rijeka is a long line year an important transit port.

The ports of the North Adriatic cluster have strong competitors in other clusters: the strongest European cluster of North European ports (Rotterdam, Amsterdam, Antwerp, Ghent, Hamburg, Bremen, etc.) which is connected to the port of Constanza from the Black Sea cluster by the Rhine-Main-Danube canal, which passes through the very heart of the gravity area of the port of Rijeka. The competing Baltic cluster (Rostock, Gdansk, Gdynia, etc.) is also targeting this area (especially the Polish and Czech markets).

There are also marginal clusters of the southern Adriatic and the Aegean Sea, which also target the southern part of the gravity area of the port of Rijeka. These are primarily the port of Ploče, which is oriented towards Bosnia and Herzegovina, the port of Bar towards Montenegro and Serbia, the port of Durrës towards Albania and Kosovo, and the port of Thessaloniki and other Aegean ports which, in addition to Greece, also target the market of North Macedonia and Serbia, but the word is about the secondary zone of competitive interest of the port of Rijeka.

Market risk (continuation)

After the impact suffered by the global economy due to the COVID pandemic, in early 2022 the conflict between Russia and Ukraine affects changes in some of the world's main trade flows.
Rising energy costs affect the global economy and the rise in the inflation rate. Along with the current growth in the inflation rate and changes in some of the main trade flows, oscillations in certain sectors of maritime transport are to be expected.
The crisis in the Red Sea and its impact on business will have the greatest impact on container liner traffic due to the extension of the trade route from Asia to Europe, which causes significantly higher freight rates, and the passage through the Suez Canal, an increase in the price of insurance premiums.
It is difficult to predict to what extent the crisis will affect business, it will certainly depend on the duration of the navigation restrictions and the willingness of all shippers to maintain the existing lines at the ports of call.
The Company's Management Board works to minimize market risks through price-tariff adjustments, continuous investment in technology to speed up the flow of goods in the supply chain and increase the port's attractiveness (purchased new mobile cranes at the Rijeka General Cargo Terminal and at the Bršica Terminal), capacity development and through measures to increase labor productivity.
According to the announcements and plans, it is expected to maintain the same volume of cargo transshipment within the Port of Rijeka jsc.

Credit risk

The Company/Group uses several credit risk control methods, first of all creditworthiness checks in cooperation with credit rating agencies, and additional insurance instruments. The risk is greater when contracting with new customers, where it may happen that the port service is contracted with an unreliable client (in terms of dynamic failure to fulfill the contract, in terms of non-payment of services and the like). This can cause various problems (filling of warehouses with goods for which no storage fee has been paid, which takes up valuable space, delays in the agreed loading of liners and other shippers or wagons and trucks, which results in demurrage and other damages, etc.). This risk is minimized by updating the built-up database of existing clients where all their data is accumulated over the years, so that before each contract an assessment can be made as to whether and how much that customer is acceptable.

Currency risk

With the entry of the Republic of Croatia into the Eurozone - the European Monetary Union - from 01.01.2023. currency risk disappeared for transactions carried out within the Eurozone, the EURO became the monetary currency of the Republic of Croatia.

The exposure to currency risk in the USD currency is manifested in the fact that the prices of the services are in a negligible part expressed in USD, and a smaller part of the receivables is collected in that currency, so it is estimated that there is no increased risk of collecting receivables in the specified currency, and the receivables are also regularly collected.

Interest rate risk

The Company/Group is exposed to interest rate risk since it borrows at variable interest rates. The Company/Group has increased its credit exposure in the part of loans with variable interest rates, and it is estimated that a possible increase in variable interest rates in the near future will not be so significant as to require special protection mechanisms against interest rate risk.

Liquidity risk

Liquidity risk is managed through activities to maintain an adequate term structure of assets and liabilities, and through planning and management of cash inflows and outflows and ensuring an adequate amount of liquid funds to settle liabilities according to their maturity dynamics. Financial indicators of current liquidity and working capital are monitored regularly.

Technological risk

The technological risk is reflected in the obsolescence of the existing port technology, which increases maintenance costs, reduces the productivity of port manipulations, that is, the profitability of the process, and reduces competitiveness. The Company/Group solves the reduction of technological risk by preventive maintenance on the one hand, and on the other hand, by capital investments in new equipment and technology that enables greater speed, reliability and efficiency of transshipment and other port manipulations.

By increasing the capacity through the inland Terminal Škrljevo, a long-term increase in traffic, which is necessary for business growth and development of the company, has been achieved. There is a weaker connection with the hinterland through the railway network, which requires restructuring and modernization, in order to enable faster and quantitatively greater railway traffic, which would increase the efficiency of cargo transshipment turnover.

Technologically, a good land connection to the gravitational hinterland with a good railway and road network is extremely important. In the case of the port of Rijeka, the road connection with the hinterland is very good.

Technological processes that are based on technology and personnel, and are directed towards the fulfillment of the Company's commercial goals, are also subject to risks. The risk is minimized by continuous monitoring and adjustment of the work process dictated by specific goods and services and by implementing changes through written work procedures.

Personnel risk

The port industry has an extremely labor-intensive character. In the operational sense, the workforce that works on specific tasks related to loading/unloading and transshipment of cargo dominates. (handlers of technical equipment and port transport workers), and their service support (maintenance, lashing, mooring and unmooring). At a time when we are all facing a labor shortage, it is even more difficult to find quality professionals who have work experience to work on specific port operational tasks. We are trying to solve the lack of external professional staff within the Company, by sending the existing staff to professional training.
Their number alone represents a significant factor in the Company's operations.

Environmental risk

The basic environmental risk for the Company/Group is defined by the type of cargo itself and the way it is manipulated. This refers primarily to bulk cargoes, which in their manipulation can emit dust, and thus pollute the air, sea and soil in the vicinity of the place of manipulation. This risk is reduced by installing technology that reduces or prevents it. For example, at the terminal in Bakar, special floating dams have been introduced for the reception of each vessel, which increase the safety of cargo unloading and are in the function of preventing the spread of possible pollution, as well as by introducing a system of creating a cover on the stored cargo to prevent dust from rising.

Environmental risk (continuation)

At the Bakar Terminal, the Company/Group has installed a sprinkler system with water cannons during the handling of bulk cargo, which reduces and prevents air pollution. There is also a risk in the maintenance of vehicles and other manipulative means (waste oil, waste water from cleaning, old batteries, old tires, etc.), which is controlled by the installation of oil separators in garages and workshops, as well as standardized procedures and controls for the collection of liquid and solid waste. Environmental risks, as well as other risks, are specially considered, monitored and recorded in the Quality and energy management department as part of the introduced management systems, and are also monitored by the Internal Control and Audit Department.

In order to achieve permanent improvement, the Port invests in continuous maintenance and improvement of the management system. In the future perspective, the plan is to introduce an environmental management system according to the ISO 14001:2015 standard, which will contribute to the management of environmental risks. Also, meeting the requirements for sustainable business, where special emphasis is placed on risk management, as one of the key initial steps for sustainability, environmental risks are dealt separately. The possibility of using a special platform for monitoring environmental risks at exact locations, which provides different solutions for the implementation of risk reduction activities, is being considered.

Risk control system

Port of Rijeka jsc has implemented management systems through which internal supervision and control of the risks to which the Company and the Group are exposed are carried out, namely:

- The quality management system according to the ISO 9001:2015 standard, which is maintained and timely recertified in defined plans and deadlines. The last external assessment was in January 2024, followed by recertification at the end of the year. The company's business processes are controlled through the quality management system.
- Energy management system according to the ISO 50001:2018 norm, which is also maintained, and the new Certificate was obtained in March 2024. It is necessary to continue to improve the energy consumption control system, and focus on green energy, i.e. on renewable energy sources
- Control of business/financial transactions and financial reports through the accounting system and the Controlling Department.
- The Controlling Department prepares and monitors annual and multi-year business planning at the level of the Company and all its business units, as well as monthly, quarterly and annual monitoring of the implementation of the plan through the Controlling Department. The monitoring of the implementation of the annual plan is done internally on a monthly basis by monitoring the natural realization by cargo categories and terminals, monitoring the financial realization at the level of individual organizational units and the company as a whole in the format of a profit and loss account, forecasting the final result by combining the current realization and the remaining planning period (forecasting), and as necessary analysis of realization according to defined criteria.

BUSINESS EXPECTATIONS

CEF (Connecting Europe Facillity) project Rijeka

On the CEF project Rijeka, the completion of works is planned in accordance with the provisions of the contract concluded with the European Commission, through the Agency for Innovation and Networking - INEA and the Port of Rijeka Authority, as partners, which will ensure the quality infrastructure necessary for the operational business of cargo transshipment. The reconstruction of the existing pavement and storage area, tracks, tracks for cranes and accompanying communal infrastructure (water supply, drainage and wastewater treatment) in the Rijeka basin, which includes the Prague, Budapest and Vienna piers, as well as the Visin, Orlando and De Franceschi piers, will be completed. By removing the existing dilapidated and operationally unsuitable railway infrastructure, the aim is to improve the connection of the entire Rijeka basin with the railway network in the hinterland and indirectly towards European corridors. The CEF project Rijeka is scheduled to be completed by June 7, 2024.
Given that the work on the CEF project Rijeka is planned to be completed by the end of the first half of 2024, we expect to use the entire operational area of the Rijeka Terminal in the coming periods, which will end the restrictions on daily operational activities that Group has due to the execution of the works, and simpler and faster manipulative operations are expected transshipment of cargo, which opens up the possibility of growth and increase in the amount of cargo transshipped. We expect that by the end of 2024, technical acceptance will be realized and a use permit will be obtained for the CEF project Rijeka.
The estimated value of the performance in 2024 is 3,5 million euros.
At the end of 2024, we expect the return of the difference in total subsidized funds from the Agency for Innovation and Networking - INEA, that is, the European Commission, i.e. the return of the difference between the total subsidized funds minus funds obtained through pre-financing of the project.

Rijeka Terminal

As part of construction investments in the Rijeka Terminal area, it is planned to arrange the floor in the existing warehouse no. 9. for the needs of cargo accommodation that requires a closed space in the value of 220 thousand euros and replacement of part of the roof due to damage in the value of 300 thousand euros.
By obtaining a new concession for the provision of parking services at the srednja Delta location, it is necessary to arrange the area before putting it into operation, in terms of asphalting the surfaces, marking them, fencing the area, etc., and the value of the works is 800 thousand euros.
Within the Mooring and unmooring Service, the acquisition of 2 boat engines and 1 pick-up vehicle is planned, in order to enable further expansion of the service and the taking on of new jobs.

Silo Terminal

At the Silos Terminal, it is necessary to replace the roof worth 250 thousand euros, which will enable better cargo accommodation conditions, repair leaks and enable the cargo to be dry. Also, due to the increasing transshipment of grain that takes place through the Port of Rijeka, it is necessary to invest in new means, so the acquisition of a Kaeser compressor with a capacity of 10 bar is planned.

Terminal container Depo

Due to the extension of the deadline for obtaining the construction permit, the investment in the expansion of the Container Depo in Škrljevo in the total value of 5,7 million euros is planned to be realized in 2024. The project relates to the expansion of the container depot, and the arrangement of a new storage operational area, i.e. the construction of 7-9 additional platforms for the accommodation of containers on an area of 66,615 m2, and the arrangement of internal roads on the same area, with the necessary rainfall drainage and external lighting, then asphalting of storage areas and construction of additional electrical connections. The implementation of the project is expected to increase traffic, in the part of manipulation and storage of empty containers, and opens up the possibility of providing a new service, the manipulation of full containers, which now takes place on a very modest scale. In addition, the plan is to prepare documentation for the construction of the railway track from the railway entrance in Škrljevo to the Container depot.

We emphasize that the investment cycle for most construction projects and assets that the Company/Group acquires is longer than one year, and more than 1 calendar year has passed from investment planning to realization. Most investments are planned, approved and started in one business year, and their realization and completion is during the next business year, as is the case with this investment.

Škrljevo Terminal

As part of the investment in IT equipment and software, it is planned to invest in the IT network infrastructure at Terminal Škrljevo, which is necessary for the normal development of business processes. Integration with the EEIR Maersk system, which is our largest shipping company for container traffic, is also planned, so that the client will have an overview of his containers at our terminal, which is necessary for the establishment of a modern business system.
At the Škrljevo Terminal, it is planned to continue the arrangement of the entrance, which is shared to the Terminal and the Container Depo, with the installation of ramps and the installation of an additional fence, which is necessary for better control of vehicle entry, and an information system for the automatic recognition of license plates of vehicles that have an entry permit. Also, in order to improve the working conditions for our employees, the reconstruction of the existing bathrooms will be started, and a separate sanitary area will be designated within it, which will be used by clients. The intention is to begin the realization of the construction of a photovoltaic power plant, as one of the imperatives of the green transition in the field of energy, and of course to reduce the cost of electricity in this way.

Bršica Terminal

In 2024, the Bršica Terminal will continue the investments necessary to increase the productivity of wood handling, by purchasing one motorized forklift with a load capacity of 6 tons. Also, the construction of a bathroom with a wardrobe is planned in order to improve the working conditions for employees, and the beginning of the construction of a mechanic's workshop is also planned, because the existing workshop is dilapidated and dislocated.

Bakar Terminal

In 2024, it is planned to repair and reconstruct the transshipment bridge for bulk cargo in the amount of 1,35 million euros, which will enable transshipment operations to take place smoothly, while reducing delays and breakdowns in the operation of the bridge. With the rehabilitation and reconstruction of the bridge, we expect an increase in the efficiency of cargo transshipment and a greater realization of income.

During the year 2024, we intend to acquire one loader with a load capacity of 30-35 tons, and one B category truck with a load capacity of 3.5 tons for Terminal Bakar, which is necessary to perform daily operational activities at the terminal.

One of the set goals of the company's development is to successively change the means of work so that their quality and quantity enable the smooth running of business processes, so the purchase of new machines is planned in 2024, namely 1 loco track, 3 forklifts, 1 loader, 1 truck with a capacity of 12 tons, 1 cargo van, which will enable cargo to be transshipped faster and more expeditiously.
Port of Rijeka jsc realized significant investments during 2023, and plans to implement them in future periods as well. Investments will enable better competitiveness of the company on the market, and achieve better business efficiency and increase cargo handling both in the short term and in the longer term. Negotiations are underway to extend the duration of the concession contract, which was concluded until 2042, so that the aforementioned investments, as well as those planned in the coming period, would be economically justified and profitable.

DUŠKO GRABOVAC
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Date: 2024.04.29 15:37:35 +02'00'

MARINA CESARAC DORČIĆ
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Date: 2024.04.29 15:22:04 +02'00'

Duško Grabovac	**Marina Cesarac Dorčić**	**April 29, 2024.**
President of the MB	*Member of the MB*	Rijeka, Croatia

NON-FINANCIAL STATEMENT

Sustainable development

Luka Rijeka d.d. is the largest concessionaire for transshipment of dry cargo in the area of the Rijeka port basin and provides services in maritime traffic, port services, and storage services that, in the manner of a reliable business partner, continuously adapts to the needs of its clients.

We took advantage of the natural advantages of port of Rijeka, ensured the quality of service and developed a partnership relationship with clients, and based on these values we built a stable market position of the Company in the country and abroad.

Content:

GENERAL INFORMATION

Luka Rijeka d.d. (45°19.8' N - 14°25.4' E)

It is located in the Kvarner Gulf, a protected natural area, and through the Kupa River valley there is a connection potential with Zagreb and the Pannonian plain, as well as the Danube region and Central Europe.

The advantage of North Adriatic ports over North Sea or Baltic ports stems from the shortest maritime connection between Europe and the Near, Middle and Far East. Since the Adriatic Sea is the most deeply indented part of the European land, it is precisely the Northern Adriatic that gives the Central European countries the closest access to the world's seas.

Luka Rijeka has an exceptional geotraffic position. The draft depth of more than 16 m (18 m) allows the largest ships to be accommodated, and will be increased to 20 m with the construction of new spaces.

Basic information

Address:
Riva 1, 51000 Rijeka,
Hrvatska

Telephone
+385 51 496 000

e-mail:
info@lukarijeka.hr

Personal/commercial no.:

Personal identification no. OIB:
92590920313

Commercial reg. no. MB:
3330494

Commercial reg. no. MBS:
040141664

Number of employees:
638

Share capital
67.402.375,00

Subsidiaries
Luka prijevoz d.o.o.
Stanovi d.o.o.

Affiliated Company

Jadranska vrata d.d.
(Adriatic Gate Cointainer Terminal)

Concessionaire at port of Rijeka container terminal
Ownership share in the affiliated company 49%

Shares
Stock symbol LKRI-R-A
Zagreb Stock Exchange - Official market
Number of regular issued and listed shares 13.480.475

Luka Rijeka d.d. joint-stock company for services in maritime transport, port services, storage of goods and forwarding is the largest concessionaire for transshipment of dry cargo in the Republic of Croatia, which operates in port of Rijeka at specialized terminals in three port basins: Rijeka, Bakar and Raša.

The Company specializes in the shipping and handling of dry cargo, with the primary activities of loading, unloading, storage and transportation of general cargo, lumber, bulk cargo, livestock, tropical and other fruits, grains and oilseeds. It is the holder of the concession until 2042 and the owner of the inland port terminal Škrljevo.

Management Board members

Duško Grabovac
PRESIDENT OF THE MANAGEMENT BOARD

Marina Cesarac Dorčić
MANAGEMENT BOARD MEMBER

Supervisory Board members

Dr. sc. Alen Jugović
PRESIDENT OF THE SUPERVISORY BOARD

Dragica Varljen
DEPUTY PRESIDENT OF THE SUPERVISORY BOARD

Hrvoje Pauković
SUPERVISORY BOARD MEMBER

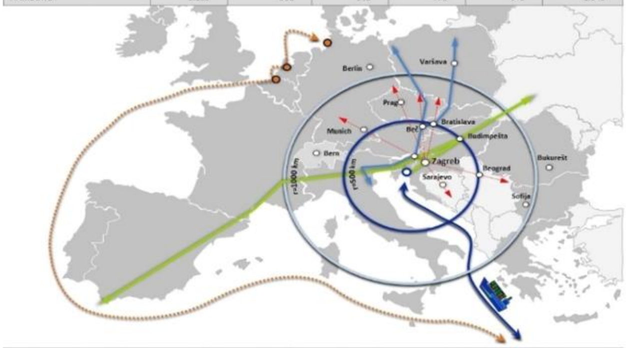
Jašek Ondrej
SUPERVISORY BOARD MEMBER

Kjaedegaard Jesper
SUPERVISORY BOARD MEMBER

Geographical location

- Luka Rijeka is located on a strategic EU traffic route (TEN-T Mediterranean Corridor) and connects to the "Baltic - Adriatic" route.
- Due to its favorable location, Luka Rijeka provides the shortest sea connection between the countries of Central and Eastern Europe and overseas countries.
- As an integral part of the TEN-T transport network and corridor, Luka Rijeka has special significance for landlocked countries (Hungary, Austria, Slovakia, the Czech Republic, Serbia and Bosnia and Herzegovina), and is in an excellent position to take advantage of its location.
- The EU and Croatia strategically and operationally support investments in port and railway infrastructure that increase the traffic capacity of that route and eliminate bottlenecks on it. Structural and cohesion funds of the EU will act as significant support of the investment cycle of both the port and railway sectors.
- Liberalization of the market of railway operators, as well as the entry of private capital into port operations, increases their efficiency, as well as the competitiveness of the Rijeka transport route.

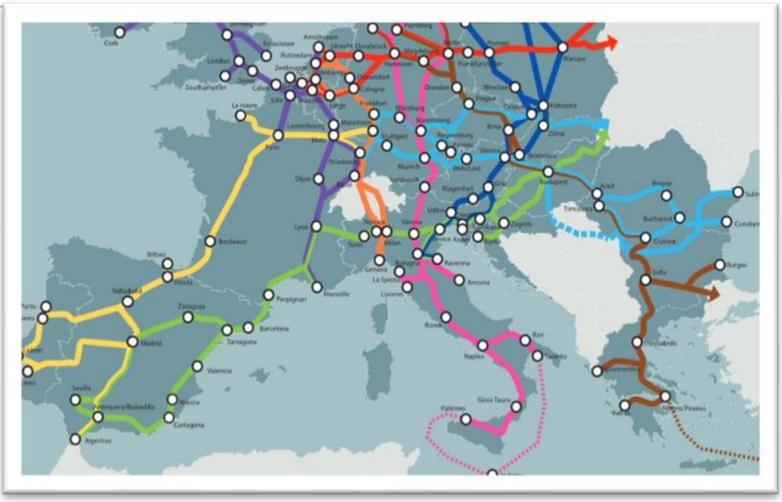
Kopnene udaljenosti Km	BUDIMPEŠTA	BRATISLAVA	BEČ	MUNICH	PRAG	BEOGRAD
RIJEKA	504	550	490	560	810	569
HAMBURG	1.159	961	963	775	640	1.540



Pomorske udaljenost Nm	MALTA	PORT SAID	SINGAPORE	HONG KONG	SHANGHAI	BUSAN
RIJEKA	700	1.254	6.268	7.720	8.500	8.770
HAMBURG	2.608	3.527	8.541	10.000	10.778	11.044

Regarding the destination (emission) markets that trade with the gravitational hinterland of Luka Rijeka, the most significant are those via the Suez:

- North Africa (Morocco, Algeria, Tunisia, Libya, Egypt, Sudan)
- Eastern Mediterranean-Levant (Turkey, Syria, Lebanon, Jordan and Israel)
- Middle East (Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Oman, Yemen, Kuwait, Iraq, Iran and Afghanistan)
- Far East (China, Hong Kong, Taiwan, Japan and South Korea)
- Indian subcontinent (India, Pakistan, Bangladesh and Sri Lanka)
- SE Asia (Indonesia, Philippines, Thailand, Vietnam, Malaysia and Singapore)
- East Africa (Ethiopia, Kenya, Tanzania, Mozambique and converging 'Land-Locked' African countries)



Geostrategic position and market

For many years, Luka Rijeka has been an important transit port for the hinterland countries, mainly the countries of Central, Eastern Central and Eastern Europe. In this large area, it strategically targets two groups of countries in the group of priority and secondary markets, as well as then third markets and the wider gravitational hinterland.

- Priority markets on the central line Croatia-Hungary-Slovakia
- Secondary markets on the northern line Austria-Czech Republic-Poland and the southern line Bosnia and Herzegovina-Serbia
- 3rd zone, countries of competitive northern Adriatic ports (Italy and Slovenia)
- Wider gravity area of western Romania, western Ukraine and southern Germany

In relation to the North Sea, the North Adriatic sea route has a great nautical advantage for the traffic of goods via the Suez Canal from the direction of the Middle and Far East. For ships from the Far East, the route is shorter by 2,000 nautical mile and shortens the cargo transport by approx. 6 days sailing..

In addition to shorter time and lower transport costs, the northern Adriatic route also contributes to significant savings in CO2 emissions.

Markets that do not use the Suez Canal (western or Atlantic route) also use the traffic route via the northern Adriatic cluster, but are more oriented towards the European North Sea cluster. Liberalization of the market of railway operators, as well as the entry of private capital into port operations, increases their efficiency, as well as the competitiveness of the Rijeka transport route.

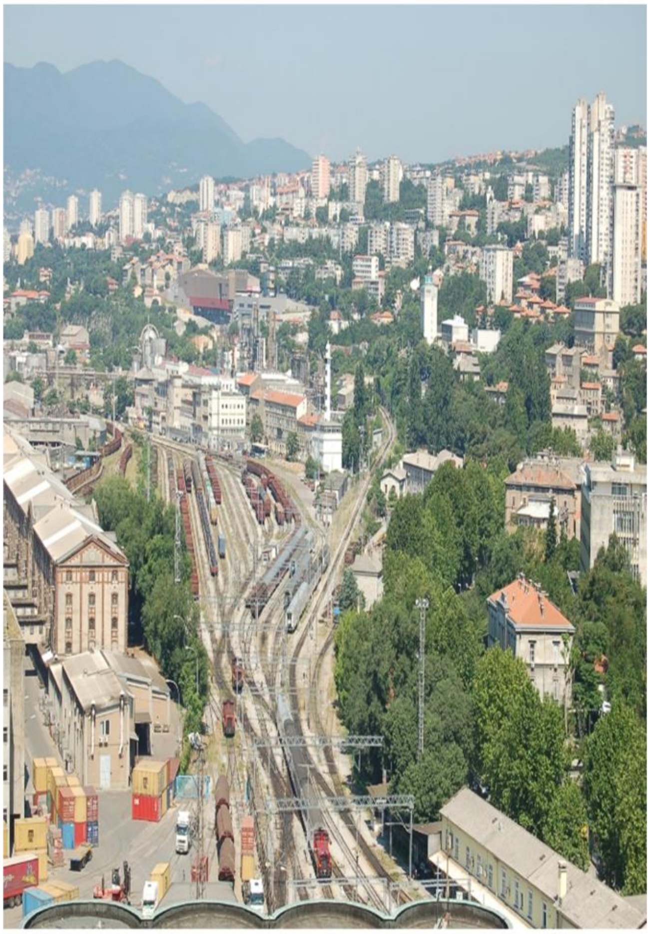
Free zone

The free zone of Luka Rijeka has a favorable geographical position, a developed transport infrastructure, and the system is compatible with the new legislative system and legislation of the European Union.

The free zone of Luka Rijeka can be used by local and foreign legal and natural persons to perform the following economic activities: production, refining and storage of goods, wholesale trade and mediation in trade.

The user of the zone can invest in the construction or reconstruction of infrastructure and facilities in the free zone, as well as in additional equipment that is necessary for the performance of his activity.

Traffic connection



Luka Rijeka is the largest port in Croatia and is the starting point of the Mediterranean corridor. One of the biggest advantages is its intermodality. In addition to maritime traffic, it is well connected with road and rail traffic.

The transport connection of the port with other transport branches and important road connections includes:

- Motorway A6 (Mediterranean Corridor) - Rijeka - Zagreb
- Motorway A8/A9 - Rijeka - Istrian 'Y' motorway
- Rijeka bypass
- Railway (Mediterranean corridor) Šapjane - Rijeka - Zagreb - Koprivnica - Botovo
- Railway M502: Rijeka - Pivka
- Rijeka airport - Krk: 17 kilometers air distance, 25 kilometers road distance
- The oil pipeline connects refineries in Croatia, Hungary, Austria, Bosnia and Herzegovina, Serbia, the Czech Republic and Slovakia
- Connection with the Rhine - Danube corridor of the TEN-T network and the X corridor, which pass through the Republic of Croatia
- Baltic-Adriatic corridor - Venice - Trieste - Koper - Ljubljana - Budapest: 115 km

Rijeka Basin

≋ Prague pier
For general and heavy cargo

≋ Visin pier
For general and heavy cargo

≋ Budapest pier
Terminal for grains and oilseeds

≋ Orlando pier
Terminal for conditioned cargo

≋ Vienna pier
Various cargo

≋ De Franceschi pier
Various cargo

RIJEKA TERMINAL

Wood business unit

- It is located in the eastern part of the Rijeka basin
- Sea depth 10 m
- One-time wood storage capacity is 35,000 - 50,000 m3, depending on the type of wood
- The maximum annual capacity of 500,000 t of timber is also stored in inland warehouse - Škrljevo
- A favorable climate enables natural drying of timber
- Preparation of sawn timber for: sorting, impregnation, marking, packaging and tying

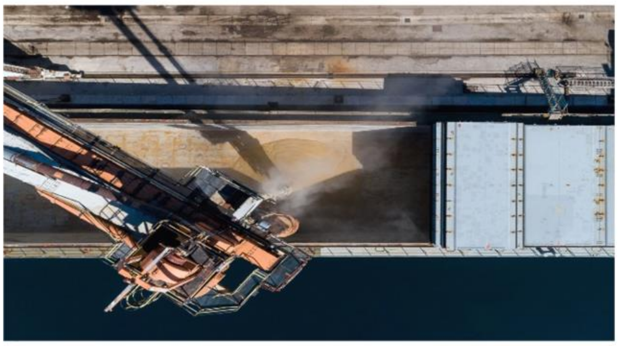
General cargo business unit

- Located on the western part of the harbor basin
- Sea depth 12 m
- The possibility of handling and storing various types of general cargo: steel and iron products (60 m rails!), various machines and constructions, marble and granite blocks, salt, cement, paper, cardboard and more
- It has 9 berths, numerous coastal and mobile cranes of 40 and 63 t capacity, and other transshipment machinery
- Maximum annual capacity approx. 1,000,000 t
- Two Liebherr cranes, installed in May 2013, each with a nominal capacity of 84 t, possibility of working in pairs

SILO TERMINAL

Grain terminal

- Located in the western part of the Rijeka harbor basin
- Transshipment and storage of grains and oilseeds
- It has a railway connection
- Sea depth 14 m
- Maximum annual capacity 1,000,000 t
- Possibility of one-time storage of approx. 56,000 t of grain
- Its equipment enables loading/unloading operations:
  vessel-silo silo- vessel; vessel -silo-wagon (truck)
  wagon (truck)-silo- vessel
  wagon (truck)-silo-wagon (truck)



Inland warehouse terminal Škrljevo

≋ Terminal Škrljevo

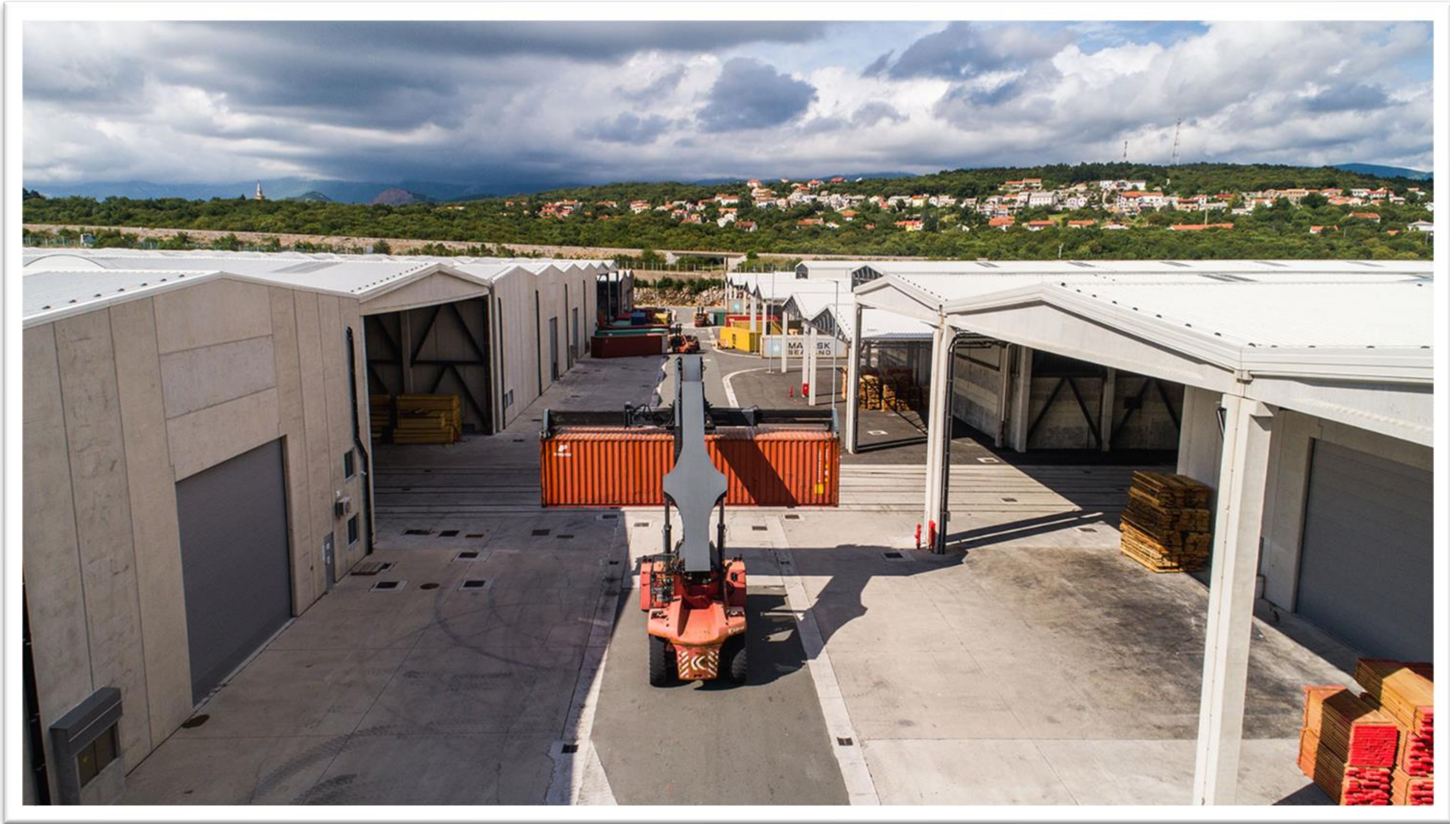
Terminal for storage of containers, general and bulk cargo and wood

ŠKRLJEVO TERMINAL

- Distance from the Rijeka basin is 10 km, and from Bakar 3 km
- Inland terminal - a multi-purpose logistics center intended for the handling and storage of general and bulk cargo and wood
- Owned by Luka Rijeka d.d., the terminal has the status of a free customs zone
- Provision of value-added services on goods
- Direct connection with the railway, motorway and roads on the VB corridor
- Railway infrastructure: 6 tracks with a length of 3,500 m
- Total area 440,000 m2, of which:
  54,965.34 m2 of closed warehouses
  35,553.43 m2 canopy
  125,813 m2 of open warehouses

FRIGO business unit

- Moved in July 2022 from Rijeka Terminal to a larger and new warehouse at Škrljevo
- The storage capacity is much larger and can receive much more goods
- Serves for transshipment of refrigerated cargo
- The total area of the conditioned warehouse is 4,000 m2
- One-time warehouse capacity 3,175 t
- Maximum annual capacity 50,000 - 100,000 t, depending on the number of revolutions
- Refrigeration areas for receiving southern fruits: bananas



CONTAINER DEPOT TERMINAL

- New Terminal for container handling and storage
- Inland terminal - multipurpose logistics center intended for container handling and storage
- Since 2022, it has recorded great business successes, which will continue in 2023, and further growth is expected.

Bakar Basin

≋ Podbok pier

Bulk and dry bulk cargo

≋ Goranin pier

General, bulk and ro-ro cargo

BAKAR TERMINAL

Terminal for bulk cargo

- Located in Bakar basin, 13 km from Rijeka
- It is intended for the manipulation and storage of iron ore and coal, as well as for bulk cargoes
- Accepts Panamax and Capesize ships
- It has a railway connection with the hinterland
- Sea depth 18 m
- Terminal key equipment: coastal gantry crane with grab, continuous ship unloader, continuous ship loader, mobile storage bridge, conveyor belts
- Annual capacity : 4.000.000 t
- One-time storage capacity:
  for fine iron ore 300,000 t
  for iron ore pellets 250,000 t
  for coal 120,000 t

Raša Basin

≋ Terminal Bršica

Handling of cattle, transhipment of general cargo and wood

BRŠICA TERMINAL

- It is located in the Raša basin, a multi-purpose terminal for the accommodation and transshipment of livestock and transshipment of wood
- Sea depth next to the pier 8 m
- Equipped with a berth for two boats, the possibility of storing approx. 1,000 head of large cattle
- Maximum annual capacity is 600,000 t
- Continuous veterinary supervision of livestock
- Special attention is paid to the preservation of the human environment
- The immediate vicinity of the Štalija warehouse, which is in the concession of two Croatian wood exporters via the Bršica terminal
  Total warehouse area: 510,383 m2
  Covered area: 35,500 m2

Services

⚒ LTR and RTS service

⚒ Maintenance service

⚒ Cargo insurance service

⚒ Mooring and unmooring

MISSION, VISION, STRATEGY

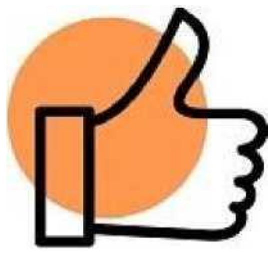
The provision of high-quality port service, which the port constantly adapts to the demands of the world market, is the basis of the port's business policy. The preservation of the current and future expansion of Luka Rijeka's position on the northern Adriatic sea route and its role as an important transit port for the countries of Central and Central Eastern Europe are based on this.

MISSION

VISION

In the local, regional and global environment, be recognizable as a well-organized business entity, oriented towards the future and business excellence.

Through a strategic partnership with world leaders in shipping, ensure new investment projects in order to further strengthen the market position of Luka Rijeka. Reduce business expenses by modernizing work processes, and increase business income and maximize business effects with higher turnover. Increase the profitability of the business to ensure the growth of the value of the shares and the further development of the joint-stock company Luka Rijeka.



STRATEGY

Additional information can be found on the website of Luka Rijeka: https://lukarijeka.hr/

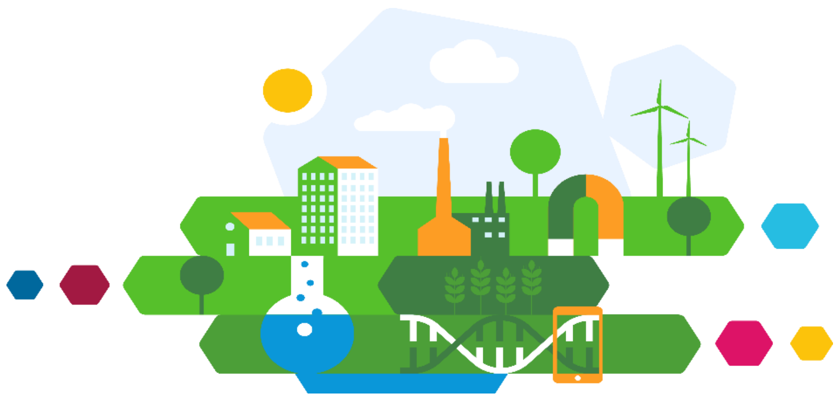
ABOUT THE NON-FINANCIAL STATEMENT

Directive 2014/95/EU- NFRD

In the Directive on non-financial statement, four sustainability factors are defined, due to which it is prescribed that companies are obliged to publish non-financial information about their business model, policies, results, risks and key non-financial performance indicators that are relevant to

Non-financial statement is the publication of the organization's information on its contribution to sustainable development, meaning on its environmental, social and economic impacts. Information about the sustainability of an organization is becoming increasingly important to investors, consumers and other interested parties when making decisions, therefore the importance of reporting has increased in recent years.

This non-financial statement describes the activities in the area of socially responsible operations of Luka Rijeka in 2023. Sustainable development and social responsibility are part of the long-term business development of Luka Rijeka. Sustainability and responsibility are embedded in the Company's business processes and activities. In order to have a positive effect on the business, a focus is established towards the realization of economic, social and environmental responsibility.



This statement describes the impacts of Luka Rijeka on the economy, society and the environment and the ways in which these impacts are managed.

SUSTAINABILITY FACTORS

ENVIRONMENTAL ISSUES

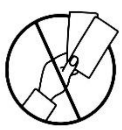
- the effects of company operations on the environment and on health and safety, use of renewable and/or non-renewable energy sources, greenhouse gas emissions, water use and air pollution

SOCIAL AND PERSONNEL ISSUES

- guaranteeing gender equality, decent working conditions, non-discrimination, social communication, respect for workers' right to information and consultation, respect for trade union rights, health and safety at work and communication with local communities

HUMAN RIGHTS

- preventing violations of human rights



AGAINST BRIBERY AND CORRUPTION

- methods for fighting corruption and bribery, anti-corruption policy

APPROACH TO SUSTAINABILITY IN LUKA RIJEKA d.d.

The contemporary rapid economic, social and technological development sets challenging requirements that Luka Rijeka strives to respond to by actively managing its impacts. Efforts are made to identify all business impacts in a timely manner, so that they can be properly managed and thus contribute to the economy and protect the environment.

Sustainable development management is based on the principle that sustainable development should be an integral part of everyday business. This implies that sustainability measures are integrated into business activities and recognized as a normal part of the work process.

In Luka Rijeka, a responsible approach is taken in all segments of sustainable development: in the form of respect for human and labor rights, occupational safety, fire protection and environmental protection, and security is managed by identifying and considering risks.

Every employee of Luka Rijeka has an obligation to apply and promote the values of socially responsible business.

KEY GOALS FOR SUSTAINABLE DEVELOPMENT:

ENVIRONMENTAL PROTECTION AND ENERGY PERFORMANCE

OCCUPATIONAL HEALTH AND SAFETY

INFRASTRUCTURE AND MODERNIZATION OF WORK MEANS

DIGITALIZATION AND INNOVATIVE TECHNOLOGIES

CARE OF HUMAN RESOURCES AND COMMUNITY BUILDING

UN Sustainable Development Goals:

Luka Rijeka is committed to responsible business, which includes: *developing responsible business processes to strengthen its position as a reliable partner with all interested parties, protection of occupational health and safety, responsible management of the supply chain.*

LUKA RIJEKA STRIVES TO CONDUCT ITS BUSINESS AVOIDING POTENTIAL NEGATIVE IMPACTS ON THE ENVIRONMENT AND THE COMMUNITY IN WHICH IT OPERATES.

The integration of sustainability into the processes and activities of Luka Rijeka contributes positively to the creation of safe and effective business values. Sustainability and responsible business operations help achieve positive effects and reduce all forms of risk.

The long-term investment plan in new and more modern technologies, work methods and means of work contributes to positive changes important for the sustainable development of Luka Rijeka.

By harmonizing the rational use of resources and business growth, it can contribute to the reduction of carbon dioxide emissions, the protection of clean air, drinking water and other natural resources.

Luka Rijeka strives to increase the positive impact on the community, through environmentally responsible use of energy and water, procurement of more environmentally friendly means and equipment for work, and waste management and energy management, monitoring its energy performance and contributing to greater energy efficiency.

The focus on energy efficiency supports both the ecological effects and the positive social effects of all interested parties of Luka Rijeka.

Sustainable seaports are the way of the future: they operate with environmental impacts in mind and take steps to mitigate them wherever possible. Sustainable ports focus on social, economic and environmental impacts as well as business as usual.

Luka Rijeka considers the 17 UN Sustainable Development Goals as a unique orientation for the sustainable development of the port.

Luka Rijeka's sustainability program is implemented in accordance with the UN Sustainable Development Goals, paying special attention to five themes, each of which includes specific goals that the port strives to achieve.

ENVIRONMENTAL PROTECTION

OBJECTIVES: solving air and water pollution problems, protecting water resources and the sea, solving water consumption, solving noise problems, collecting and separating waste, reuse and recycling initiatives, solving soil and sediment pollution problems, protecting habitats and increasing biodiversity.

Connection with relevant UN objectives:

AND ENERGY PERFORMANCE

OBJECTIVES: energy efficiency, reduction of energy use, circular economy, biological economy, renewable energy, initiatives to reduce CO2, application of alternative transport fuels.

Connection with relevant UN objectives:

OCCUPATIONAL HEALTH AND SAFETY

OBJECTIVES: integrating occupational health and safety into port operations, promoting a culture of health and safety, improving the health and safety of employees and port visitors, innovations in safety controls, cargo inspections and work methods, establishing a safe and accessible port environment, working in safe environments, investment in new and safer means of work, modernization of work.

Connection with relevant UN objectives:

INFRASTRUCTURE AND MODERNIZATION OF WORK MEANS

OBJECTIVES: optimization of port infrastructure, new state-of-the-art facilities, optimization of the use of existing port capacities, handling of increasingly large ships, sustainable dredging projects and beneficial use of excavated material, focus on climate preservation in infrastructure development.

Connection with relevant UN objectives:

DIGITALIZATION AND INNOVATIVE TECHNOLOGIES

OBJECTIVES: acceleration of digitization in the port and the maritime transport chain, quick and easy exchange of data with stakeholders, improvements in processes and documentation flow, mobility within the port, optimization of port docking and ship arrivals, optimization of cargo management and warehouse operations, overall improvement of connectivity in all business activities.

Connection with relevant UN objectives:

CARE OF HUMAN RESOURCES AND COMMUNITY BUILDING

CILJEVI: društvena integracija Luke, usklađivanje ciljeva Luke i zajednice radi obostranog poboljšanja, poštivanje načela dobrog korporativnog upravljanja, programi društvenog angažmana, inicijative za obrazovanje i zapošljavanje, transparentnost i izvješćivanje, jednaka prava i mogućnosti, ravnopravnost spolova, poslovna etika, poštena nabava i odgovorni opskrbni lanci, anti-korupcija.

Connection with relevant UN objectives:

INTEGRATED MANAGEMENT SYSTEMS

The management system in Luka Rijeka encourages organizational culture and ensures business management:

- in order to fulfill the objectives,
- within the established risk limits and with reliable internal control,
- in accordance with current legislation

The management system consists of the requirements and business rules of Luka Rijeka, described in the adopted policies and procedures that include specified work processes in the organization and provide guidelines and instructions for work.

The management system is based on an integrated system that includes:

→ quality management system according to ISO 9001:2015 and
→ energy management system according to the ISO 50001:2018

and is designed as a dynamic system, adaptable to changing requirements and expectations, which contributes to greater improvement for the port and for all interested parties, and at the same time helps in sustainable development in all business segments of Luka Rijeka.

The Department of Quality and Energy Management continuously works on the establishment and maintenance of an integrated management system. The focus is on constant improvement and improvement of systems, work processes, implementation of adopted policies and realization of set goals. Luka Rijeka also has a Team of Internal Auditors for internal control of processes and activities, and an Energy Team was formed to solve energy efficiency issues.

CERTIFICATES

Luka Rijeka regularly certifies its management system through independent certification companies and holds the following certificates:

Certificate ISO 9001:2015
Quality management system

Certificate ISO 50001:2018
Energy management system

Certifikati The certificates ensure that Luka Rijeka fully meets the requirements for the quality of its services, processes and solutions, and that it fulfills the requirements for the best possible energy performance. The above is a prerequisite for maintaining business continuity.

Certification of the quality management system according to the international norm ISO 9001:2015 began in 2006, and external audits of the certification company are regularly conducted every year with the purpose of monitoring and maintaining the Certificate. In 2022, Luka Rijeka successfully recertified its quality management system for a three-year period. The certification was carried out by two certification companies: Bureau Veritas Croatia and the Croatian Ship Register. In 2023, a supervisory visit of the above-mentioned certification houses was successfully carried out.
The certification of the energy management system according to the international standard ISO 50001:2018 was carried out for the first time in 2018, after which the certificate was successfully maintained. At the beginning of 2024, recertification was successfully carried out for a three-year period by the certification company Bureau Veritas Croatia.

FUTURE PERSPECTIVE

Luka Rijeka plans to implement a complete integrated management system that would consist of a management system for quality, energy, environment, occupational health and safety, and information security.

Continuous work and permanent improvement of the management system will have a positive impact on the entire business, and it is important to emphasize that it will contribute to sustainable development in all business segments and contribute to the betterment of Luka Rijeka and the entire community.

LONG-TERM GOALS

ISO 14001:2015 Certification
Environnemental Management System

ISO 45001:2018 Certification
Occupational health and safety management system

ISO 27001:2013 Certification
Information security management system

Implementation and adoption of all requirements of standards, and, finally, certification..

ENVIRONMENTAL PROTECTION AND ENERGY PERFORMANCE

Environmental responsibility

In the foundation of its operations, Luka Rijeka has incorporated responsibility towards the environment and combating climate change, as well as concern for energy efficiency and reducing the use of energy sources.

Reducing the negative impact on the environment, caused by business activities, implies consideration of all processes in the entire business chain, which includes employees, suppliers and business partners. Luka Rijeka strives to contribute to shaping positive changes.

The approach of Luka Rijeka is guided by an understanding of the impact of port operations on the environment, and with an effective integrated management system, Luka Rijeka is committed to development and sustainability in the management of projects and work processes.

Through 2023, the existing work procedures were revised and new procedures were created, in which the considered processes were adapted to an ecologically sustainable way of doing business according to the capabilities of the port. The goal is to ensure continuous work on environmental impact management, and in the coming years, to improve adaptation and increasingly switch to renewable energy sources where possible.

In 2023, there was no significant environmental pollution in Luka Rijeka.

In order to protect the environment in Luka Rijeka, the following activities are carried out:

- the legal regulations related to the area of environmental protection (water, air, soil and waste) are followed, which serves as the basis for creating regulations, intervention and operational plans, and instructions for the application of environmental protection measures, meaning their implementation in business,
- the level of service quality is increased in order to minimize existing or potential harmful effects on the environment,
- efforts are made to prevent pollution and protect the environment through water analysis, wastewater treatment, safe disposal of waste, hazardous and harmful substances, noise protection, analysis of declared cargo, safe handling of dangerous cargo, application of internal operational and intervention plans in case of accidental situations,
- efforts are made to reduce drinking water losses, through more rational use of water resources and repairs and rehabilitation of the water network,
- the priority is to reduce the consumption of electricity in all forms and to reduce the consumption of fossil fuels, through the development of the best possible energy consumption monitoring system,
- the conditions for dealing with waste are improved, efforts are made to reduce the amount of waste generated, waste is separated and handed over to authorized waste management companies in a timely manner,
- as part of projects for the reconstruction of existing and the construction of new plants, acts prescribed by law (studies, reports and so on) are drawn up with the purpose of respecting the principles of environmental protection,
- internal trainings are conducted on various topics related to environmental protection and employees are encouraged to be conscientious and responsible towards the environment.

Water management

Water management is an important segment in Luka Rijeka, and reducing water consumption and preserving it is one of the strategic goals.

In accordance with the Water Management Permits, regular analyzes of sanitary technological wastewater are carried out at all locations of the Luka Rijeka.

In 2023, on a quarterly basis, sources of water from certain locations in Luka Rijeka were taken by the authorized laboratory:

- DEPARTMENT FOR WATER CONTROL, WASTE AND ECOTOXICOLOGY OF THE PUBLIC HEALTH INSTITUTE OF THE PRIMORJE-GORSKI KOTAR COUNTY.

Physicochemical and chemical data that are tested are: pH, measurement temperature, precipitable matter, suspended matter KPK ($K_2Cr_2O_7$) , BPK5, total oils and fats, anionic detergents, nitrites, nitrates, Kjeldahl nitrogen, total nitrogen, chlorides, total phosphorus and total hydrocarbons.

Tests and analyzes have shown that the values of the tested parameters are below the prescribed limit values of emissions and are in accordance with the conditions prescribed by the water permits.

For operations in Luka Rijeka, water is primarily used for cleaning and washing manipulative surfaces, warehouses and work equipment. Water is also used in fire fighting.

Vessels that come to the port with cargo are subject to the Port's rules, which aim to preserve the waters and the sea. They are familiar with these rules by contract, they must not discharge ballast water or any waste, they must secure the cargo they unload from the possibility of spillage and penetration into the sea and underground water, and preserve the environment as much as possible.

In Luka Rijeka water consumption is monitored by locations and organizational units on a monthly basis.

The risk of spillage into the environment:

- danger to the sea and underground water,
- in case of unintentional dismissal, the operational and intervention plans for accidental situations are followed, in accordance with the legal regulations,
- the incident is immediately reacted to and reported to all responsible persons, the Security Department of Luka Rijeka and external specialized companies for environmental remediation and protection against further spread of pollution, in order to remove the spilled liquid,
- the plans and instructions describe specific actions that should be carried out in order to protect the health of employees and preserve the environment, property and reputation of Luka Rijeka,
- adverse events are recorded and thus monitored and analyzed, and efforts are made to avoid their recurrence or at least reduce the risk to the lowest possible level,
- internal trainings are also carried out, during which an effort is made to develop awareness and to encourage maximum attention and caution in when there is a risk of spillage into the environment, and knowledge about reacting in such situations is also transferred.

In 2023, no spillages into the environment were recorded.

Air management

The measurement of pollutant emissions into the air is regulated by the Air Protection Law (Official Gazette 57/22) and is carried out in accordance with the provisions of the Regulation on emission limit values.

The goal is to continuously monitor and control emissions into the air, which especially applies to Bakar Terminal - *a bulk cargo terminal*, given that there is a high risk of pollution due to the creation of a large amount of dust during the transshipment of bulk cargo.

The state of air quality is monitored at the source of the pollution, at Bakar Terminal, which includes the area of the city of Bakar in the immediate vicinity. Continuous emission monitoring of floating PM_{10} particles from the Bakar Luka measuring station is carried out by the authorized laboratory:

- PUBLIC HEALTH INSTITUTE OF THE PRIMORJE-GORSKI KOTAR COUNTY

which sends half-yearly reports to the Luka where the limit values can be seen on the exact days, if they have occurred.

The parameters that are measured are the hourly and daily concentrations of floating particles PM_{10} with an indication of meteorological indicators, meaning wind direction and speed.

The measurements in 2023 were mostly in accordance with the environmental requirements, the air was clean all the time except on certain days when deviations and excesses of floating particles in the air were recorded.

- In 2023, a total of 7 days were recorded in which PM10 suspended particles (GV = 50 µg/m3) exceeded the prescribed limit values (02.02., 16.02., 18.02., 17.07, 28.08., 11. and 12.09). .). The regulation on levels of pollutants in the air (Official Gazette 77/2020) allows up to 35 exceedances in a calendar year, but the goal is to reduce emissions to the lowest possible value. Therefore, efforts are being made to find the most efficient air protection measures, in accordance with technical and economic possibilities.

Air emissions:

- lead to air pollution,
- can contribute to local impacts and affect human health and the environment,
- application of the best available techniques to reduce air pollution,
- in case of excessive air pollution, operation is stopped,
- in case of unfavorable weather conditions, meaning a strong storm, work with bulk cargo is stopped, in order to avoid the creation and spread of dust in the air,
- the main source of emissions into the air are floating particles PM_{10}
- Bakar Terminal is a terminal for bulk cargo and as such represents a risk for the creation of dust and floating particles in the air.

Air protection at the Bakar Terminal is a major challenge for Luka Rijeka, which strives to improve the possibilities of reducing the generation of dust that can affect the health of people living in the immediate vicinity and the environment. The effort is to find the best and most efficient air pollution control measures in accordance with technical and economic possibilities.

The future perspective is the continuation of the continuous monitoring of air pollution parameters and the analysis of the possibility of improvement and finding better and more adequate solutions in reducing the generation of dust in order to ensure benefits for the environment, air and people's health, which will also preserve the reputation of Luka Rijeka.

The use of boiler rooms is abandoned, and the remaining boiler room is scheduled to be demolished in the first quarter of 2024, and a more environmentally friendly solution, a heat pump, will be used for heating.

The plan is to continue acquiring new energy-efficient mechanization machines, which includes greater use of electric forklifts instead of mechanical ones. In 2023, three new electric forklifts were acquired for Terminal Škrljevo: one electric forklift of 2.5 t and two manual electric forklifts of 2 t. In 2024, it is planned to acquire three more electric forklifts, along with the renovation of the existing machinery.

Waste management

Waste is handled in accordance with the Waste Management Act (Official Gazette 84/21) and the current Ordinance on Waste Management (Official Gazette 106/22), as well as all other rules, regulations and decisions of EU regulations related to waste.

All relevant regulations related to special categories of waste are also applied, and the procedures of Luka Rijeka are harmonized with the aforementioned legal regulations.

Complete and systematic care is taken of all types of waste generated at the locations of the Port, and all necessary documentation is kept on the generation and flow of waste. Collection and transportation, as well as recycling, recovery or disposal of waste, are contracted with external executors authorized for waste management.

In Luka Rijeka, an internal *Rulebook on waste management* was adopted, in accordance with which regular annual trainings are held for employees according to the internal training plan, with the aim of raising the awareness of each employee about the importance of waste management.

The key goals of waste management are to reduce the total amount of waste, avoid the generation of hazardous waste and control the generation of non-hazardous waste.

- It is planned to include a continuous analysis of the generation of waste at the locations in Luka Rijeka, environmentally conscious handling of waste and consideration of all options for reducing waste according to the concept

  5R - *refuse, reduce, reuse, repurpose and recycle*.

The responsibility of every employee in the port is to strive to create as little waste as possible and to sort it appropriately. To support the recycling process, special, clearly marked cardboard containers for paper and cardboard packaging have been installed in many places in Luka Rijeka, which are regularly emptied and collected from external contractors.

In all administrative buildings, paper and cardboard, as well as used toners, are collected separately. Mixed municipal waste, paper and cardboard packaging, plastic packaging, oily packaging and other oily waste (absorbents, oily cloths, filter materials), waste accumulators and batteries, and tires are separated on-the-spot. Construction material and bulky waste, as well as iron and steel are temporarily positioned in the designated places until they are handed over to the executor.

ENVIRONMENTAL POLLUTION REGISTER (ROO)

In the event that more than 500 kg of hazardous waste or 20 t of non-hazardous waste is generated, and if certain amounts of waste remain temporarily at the locations of organizational units, data on the generation of waste is reported to the Environmental Pollution Register.

According to the *Ordinance on the catalog of waste* (Official Gazette 90/15), waste generated in Luka Rijeka during 2023 at different locations includes the categories listed in the following tables:

Location: Rijeka Terminal

KEY NUMBER	WASTE NAME	YEAR OF WASTE GENERATION (tons) 2022	2023
02 03 04	Materials unsuitable for consumption or processing	45,30	**14,13**
08 01 11*	Waste paints and varnishes containing organic solvents or other hazardous substances	0,00	**0,71**
12 01 09*	Halogen-free machining emulsions and solutions	0,00	**2,36**
12 01 12*	Spent waxes and greases	0,00	**1,03**
13 02 05*	Non-chlorinated motor, machine and lubricating oils, mineral-based	8,75	**12,70**
13 05 07*	Oily water from the oil/water separator	0,10	**1,28**
15 01 03	Wooden packaging	114,04	**92,29**
15 01 10*	Packaging containing residues of dangerous substances or contaminated with dangerous substances	0,29	**1,29**
16 01 03	Waste tires	20,9	**24,32**
16 01 07*	Oil filters	0,08	**0,46**
16 02 13*	Discarded equipment containing dangerous components	0,60	**0,85**
16 06 01*	Lead batteries	0,50	**6,15**
16 06 04	Alkaline batteries	0,01	**0,008**
17 04 05	Iron and steel	314,17	**311,06**
17 04 11	Cable guides	0,70	**0,00**
17 06 05*	Construction materials containing asbestos	4,09	**13,63**
17 09 04	Mixed construction waste and waste from the demolition of buildings	0,00	**82,50**
20 01 01	Paper and cardboard	8,37	**0,53**
20 03 07	Bulky waste	268,02	**39,51**

Location: Škrljevo Terminal

KLJUČNI BROJ	WASTE NAME	YEAR OF WASTE GENERATION (tons) 2022	2023
13 02 05*	Non-chlorinated motor, machine and lubricating oils, mineral-based	2,16	**1,80**
15 01 01	Paper and cardboard packaging	3,91	**1,95**
15 01 02	Plastic packing	3,57	**0,63**
15 01 03	Wooden packaging	48,37	**45,96**
17 04 05	Iron and steel	4,27	**2,02**
20 01 01	Paper and cardboard	0,00	**9,81**
20 03 07	Bulky waste	66,00	**75,44**

Location: Bakar Terminal

KLJUČNI BROJ	WASTE NAME	YEAR OF WASTE GENERATION (tons) 2022	2023
13 02 05*	Non-chlorinated motor, machine and lubricating oils, mineral-based	0,54	**0,45**
15 01 03	Wooden packaging	2,87	**0,00**
15 01 10*	Packaging containing residues of dangerous substances or contaminated with dangerous substances	0,05	**0,289**
17 04 05	Iron and steel	19,2	**0,00**
20 03 07	Bulky waste	5,76	**0,00**

Location: Bršica Terminal

KLJUČNI BROJ	WASTE NAME	YEAR OF WASTE GENERATION (tons) 2022	2023
13 02 06*	Non-chlorinated motor, machine and lubricating oils, mineral-based	0,29	**0,81**
15 01 10*	Packaging containing residues of dangerous substances or contaminated with dangerous substances	0,00	**0,03**
15 02 02*	Absorbents, filter materials, wiping cloths and protective clothing, contaminated with hazardous substances	0,00	**0,04**
20 03 07	Bulky waste	16,73	**0,00**

Note*: an asterisk (*) next to the waste key number indicates hazardous waste.*

TOTAL AMOUNT OF NON-HAZARDOUS WASTE GENERATED IN 2023:

700,16 tons

In comparison with the 2022 when

942,19 tons was generated

which indicates a reduction of generated non-hazardous waste by 25.69%.

Although intensive work on the CEF project and other projects for the reconstruction of infrastructure and superstructure at Rijeka Terminals continued during 2023, a significant reduction of non-hazardous waste was achieved.

The most represented type of waste according to composition, which was generated in Luka during 2023 is:

- iron and steel,
- bulky waste,
- packaging, especially wooden packaging,
- mixed construction waste and waste from the demolition of buildings

UKUPNA TOTAL AMOUNT OF HAZARDOUS WASTE GENERATED IN 2023:

43,88 tons

In comparison with the 2022 when

17,47 tons was generated

there was an increase in the generation of the total amount of hazardous waste by 151.17%.

Regarding the hazardous waste, construction material containing asbestos in an amount greater than 2 tons should be highlighted.

The mentioned waste was created due to exhaustive works on outdated infrastructure, and it was handed over to the executor for disposal..

The specified amounts of waste, which include both non-hazardous waste and hazardous waste, were handed over to external contractors for recovery. Waste intended for recovery includes preparation for reuse, recycling or other recovery processes, and waste aimed at disposal includes incineration - with or without energy recovery, landfilling and other disposal processes.

Energy management

Increasing energy efficiency is the most important mechanism for reducing energy consumption and one of the basic principles of the energy transition.

The fundamental determination of Luka Rijeka in energy management is the focus on responsible use of energy and the achievement of permanently improved energy performance and measurable results related to energy efficiency and energy consumption in all processes and in all organizational units.

It acts according to the requirements of the ISO 50001:2018 standard and in accordance with the Law on Energy Efficiency (Official Gazette 127/14, 116/18, 25/20, 32/21, 41/21) and other valid legal and by-laws related to energy management.

Luka Rijeka has implemented an energy management system according to the international standard ISO 50001:2018, and from the certification company Bureau Veritas Croatia obtained the Certificate for the first time in 2018 and has been regularly maintaining and renewing it ever since..

The certificate is a confirmation that the energy management system has been established, that it is applied and maintained in accordance with the norm.

The energy management system includes monitoring, measurement, analysis and evaluation of energy performance, with the aim of reducing energy consumption, energy costs and greenhouse gas emissions.

Luka Rijeka has established and adopted its **Energy Policy**, which every employee is familiar with and which is implemented in all business processes.

*Both **long-term and individual goals** for achieving energy efficiency have been defined, and action plans have been established that must be implemented to achieve the goals.*

Luka Rijeka also appointed its ENERGY TEAM. Team members and the team leader meet regularly to resolve the issue of energy use and consumption and to monitor energy efficiency..

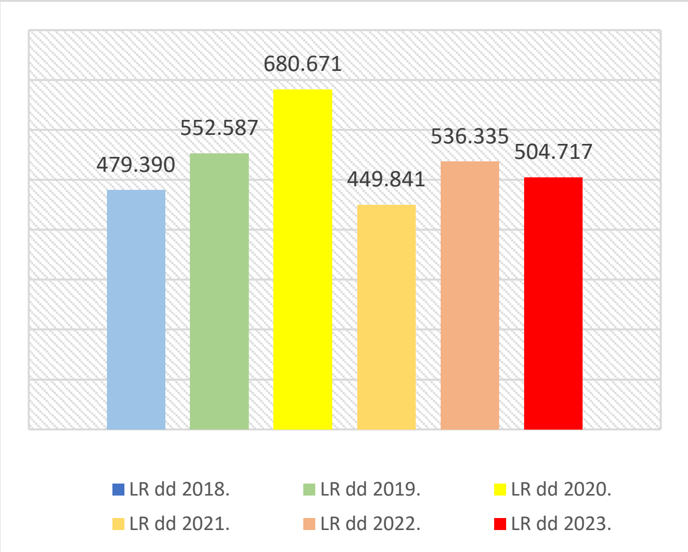
Data on energy consumption are collected according to the Data Collection Plan: responsible persons continuously monitor and record the data, and send it monthly to the Quality and Energy Management Department for further processing, analysis and evaluation.

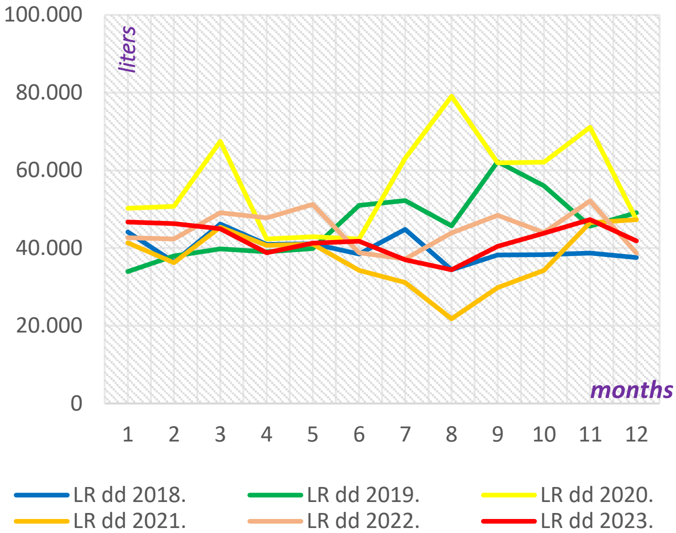
The results and EnPI (energy performance indicators) are compared with the results of previous months and with previous years, thus monitoring energy performance and measuring success in achieving defined goals for energy efficiency.

Due to the nature of its operations, Luka Rijeka consumes a large part of energy in its operational work. It strives towards continuous energy efficiency in order to reduce the impact of its own processes on the environment. Systematic work is being done to optimize the consumption of all types of energy sources, by continuously monitoring data and finding more environmentally friendly solutions in order to achieve energy savings.

Energy consumption in Luka Rijeka in 2023 was as follows:

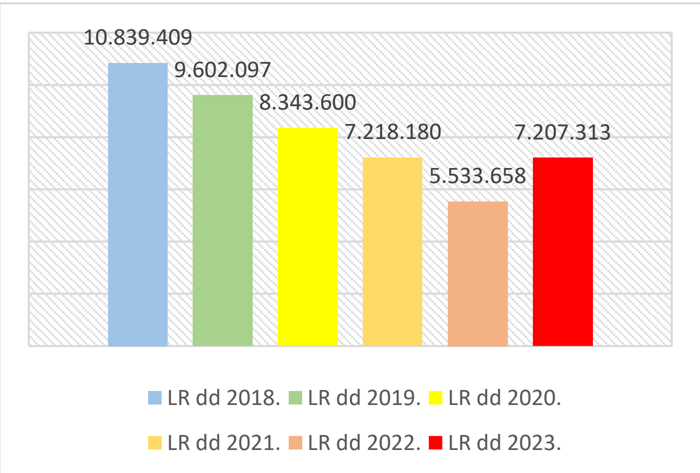
FUEL-OIL CONSUMPTION (liters) in 2023

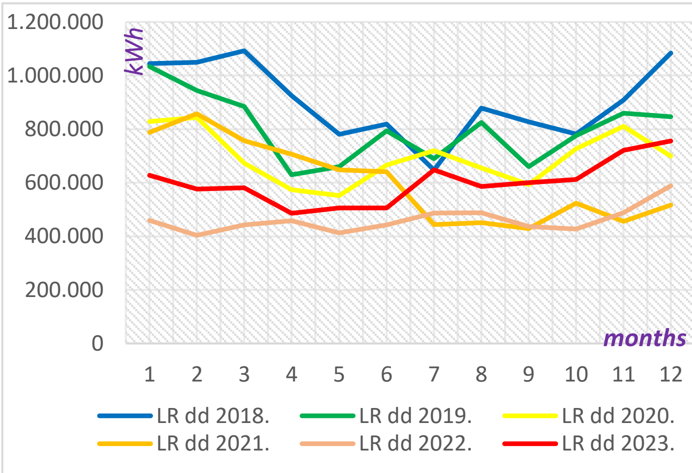




Graph 1. *Comparison of total annual fuel consumption (lit) by year.* Graph 2. Comparison of annual fuel consumption (lit) shown by month.

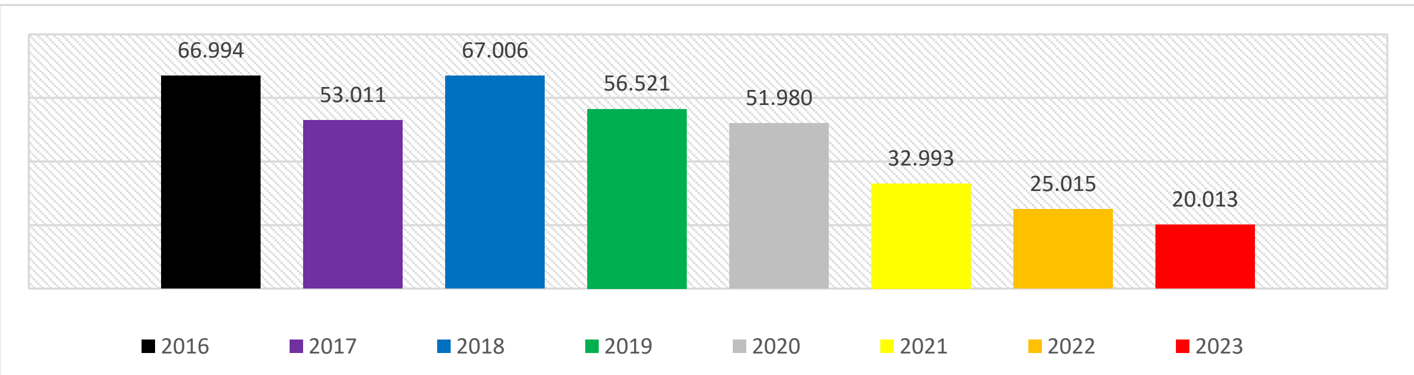
CONSUMPTION OF ELECTRICAL ENERGY (kWh) in 2023





Graph 3. *Comparison of tot. year electricity consumption of energy (kWh) per year.* Graph 4. *Us Comparison of tot. year electricity consumption of energy (kWh)* shown per month

FUEL OIL CONSUMPTION (litres) in 2023



Graph 5. *Comparison of the total annual fuel oil consumption (lit) by year*.

THE MAIN ACHIEVEMENTS IN THE ENERGY EFFICIENCY OF LUKA RIJEKA IN 2023 AND FUTURE PERSPECTIVES:

In 2023, **electricity consumption increased by 30%** compared to 2022.

Fuel consumption decreased by 6% compared to 2022.

Fuel oil consumption decreased by 20% compared to 2022.

The year 2023 was a very challenging year, and due to the changes that were taking place, not all planned energy goals were achieved. In the future, the key action measures that the Port plans to undertake are the completion of infrastructure works as part of the CEF project, the replacement of worn-out machines with the purchase of new, more energy-efficient ones, and the replacement of the remaining old dilapidated lighting fixtures with new energy-saving LED lighting. Also, the plan is to demolish the remaining boiler room and stop using heating oil as an energy source, and switch to an alternative, more environmentally friendly solution.

The biggest step in contributing to energy efficiency will be the construction of a solar photovoltaic power plant system at the Škrljevo Terminal, which represents the imperative of a green transition in the field of energy, and the use of renewable energy sources contributes to greater energy efficiency and a positive effect on the environment.

The human factor represents the greatest opportunity for permanent and continuous improvement. In 2023, a lot of effort was put into encouraging employees to pay more attention to energy use and environmental protection. A key factor in energy conservation is constantly raising the awareness of all employees about energy and the importance of its rational consumption. Therefore, internally produced brochures are continuously distributed to employees and they are educated internally. The increasing connection and cooperation of employees is also encouraged, because only joint forces with special engagement can achieve permanent improvement. The correct behavior of each employee in conserving energy has a significant impact on energy performance and achieving goals.

Employee awareness of energy saving is continuously being strengthened.

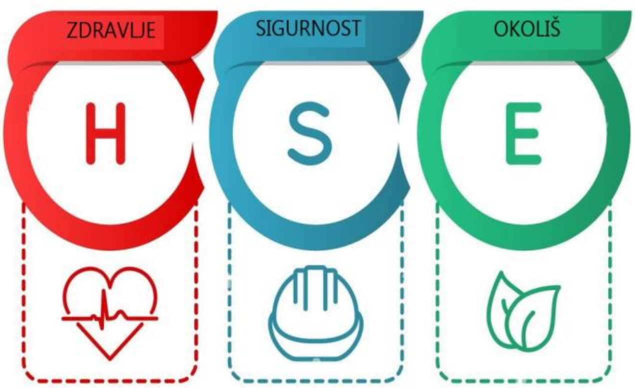
OCCUPATIONAL HEALTH AND SAFETY

Luka Rijeka recognizes the fact that long-term business can only be successful if the health and safety of employees is ensured.

In addition to legally binding documents and the application of procedures and internal regulations, the basic document for the implementation of health, safety and occupational protection in Luka Rijeka is the **RISK ASSESSMENT, where all hazards for each individual workplace are identified and which represent the root cause of health and safety risks.**

The goal is to ensure operational excellence while preserving the health and safety of all employees and interested parties (clients, suppliers, contractors, associates and others).

Health, safety and safety at work is one of the leading priorities of Luka Rijeka.



The security department of Luka Rijeka includes:

- occupational health and safety,
- protupožarnu zaštitu,
- environmental protection.

The security department operates as a well-organized team and carries out protection tasks in compliance with legal regulations, and undertakes all necessary measures to establish a safe working environment..

The department ensures the implementation and improvement of protection, and carries out internal supervision over the application of occupational safety regulations, points out detected irregularities and adopts measures to eliminate them. It also monitors and analyzes data related to work injuries and occupational diseases and prepares annual reports.

The department cooperates with:

- labour inspection,
- authorized institutions dealing with occupational health and safety,
- occupational medicine specialists.

In Luka Rijeka, occupational health and safety officers (managers) operate in the manner established by the Law on Occupational Health and Safety (Official Gazette 71/14, 118/14, 154/14, 94/18, 96/18), and the selection and appointment , as well as the number of commissioners, is carried out in accordance with the provisions of the aforementioned law..

Health and safety management

The priority is to create optimal working conditions and ensure operational efficiency while protecting health and safety.

The focus is on reducing the number of accidents at work, without work-related deaths, and raising awareness of the importance of the health and safety of all employees and interested parties, all with the aim of ensuring safe workplaces and a working environment.

Effective health and safety management is achieved by carefully selecting competent employees, training them and ensuring personal protection of equipment, safe working tools, and acting according to clearly defined procedures, work instructions and work procedures.

The risks that are recognized are recorded and the status of their removal is monitored, and the corrective actions and preventive actions that will be taken in order to eliminate the risk or reduce it to the lowest possible level are recorded.

Accidents at work and occupational diseases can leave lasting consequences for the injured or sick person, and at the same time cause considerable costs to the community and Luka Rijeka.

The safety department monitors and records all accidents at work, and analyzes and compares them with previous years.

The goal is to reduce accidents at work to a minimum, and ideally to eliminate them.

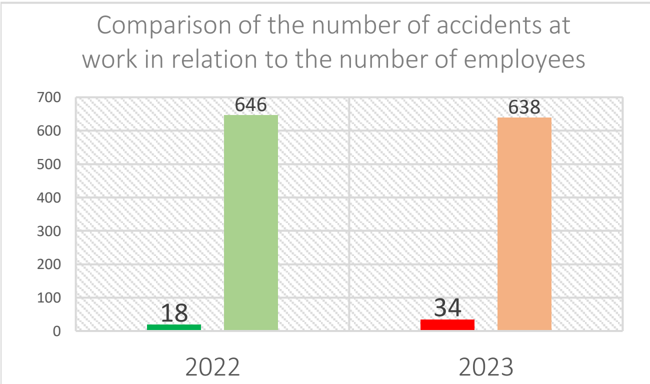
In 2023, out of 638 employees in Luka Rijeka, a total of 34 injuries were recorded, of which **29 were recognized as work-related injuries**.

In all cases, the injured were men.

There were 34 work-related injuries at the place of work and work tasks, and not a single injury occurred on the regular way from home to the place of work. The highest number of injuries occurred in the first regular shift, a total of 19 injuries at work, while in the second regular shift, 12 injuries occurred and 3 in the night shift.

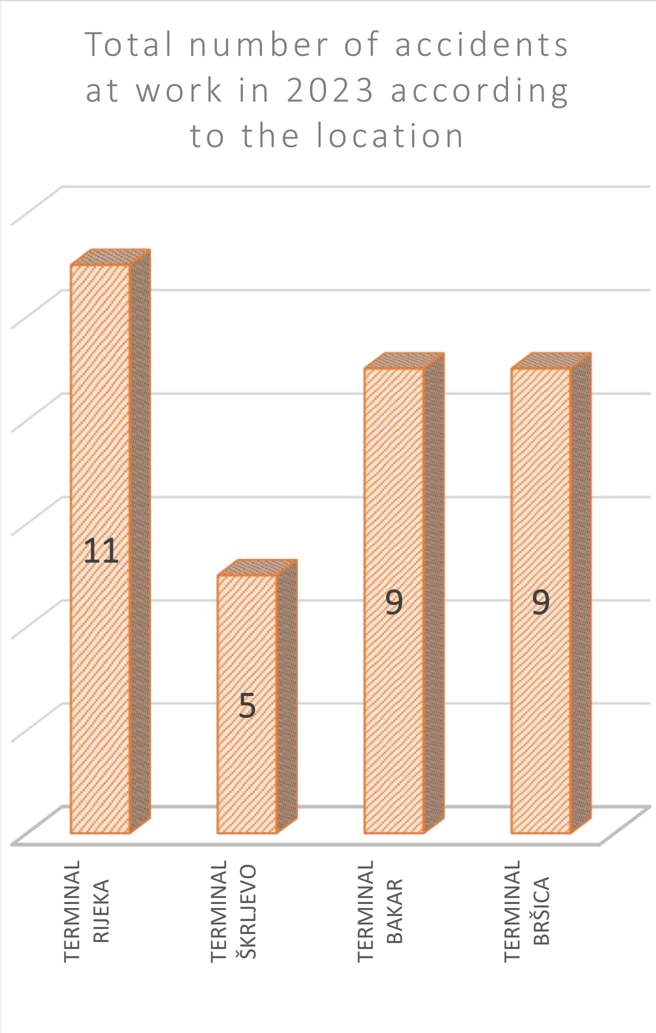
Out of a total of 29 recognized work injuries, 3 were classified as serious work injuries including fractures, and 26 were classified as minor work injuries.

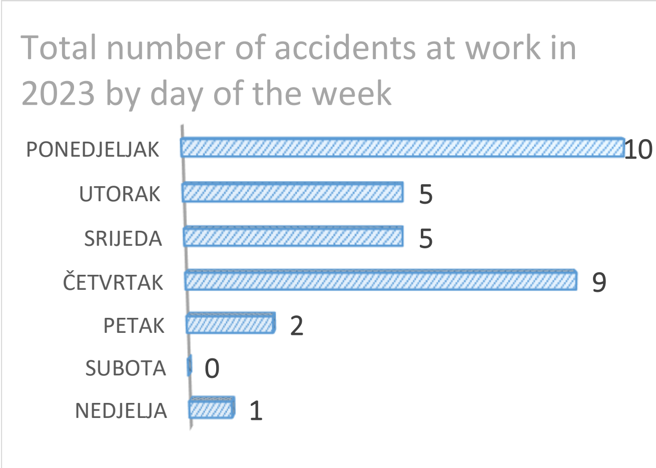
In 2023, the number of occupational injuries increased compared to 2022.

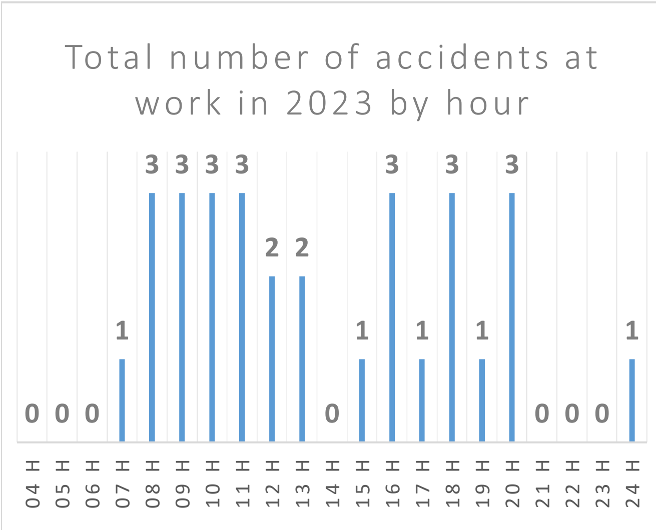


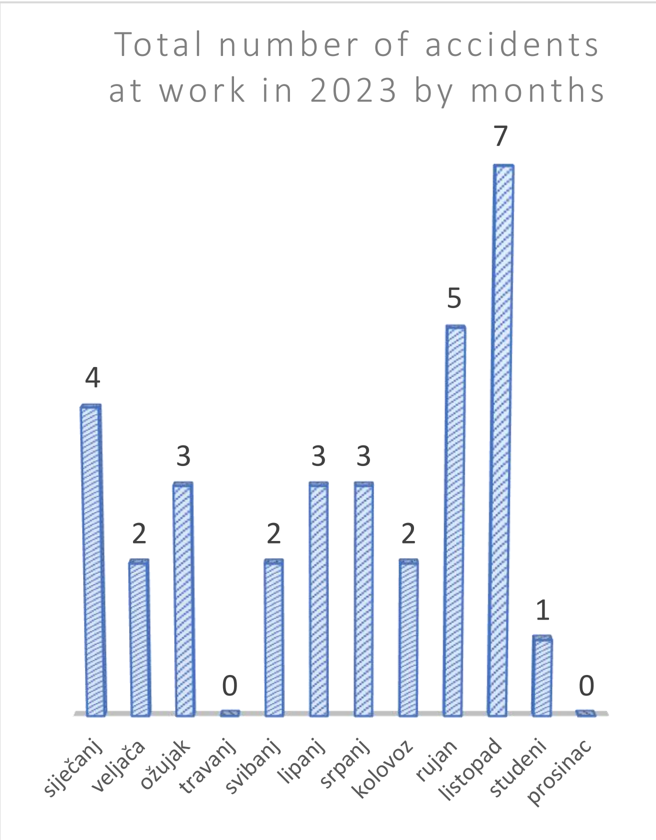
- 3 % of injured in 2022.
- 5 % of injured in 2023.

In order to prevent the increase in the number of injuries at work, during 2024 it is necessary to persist in the implementation of measures: ensuring the best possible working conditions, mandatory use of personal protective equipment, maintenance of cleanliness, accessibility and lighting of work surfaces and roads, continuous monitoring of the application of rules protection at work.









ACCIDENT CAUSES (recognized work injuries) IN 2023.

- *„Other non-applied special rules of occupational safety“* Poor work organization
  16 work injuries
- *„Malfunction, slipperiness and congestion of passages and surfaces from which work is carried out“*
  4 work injuries
- *„Other unapplied special occupational health and safety rules“*
  3 work injuries
- *„Poor work organization“*
  1 work injury
- *„Carrying out a work operation in a manner contrary to the rules of occupational safety“*
  2 work injuries
- *„Uzrok izvan poslova i aktivnosti povezanih s radnim procesom“*
  1 work injury
- *„Lack of adequate lighting at the workplace“*
  1 work injury
- *„An unforeseeable cause (natural event or human action) that could not be prevented, avoided or eliminated“*
  1 work injury

Luka Rijeka takes care of the health of employees and determines their ability to work.

According to the Ordinance on jobs with special working conditions (Official Gazette 5/84) and Risk Assessment, before being assigned to a workplace with special working conditions, the employee is required to undergo an examination referred by the port in order to determine the state of health, mental and physical abilities.

The state of health of employees who work in jobs with special working conditions is monitored periodically, and employees are referred to occupational medicine specialists for an assessment of their state of health once a year, and more often if necessary.

Employees with weaker health are taken care of, they are referred for extraordinary examinations and, in accordance with the obtained occupational medicine assessment, their workplace is adjusted or they are found a new suitable workplace.

Every employee has the right to request an extraordinary examination if he/she has an objective need for it.

Records are also kept of occupational diseases and their eventual occurrence. During 2023, not a single case of occupational disease was recorded..

MEASURES OF DERATIZATION AND DISINSECTION

In order to preserve health, deratization and disinsection measures are carried out regularly.

Public Health Institute of the Primorsko-goranska County conducts expert supervision with the purpose of inspection and consultation on procedures for ensuring a healthy working environment, with an emphasis on pest control. Supervision is carried out regularly on a semi-annual basis.

Luka Rijeka has a contracted executor for the implementation of disinsection and pest control services.

HACCP SYSTEM

The protection of food stored in Luka Rijeka is also taken care of.

Food warehouses in Luka Rijeka in 2023 include: a Frigo refrigerator for bananas, a silo for grains and oilseeds, and individual warehouses at the Škrljevo Terminal for receiving food that does not require special temperature conditions.

A HACCP SYSTEM has been implemented and maintained in food warehouses, and food is handled in accordance with legal regulations and HACCP studies of Luka Rijeka.

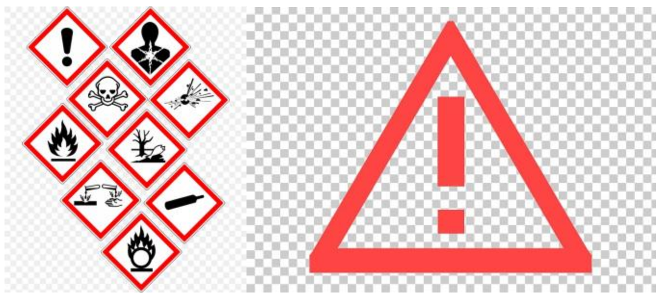
HANDLING OF DANGEROUS CARGO

In order to preserve health, a safe working environment and environmental protection, special attention is paid to the handling of dangerous goods.

Luka Rijeka has an established program for dealing with dangerous goods, and precisely designated warehouses that have a license to accept dangerous goods and locations where handling is permitted..

When announcing the possibility of accepting dangerous cargo, it is carefully analyzed what kind of cargo it is, and all necessary protection measures are implemented if it is decided to accept it.

In 2023, Luka Rijeka has not accepted dangerous cargo.



HANDLING OF LIVE CARGO

The main part of the Bršica Terminal is intended for "live cargo", and cattle are handled with increased care and caution.

Every employee who works with livestock is trained to work with livestock and, according to the Internal Training Plan, has attended training on the specified topic..

Luka Rijeka has a Crisis Plan for working with livestock, which is being acted upon.

In December 2023 the employees of Bršica Terminal renewed their knowledge of proper handling of livestock and completed an exercise in dealing with unforeseen situations when working with livestock (escape of livestock).

Each employee is responsible for treating animals in a humane manner, with maximum care.

Animal care is checked regularly by the Veterinary Inspection, Ministry of Agriculture.

INCIDENT SITUATIONS PROCEDURE

It is acted in a timely manner according to the internal Operative and Intervention Regulations of the Port, in accordance with the legal regulations.

Luka Rijeka has adopted Operational Plans and Intervention Plans in which the exact procedures to be followed in the event of an incident during work are described and defined.

Internal trainings on the aforementioned are also conducted.

There were no other major incidents in 2023.

FIRE PROTECTION

Izrazita pažnja se posvećuje zaštiti od požara, s obzirom da postoji visoki rizik nastanka požara.

Luka Rijeka is committed to ensuring fire protection requirements and fulfilling legal provisions.

Internal trainings on the aforementioned are also conducted.

The port fire brigade is made up of a certain number of firefighters who, working in shifts, are available constantly and present in the port for 24 hours.

Fire and safety drills are conducted periodically, mostly once a year, to ensure better control over safety-related risks.

Due to increased safety and the high risk of fire, a FIRE DRILL was held at the beginning of 2023.

The following participated in the fire drill:

- the fire brigade of Luka Rijeka,
- the public fire department of the city of Rijeka,
- the Security department of Luka Rijeka,
- the manager and employees of the Silo Terminal.

As part of the fire drill, an evacuation drill was carried out at the Silos Terminal.

INFRASTRUCTURE AND MODERNIZING WORK MEANS

Quality infrastructure and work means represent an essential element in sustainable development, given that they positively affect business, the quality of life of people and the preservation of the environment.

By modernizing the infrastructure and means of work, the level of safety is raised and contributes to sustainable business and development.

European projects

CEF- PROJECT

In 2017, Luka Rijeka was approved for co-financing of two projects from the *Connecting Europe Facility - CEF* (Connecting Europe Facility - Transport) funds.

Luka Rijeka d.d., together with the Port Authority of Rijeka, successfully submitted to the European Commission two projects for the reconstruction and upgrading of infrastructure in the port basins of Rijeka and Bakar for co-financing from the CEF project.

For the mentioned projects, the maximum amount of co-financing up to 85%, meaning almost EUR 34 million in grants, was granted to Luka Rijeka.

In accordance with the CAPEX plan in 2023, investments in port infrastructure were made in the CEF project Rijeka in the total amount of over €12 million.

Most of the activities were completed according to the CEF plan, and a total of 80.10% of the planned activities were achieved. The planned completion of the projects is in 2024.

Other investments in 2023.

At the Rijeka Terminal, work has begun on the rehabilitation and modernization of the coastal crane with a capacity of 32 t. It is planned to install solar panels on the roofs of the warehouse at the Škrljevo Terminal. The project of photovoltaic solar panels is in the phase of preparation and consideration of all possibilities, and it will be implemented in 2024. Investments were also made in the infrastructure and landscaping of the Container Depot in Škrljevo. Arrangement of a common entrance to the terminal (DEPO+SKR) is also planned. Arrangements are planned for an additional open storage area called Plato 2, which is located outside the fenced area of the customs zone in Škrljevo. For Terminal Bakar, the rehabilitation of the crane and load-bearing structure on the transshipment bridge WBB3 is planned. Investments were made in the development of Terminal Bršica. A ventilation system was installed in the stables of the livestock terminal, all external lighting was replaced with LED lighting, and a hydraulic gantry crane was purchased. The procurement of a new shore crane for the operational timber shore, with a capacity of 20 tons, is in the process.

Resources in the form of mechanical means, equipment and devices are maintained with the aim of meeting the needs of the efficient realization of port activities. New technical means were acquired in order to facilitate and improve cargo handling. For the needs of Terminal Rijeka, the following were purchased: 1 motorized forklift with a capacity of 25 tons, 1 motorized forklift with a capacity of 35 tons, 1 motorized forklift with a capacity of 6 tons, and a car basket. A mooring barge and a 10-meter vessel for the transport of passengers to Omišalj were purchased for the Mooring and Unloading Service. The Škrljevo terminal was supplied with 6 motorized forklifts with a capacity of 6 tons, 1 motorized forklift with a capacity of 5 tons, 1 electric forklift with a capacity of 2.5 tons and 2 electric manual forklifts with a capacity of 2 tons. At Terminal Bakar, 2 motorized forklifts with a load capacity of 6 tons were purchased for the needs of the Goranin coast. The plan is to further invest in the acquisition of new, more modern and efficient technical means.

Development and asset management sector of Luka
During design and construction, the negative effects of the project on the local community are analyzed, and the environmental acceptability decision prescribes the measures that must be applied during the creation of project documentation and the execution of works in order to reduce negative effects on the environment.

DIGITALIZATION AND INNOVATIVE TECHNOLOGIES

Possibilities for a great improvement in the functioning of the process can be achieved through the computerization of the entire business.

In the field of IT infrastructure, in accordance with the planned funds, further significant improvements are expected. Funds are planned for the improvement of the “backup/recovery” system.

In Luka Rijeka there is an IT Department that continuously works on the improvement and computerization of all work processes.

Programs-applications used in business:

- STATUS
  (for personnel affairs, hourly rates, salaries, reports)
- F4B
  (financial, bookkeeping and accounting operations, procurement)
- ISPS
  (for monitoring the entry of trucks to Škrljevo Terminal)
- HEXIS
  ((for tracking container cargo at Terminal Depot)
- AMICO
  (for monitoring fuel consumption)
- PROSOFT
  (for hardware and system maintenance/replacement of cameras, wireless antennas, and video recorders)

IImprovements and replacements of the mentioned programs-applications are planned.

ACHIEVEMENTS IN 2023:

A new program for container business of empty containers has been completed (mobile and web version).

The software system for monitoring the entry of vehicles to the Škrljevo Terminal was completed: an application for drivers and automatic reading of plates and containers was introduced, with automatic sending and filling of the Hexis application with data.

In addition to investments in hardware infrastructure, investments are also being made in the computerization of part of the basic business, which includes processes: starting with PIK, through orders for the execution of works on the ship and in the warehouse, and connections with Work Reports and the extension of ERP to the planning and operational execution of ordered works i.e. capacity planning, human and technical resources, issuance of work orders and execution, analysis of business costs, etc.

The implementation of PCS (Port Community System) or integration with the new program for container business has been completed.

It is a project led by the Ministry of the Maritime Affairs of the Republic of Croatia and the Port Authority of Rijeka, financed by grants from the CEF fund, which should monitor the process of circulating documents in the entire port environment.

Rijeka - Optics (CEF) passive network equipment, structural cabling of the warehouse and connection to the main system hall in the Administration building were made. The connection was made with Warehouse 12, Warehouse 9, Scale Ri, the new railway scale, Silos and Warehouse 17.

Bakar – Optics (CEF) passive network equipment and structural cabling of the Bakar Administration Building were made.

A burometer was introduced at Terminal Bakar and Terminal Bršica due to work on the crane.

A network structure was implemented at the Bršica Terminal, a firewall connected to the local network was installed.

The IT network infrastructure was installed at the Škrljevo Terminal and the Kontejner DEPO Terminal, and all new offices were networked.

Future perspective: the long-term goals that have been set are the replacement of the F4B program with a more modern and effective one, TOS (Terminal Operating System) on Cloud infrastructure, and the development of a new System hall at Terminal Škrljevo.

It continues with continuous progress in computerization of business.

CARE OF HUMAN RESOURCES AND COMMUNITY BUILDING

Responsible business is integrated into all processes of Luka Rijeka. Integrity and ethics are an integral part of the organizational culture and are a basic feature of the daily way of working and conducting business. All employees have an obligation and commitment to the highest level of business integrity and ethics. Doing business with a strict sense of honesty is crucial to maintaining the credibility and trust of clients, partners, employees, suppliers and contractors, and all other interested parties.

The goal is to build an organizational culture that is strongly focused on compliance and ethics. Everyone is required to act in accordance with the Code of Ethics, published on the website of Luka Rijeka, in their daily work.

An important factor in achieving the business results of Luka Rijeka is the knowledge, skills and competencies of employees, as well as their work performance, motivation and job satisfaction.

Therefore, it is essential to continuously develop human potential and teamwork, organizational culture, and business efficiency, along with the introduction of best practices in human resource management.

In carrying out its basic purpose, the Department for Human Resources Management carries out activities in accordance with all applicable laws and by-laws, as well as internal acts, of which the basic Ordinance on Internal Organization and the Work Ordinance, and applies other internal ordinances, procedures, instructions and decisions of the Management, in which the methods of handling and management of all processes important for employees are defined.

EMPLOYEE CARE

Luka Rijeka states that human resources are the foundation on which business is built and that taking care of employees is key to achieving responsible business and sustainability.

Luka Rijeka undertakes to take care of the protection of the rights of employees, as well as the protection of their health and safety at the workplace.

CODE OF ETHICS OF LUKA RIJEKA

The expectation is that the port is managed in accordance with the principles stated in the Code of Ethics, and everyone is responsible for complying with the norms from the code: from the members of the Supervisory Board, the Company's Management Board and the executive management to every individual who works in Luka Rijeka.

In their daily work, all employees of the port behave and perform their tasks in accordance with the principles of the organizational culture, which includes core values: professionalism, perseverance and mutual respect.

Luka Rijeka is committed to the highest level of integrity, ethics and transparency in business, and has zero tolerance for any form of discrimination.

All employees and persons seeking employment in the port are guaranteed equality in terms of race, skin color, sex, marital status, age, language, religion, political or other belief, national or social origin, property status, social position, membership or not-membership in a political party, membership or non-membership in a trade union.

Luka Rijeka requires its employees to behave professionally and politely towards their colleagues and business partners, applying the principles of mutual respect and tolerance, and respecting differences.

Every employee is obliged to respect the standards, procedures and rules of the port so that their behavior does not damage the reputation and property, and that they do not call into question the ability of other workers to perform their regular duties and obligations.

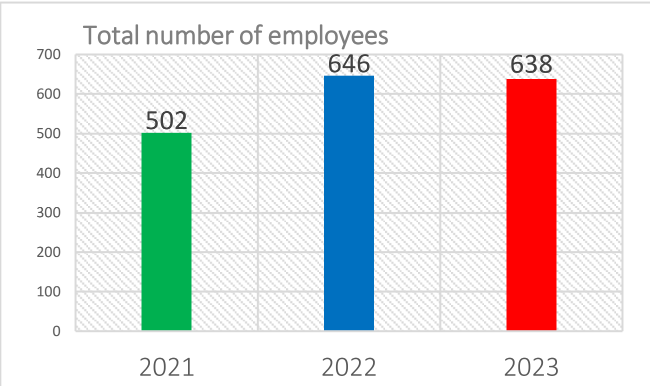
Human Resources Management

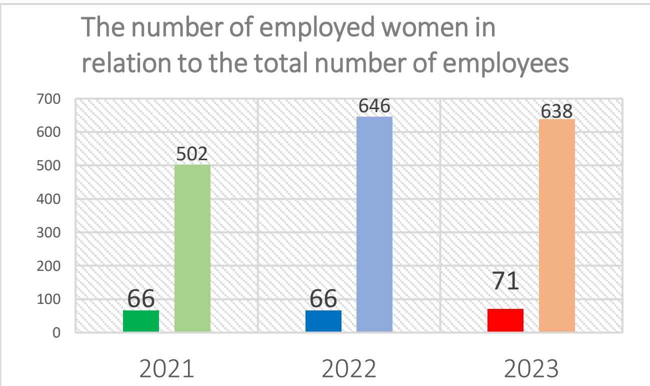
Employee care and a motivating work environment increases their engagement and motivation.

EMPLOYEE STRUCTURE OF LUKA RIJEKA:

On 31.12.2023. there were **638 employees** in Luka Rijeka (1% less than in 2022).

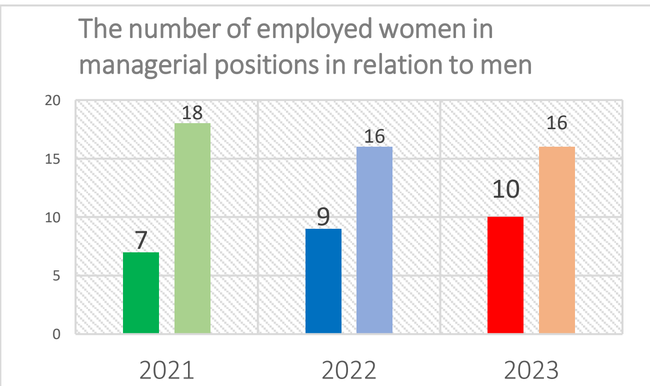
There were 71 women and 567 men employed.

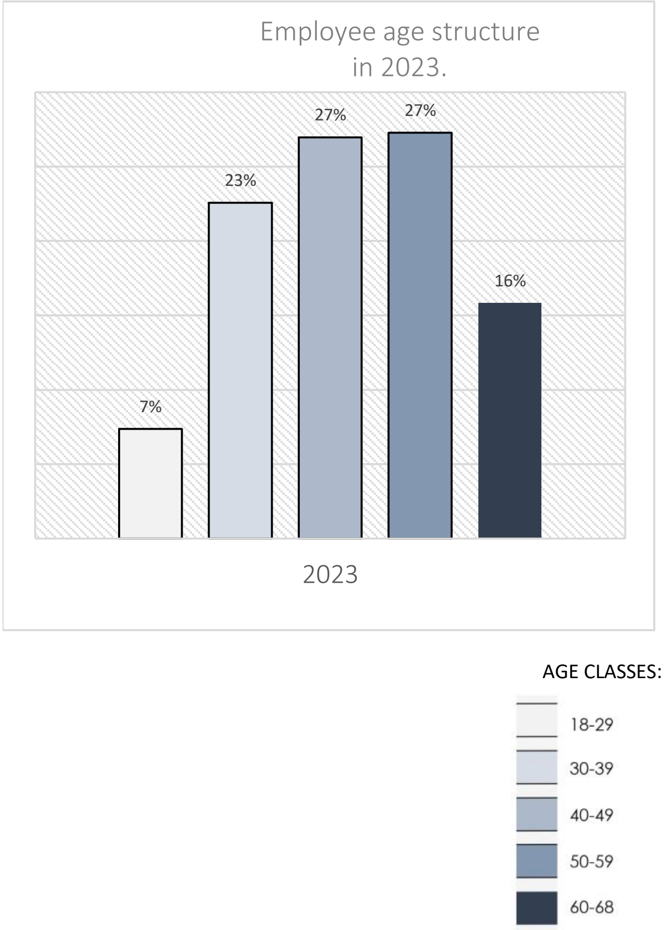




- 11 % of employed women in 2023.
- 10 % of employed women in 2022.
- 13 % of employed women in 2021.
- 12 % of employed women in 2020.

The number of employed women has not changed significantly.





Special attention is paid to the recruitment and retention of the workforce.

Since the model of engaging subcontractors was abandoned in 2022, there has been a continuous demand for new workforce, mostly port transport workers and especially craftsmen for the Maintenance Service.

GENDER EQUALITY

In 2023, the positions for responsible persons were filled:

→ the beginning of 2023 was marked by the arrival of a new member of the Company's Management Board

→ the head of customer relations is promoted to the adviser of the Management Board for coordination

→ an employee from the Assets Management Department is promoted to the position of head of the Human Resources Management Department,

→ a new specialist in accounting and a new specialist in financial operations are being recruited

In Luka Rijeka, equal advancement opportunities are offered to all employees.

Intergenerational understanding, respect and complementarity are encouraged.

A working environment is ensured in which every person feels valued and welcome.

The Code of Ethics reflects the dedication of Luka Rijeka in responsible business management, respecting:

- *human rights in all business segments,*
- *taking care of health and safety at work,*
- *protection and proper use of property,*
- *appropriate resolution of a potential conflict of interest,*
- *sustainable development and the obligations we have as responsible citizens.*

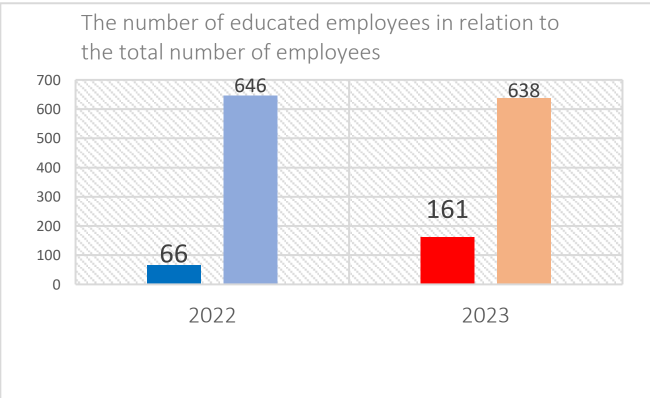
EMPLOYEE TRAINING

Training and development opportunities are a high priority of Luka Rijeka, and every employee is given the right to training related to their job.

It is key to develop the professional competencies of employees, their skills and knowledge.

Education, training and professional development of employees are maintained in accordance with the requirements of the workplace.

The number of educations in 2023 increased by 143% compared to 2022. The number of employees who were sent to educations in 2023 is 25% of the total number of employees in the Port (in 2022, the number of those educated was 10%).



EMPLOYEE SATISFACTION MONITORING

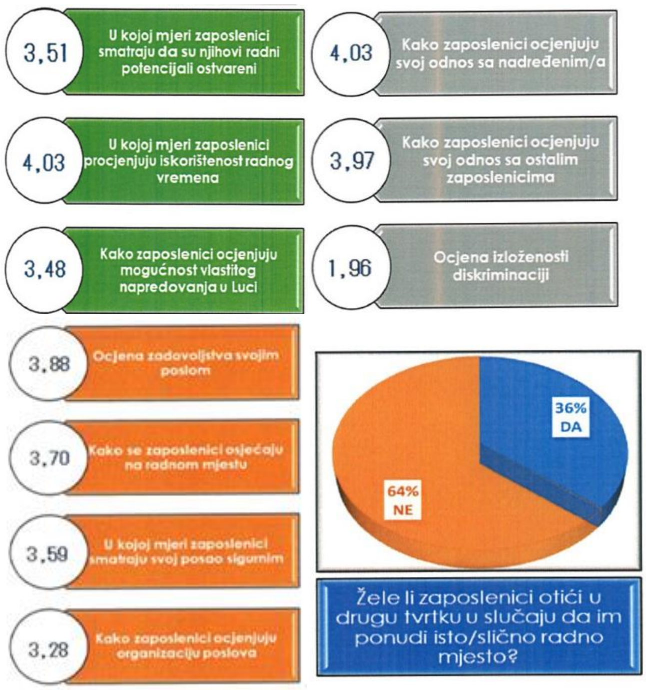
In 2023, an analysis of employee satisfaction was carried out.

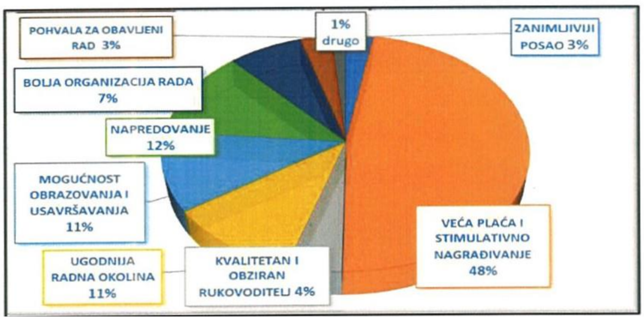
It is key to develop the professional competencies of employees, their skills and knowledge.

Employee satisfaction is monitored by the Quality and Energy Management Department through employee surveys. The results of survey analysis represent an important tool for measuring the organizational climate and obtaining employees' opinions on different areas.

Surveys are analyzed at the end of the survey cycle, and the results are published at the Works' Council. This way, relevant feedback from employees is obtained, which is crucial for further action and adjustment, as well as opportunities for improvement.

The overall rating of employee satisfaction was 3,64 (rating scale: 1 - 5) Selected main results:





In 2023, efforts were made to achieve better mutual relations by participating in team events.

Given that communication and poor interpersonal relations within the Company are recognized as one of the basic problems, in 2023, efforts were made to establish better relations and communication through various team activities and teamwork.

Team building

It was held in Platak on June 16, 2023, and was attended by the responsible persons of the Port's organizational units: managers and directors, and the Management Board. There were 28 participants in total.

In the first part, there was a planning and motivational working meeting, team exercises on solving problems in the port and personality tests, while the second part was a joint ascent to Snježnik and dinner at the hostel.

Better communication and mutual relations were observed.

Port games

Luka Rijeka d.d. participated as a team in the Meetings of Port and Pier Workers - Port Games 2023, organized by Luka Ploče d.d., which took place from October 6 to 8, 2023. A total of 30 employees of the Port of Rijeka participated.

Port employees, divided into teams, competed in various sports disciplines: indoor soccer, table tennis, bocce, tug-of-war, volleyball.

22nd International Rijeka Regatta in Naval Rowing

Luka Rijeka d.d. registered as a rowing team of 15 employees to participate in naval rowing at the 22nd International Rijeka Regatta, organized by the Maritime Faculty of Rijeka, held on May 25, 2023.

A team of 8 employees successfully completed the rowing.

Involvement of interested parties

Luka Rijeka includes all interested parties through continuous communication and builds relationships with mutual trust for the achievement of common goals important for the sustainable development of the port and the entire community.

Interested parties are clients, business partners, suppliers, contractors, employees and others.

Information on the requests of interested parties is continuously monitored and reviewed, and this applies in particular to clients.

In 2023, 20 key clients have been defined according to the generated revenue.

Luka Rijeka pays special attention to the selection of business partners, so it will not do business with those who violate contractual obligations and rules of business ethics.

Annual analyzes of client satisfaction are carried out in the Sales Department.

The analysis provided valuable information on the possibilities of improving business and providing better port services, with the aim of improving and maintaining partnership relations with clients, and achieving greater community satisfaction.

The overall rating of client satisfaction was 4,1
(rating scale: 1-5)

Christmas reception for partners

Luka Rijeka d.d. organized a Christmas party for partners in the premises of Export Drva, Rijeka.

100 guests and 34 port employees participated

Responsible, reliable and sustainable procurement

The concept of responsible procurement is one of the components in achieving sustainable development.

Responsible procurement of materials and services ensures high standards during the procurement process, by regularly conducting analyzes and evaluations, as well as assessments and audits of suppliers.

The supplier evaluation system according to the criteria supports the development of performance in the selection of suitable suppliers.

Evaluations of suppliers of materials and services and evaluations of subcontractor suppliers are carried out periodically according to defined criteria.

In 2023, evaluations of material and service suppliers were conducted twice in the Procurement Department and once in the IT Department, and evaluations of subcontractor suppliers were conducted twice in the Maintenance Service.

The list of key suppliers with whom active business cooperation was achieved in 2023 includes:

- 24 key suppliers for the Procurement Department
- 5 suppliers for the IT Department
- 2 suppliers for Maintenance Service

The lists are regularly updated, and suppliers who have not proved to be of sufficient quality to be able to cooperate are excluded from them.

This evaluation approach provides relevant information for further analysis and business decision-making, as well as optimization of possible risks related to supplier selection.

Procurement procedures are carried out in accordance with the Law on Public Procurement (Official Gazette 120/16, 114/22) and other legal regulations.

Business responsibility

The system of quality management with respect, ensures the integration of sustainability and organizational responsibility in every aspect of business.

The quality and energy management department of the Port of Rijeka regularly checks the implementation of policies, processes, procedures and work instructions, as well as risk management and the achievement of set goals. Also, once a year, external certification houses check the compliance of the quality management system with the requirements of the ISO 9001:2015 standard for the purpose of maintaining the Certificate, while re-certification of the system is required every three years. In 2023, the Certificate was successfully extended.

ISO 9001
BUREAU VERITAS
Certification

RISK MANAGEMENT

Luka Rijeka strives to quality manage all types of business risks, which include: market, social and reputational, personnel, operational, health, safety and environmental, informational and systemic, financial, and legislative risks.

Risks are evaluated, monitored and analyzed.

A responsible approach to business brings new business opportunities, greater efficiency, reduces risks, strengthens the value of services and market position, and strengthens competitiveness.

CONCLUSION

The concept of "*sustainability*" for ports is the integration of environmentally friendly methods of port activities, processes and management.

Sustainable development has emerged as a guiding principle of long-term global development, which includes economic development, social development and environmental protection.

The concept is highlighted in the UN's Transforming our world: the 2030 Agenda for Sustainable Development.

Sustainable development is defined as:

"*the development that meets the needs of the present without jeopardizing the ability of future generations to meet their own needs*"

"the process of change in which the exploitation of resources, the direction of investment, the orientation of technological development and institutional changes are aligned and increase the present and future potential to meet human needs and aspirations"

(World Commission on Environment and Development - Brundtland Commission)

Sustainable development should be an integral part of everyday business. This implies that sustainability measures are integrated into business activities and recognized as a normal part of the work process.

Due to climate change and the demands of the maritime industry, Luka Rijeka needs to adapt its entire operation in a sustainable manner, contributing to the improvement of measures and control of air, water, noise and waste quality.

Within the scope of sustainability, access to the "*port of the future*" can be achieved through sustainable planning to preserve the environment while protecting human rights. Sustainability plans should be dynamic and reviewed annually, to ensure that Luka Rijeka is up to date with new technologies and industry trends.

Measures for the establishment of a future sustainable port include the application of policies and a regulatory framework to reduce emissions of harmful substances, the ecological design of the port-city landscape and the integration of the port into the urban area, which includes trees that absorb noise and air pollution, the use of renewable energy sources in port operations and activities, the transition from a linear economy to a circular economy in order to redefine products and services in order to manage waste, improving the means of transport between Luka Rijeka and the community, increasing energy efficiency, including the concept of "green growth" in the further development and establishment of ecological planning within the mentioned areas, digitization and automation of port operations and activities, and improvement of cooperation between Luka Rijeka and all interested parties.

Luka Rijeka plans further investments in development and continuously works on improved organization while respecting environmental and social requirements, and despite the many challenges it faces, it strives to be a "*smart green port*".

Duško Grabovac
President of the Management Board

DUŠKO GRABOVAC

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Marina Cesarac Dorčić
Member of the Management Board

MARINA CESARAC DORČIĆ

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29 April 2024
Riva 1
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Croatia

STATEMENT OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

General information

This Code has the force of recommendations that binds Company authorities and employees of the Company that in making all kinds of decisions, respect the principles laid down and elaborated by this Code. The aim of the Code is to establish high standards of corporate governance and business transparency of Luka Rijeka plc. and associated companies in majority ownership (hereinafter the Company). The Code defines the procedures of corporate governance in order to ensure that by good and responsible management and control of business and management functions, Company protects its shareholders, employees, elected and appointed holders of responsible functions in the Company as well as all other stakeholders. The basic principles of this Code are: business transparency, clearly defined procedures for the operation of the Supervisory Board, Management Board and other bodies and structures making important decisions, avoiding conflicts of interest, efficient internal control and effective system of accountability.

Any interpretation of the directives provided by this Code should be guided primarily by adherence to the principles and achieving these goals.

The Company is listed on the Official market of the Zagreb Stock Exchange, and has complied with the Zagreb Stock Exchange Governance Code. The Company respects and implements the prescribed corporate governance measures (as reported in detail in the prescribed annual questionnaire and published on the Zagreb Stock Exchange).

The major direct shareholders according to the Central Depository and Clearing Company data are listed in the table for structure of ownership in the Share Capital note to the financial statements. The Company is also obligated to its website and through the stock exchange to publish any acquisition or disposal of shares and other securities of the Society by each member of the Management Board and the Supervisory Board, and employees of the Company who have access to price sensitive / inside information of the Company and persons connected with them.

Jurisdiction, procedure of convening and quorum, as ways of making decisions of the General Assembly are regulated by the Articles of Association. When convening the General Assembly, the management board shall set a date by which will be established state in the register of shares that will be relevant for the exercise of voting rights at the General Assembly. This date should be before the General Assembly and may be up to 6 days before the general meeting.

The right to vote should include all shareholders of the Company in such a manner that the number of votes belonging to them in the General Assembly equals the number of shares they hold, regardless of class of shares. Should the company issue shares without voting rights or with restricted voting rights, shall publicly and timely announce all relevant information about the content of all rights resulting from such shares in order to enable the investors to make the right decision about buying these securities. The company shall act in the same manner and under the same conditions to all shareholders, regardless of the number of shares they hold, their country of origin and their other properties. This particularly applies to the duty of equal treatment of individual and institutional investors.

Election and appointment of the Supervisory Board are regulated by the Statute of the joint stock company Luka Rijeka plc. There are no restrictions based on gender, age, education, profession and so on. The Companies Act defines any amendments to the Articles of Association.

The basic medium for the publication of information is the National Gazette and the Company's internet website: www.lukarijeka.hr

Corporate governance structure

In accordance with the Companies Act and the Company's Articles of Association, the bodies of the Company are the General Assembly, the Supervisory Board, and the Management Board. The mentioned acts also regulate their duties and responsibilities.

General Assembly of the Company

The General Assembly makes decisions that are of significant impact on the status of assets, financial position, operating results, ownership structure and management of the company. Decisions will be made exclusively at the General Assembly, stipulated by majority of votes. The management board shall, as soon as possible, publish the decision of the General Meeting and the data on possible action to challenge these decisions. In 2023, a regular Annual General Assembly Meeting was held on 25 August 2023.

Supervisory Board

The tasks and responsibilities of the Supervisory Board are regulated by the Statute of the joint stock company Luka Rijeka plc. The Supervisory Board members should perform their duties with the diligence of an orderly and conscientious businessman and keep business secrets of Company. The Supervisory Board is obligated to make an assessment of its work in the preceding period. Such an assessment includes in particular the assessment of the work of committees established by the Supervisory Board and achievements in relation to the target objectives of the company. The Supervisory Board consists of five members. Chairman of the Supervisory Board is responsible for determining the calendar of regular annual meetings and extraordinary meetings whenever the need arises. The frequency of the Supervisory Board shall be determined in accordance with the needs of the Company.

Members of the Supervisory Board as at the date of this annual report and during the reporting period were as follows:

Alen Jugović	President of Supervisory Board from 27 Dec 2017 to 20 Jan 2021 (term of office) Reappointed as a member of the Supervisory Board on 28 January 2021 Re-elected Chairman of the Supervisory Board on 10 February 2021
Dragica Varljen	Vice president of Supervisory Board from 28 February 2020 Re-elected as Deputy Chairman of the Supervisory Board from 13 July 2022
Hrvoje Pauković	Member from 28 February 2022
Witold Waldemar Rusinek	Member from 31 August 2020 to 25 August 2023
Tomislav Penić	Member from 31 August 2022 to 24 August 2023
Jesper Kjaedegaard	Member from 25 August 2023
Ondrej Jašek	Member from 25 August 2023

During the reporting period, Supervisory Board had five members.

Audit Committee

Pursuant to its Articles of Association, the Supervisory Board of the Company has established an Audit Committee. The Audit Committee is the body that provides support to Management Board and The Supervisory Board in the effective execution of the obligations of corporate governance, financial reporting and control of the Company.

The Audit Committee, appointed in accordance with the law, during the previous year consisted of 3 members. During 2023, two meetings of the Audit Committee were held.

STATEMENT OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE (CONTINUED)

The Supervisory Board, with the help of the Audit Committee, monitored the adequacy of the internal control system, which is achieved through three independent control functions (internal audit, risk control, compliance), and in order to establish such a system of internal controls that will enable early detection and monitoring of all risks to which the Company is exposed in its operations.

Members of the Audit Committee as at the date of this annual report and during the reporting period were as follows:

Alen Host	Member from 31 August 2022
Vesna Buterin	Member from 31 August 2022
Marin Mijolović	Member from 31 August 2022 (President from 28 April 2023)

Management Board

Management Board runs Company's business in accordance with the Articles of Association and legal regulations. Whole Management board represents the Company, chairman with another member, or member of Management board with another member. Management Board followed that business and other ledgers and business records are in accordance with the law, put together by accounting documents, realistically assessing the assets and liabilities, compiles financial and other reports in accordance with applicable accounting regulations and standards.

Members of the Management Board during the reporting period were as follows:

Duško Grabovac	President of the Management Board from 01 May 2020
Marina Cesarac Dorčić	Member from 1 December 2022

Key elements of the systems of internal controls and risk management relating to financial reporting for the Company and the Group

The Company is obliged to prepare its financial statements in accordance with International Financial Reporting Standards adopted by EU and publish them in the prescribed time limits defined by the Croatian legislation. Financial reports drawn up by the Management Board and audited by an independent external auditor, are to be published on the website of the Company.

President of the Management Board is responsible for the creation of an internal control system that organizes and monitors the flow of accurate, specific and complete information on the organization of society as well as data on compliance with financial, business and legal obligations that may pose a significant risk to society. Internal Auditor should analyze and examine the effectiveness of such a system at least once a year.

The company shall have independent external auditors as an important instrument of corporate governance, so their main function is to ensure that the financial statements adequately reflect the real state of society as a whole.

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

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

In its annual report and on its web pages the Company shall, in the prescribed form (annual questionnaire), note whether it has complied with the recommendations set out in this Code. This Code and its recommendations are based on the principle of "comply or explain", ie. If the company departs from or not applies some of the recommendations of the Code, the annual survey must give an explanation of why there has been a non- implementation or deviations. The annual survey is an integral part of this Code.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management Board of Luka Rijeka d.d. ("the Company") is required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and the Group (the Company and its subsidiaries and associates form the Group) and of the results of their operations and their cash flows, in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applied accounting standards and then apply them consistently; make judgements and estimates that are reasonable and prudent; and prepare the separate and consolidated financial statements (together further referred to as "the financial statements") on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

After making enquiries, the Management Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

The Management is also responsible for the preparation and content of the Management Report, Non-financial report and the Statement on the implementation of corporate governance code, as required by the Croatian Accounting Act. The Management Report, Non-financial report and the Statement of implementation of the corporate governance code, as well as the accompanying financial statements were authorised and signed by the Management Board on 29 April 2024 for issue to the Supervisory Board. The Supervisory Board is required to approve the annual financial statements for submission to the General Assembly of Shareholders for adoption.

Duško Grabovac	**Marina Cesarac Dorčić**	**29 April 2024**
President of the	Member of the	Riva 1
Management Board	Management Board	51000 Rijeka
		Croatia

DUŠKO GRABOVAC

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Independent Auditors' report
To the shareholders of Luka Rijeka d.d.

Opinion

We have audited the separate financial statements of Luka Rijeka d.d. ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together referred to as "the Group"), which comprise the separate and consolidated statements of financial position of the Company and the Group, respectively, as at 31 December 2023, and their respective separate and consolidated income statements and the statement of other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information (hereinafter "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the unconsolidated financial position of the Company and of the consolidated financial position of the Group as at 31 December 2023, and of their respective unconsolidated and consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 matter
The Group and the Company recognized right of use (ROU) assets as at 31 December 2023 in the amount of EUR 20.398 thousand (31 Dec 2022: EUR 20.430 thousand) and liabilities arising from the concession arrangement of EUR 24.078 thousand (31 Dec 2022: EUR 36.735 thousand). Refer to accounting policy 3.7 and note 31 to the financial statements. The Group and the Company apply IFRS 16 Leases in accounting for the concession arrangement and have consequently recognized, in the statement of financial position, the ROU asset and corresponding liability associated with the port concession arrangement. The concession arrangement contains, among other things, an obligation to pay fixed and variable concession fees to the port authority, and to incur infrastructure related expenditures in the concession term. In applying IFRS 16, significant judgement is required from management in identifying the lease and non-lease components within the arrangement, and in developing	Our procedures included the following: • Evaluating of the appropriateness of the accounting approach to the concession arrangement against the requirements of the standard and the identification of lease and non-lease components of the arrangement; • Recalculating the remeasurement of ROU liabilities (where applicable) and tracing of inputs in the model to relevant source documentation, including evaluating the applied discount rate; • Tracing the expected amounts of lease payments with relevant source documentation, (such as investments in infrastructure assets in previous periods, payment of fixed concession fees, etc.); • Evaluating whether the disclosures in the financial statements, as the lessee, appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework. In respect of carrying amounts of ROU assets, our procedures, performed where applicable, included: • Challenging the management's assessment of the ROU assets for impairment with particular focus on the grouping of assets within

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the matter
estimates (including those in respect of the lease payments and discount rates) as part of the determination of the carrying amounts of the ROU asset and the lease liability. In addition, the Group and the Company regularly assess whether there are indicators of impairment of the concession ROU asset, and, if required, assesses its recoverability as part of an impairment test for the port cash-generating unit (CGU), which comprises assets within and outside of the concession area. The recoverable amount of the CGU is estimated using a present value technique based on a discounted cash flow model. The impairment test required a significant degree of judgement by management, including, but not limited to, in respect of the identification and determination of assets underlying the CGU, the reasonableness of assumptions with respect to cash flow forecasts used, and the determination of the appropriate discount rate. Due to the above factors, this area required our analysis, significant judgment and increased attention in the audit and we considered it to be a significant risk in our audit and our key audit matter.	appropriate cash-generating units and the appropriateness of the valuation technique applied for compliance with the relevant accounting; • Testing the integrity of the impairment model, including but not limited to: - assessing the discounted cash flow model against the requirements of the relevant financial reporting standards; - evaluation of key assumptions applied (such as discount rates and growth rates) for reasonableness compared to externally derived data and historical financial performance; - performing a sensitivity analysis to changes in key assumptions; • Evaluating the adequacy and completeness of impairment related disclosures in the financial statements.

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Other Information

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

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

With respect to the Management Report, Non-financial Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether the Management Report has been prepared in accordance with the requirements of Articles 21 of the Accounting Act, whether the Non-financial Report is prepared in accordance with the requirements of Article 21a of the Accounting Act and whether the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and the procedures above, in our opinion:

- the information given in the Management Report and Corporate Governance Statement for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements
- the Management Report has been prepared, in all material respects, in accordance with the requirements of Articles 21 of the Accounting Act, respectively;

Other Information (continued)

- the Non-financial Report is prepared in accordance with requirements of Article 21a 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 entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Management Report, Non-financial Report and Corporate Governance Statement. We have nothing to report in this respect.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 of the Group. 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 controls that we identify during our audit.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

On 25 August 2023, we were appointed by General Assembly on the proposal of the Supervisory Board to audit the financial statements of the Group and the Company for the year 2023.

As of the date of this report, we are continuously engaged in performing legal audits of the Group and the Company from the audit of the Group and Company's financial statements for 2021 to the audit of the Group and Company's financial statements for 2023, which amounts to a total of three years.

During the period between the initial date of the audited financial statements of the Group and the Company for the year 2023 and the date of this report, we did not provide the Group and Company with prohibited non-audit services, and in the business year prior to the aforementioned period, we did not provide services for the design and implementation of internal control or risk management procedures related to the preparation and/or the control of financial information or the design and implementation of technological systems for financial information, and in performing the audit we preserved independence in relation to the Company.

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

Auditor's assurance report on compliance of the consolidated and non-consolidated financial statements (hereinafter: financial statements), prepared pursuant to the provisions of article 462, paragraph 5 of the Capital Market Act (Official Gazette, no. 65/18, 17/20, 83/21 and 151/22) by applying the requirements of the Delegated Regulation (EU) 2018/815 determining a single electronic reporting format for issuers (hereinafter: ESEF Regulation).

We performed our engagement with expressing reasonable assurance on whether the financial statements prepared for public disclosure purposes based on article 462, paragraph 5 of the Capital Market Act, included in the accompanying XBRL electronic file are prepared, in all material aspects, in accordance with the requirements of the ESEF Regulation.

Responsibilities of Management and Those Charged with Governance

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

The Management is further responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material non-compliance, whether due to fraud or error, with the reporting requirements of the ESEF Regulation.

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Responsibilities of Management and Those Charged with Governance (continued)

Management is also responsible for:

- publishing the financial statements included in the annual report in the valid XHTML format, and
- the selection and use of XBRL tags in compliance with the requirements of the ESEF Regulation -u.

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

Responsibilities of the Auditor

Our responsibility is to express a conclusion, based on obtained audit evidence, about whether the financial statements are free from material non-compliance with the requirements of the ESEF Regulation. We performed our engagement with expressing reasonable assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Performed procedures

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, however it does not guarantee that the scope of testing will reveal any significant (material) non-compliance with the ESEF Regulation

As part of the selected procedures, we performed the following activities:

- we have read the requirements of the ESEF Regulation,
- we have obtained an understanding of internal controls relevant to the application of the requirements of the ESEF Regulation,

Performed procedures (continued)

- we have identified and assessed the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- based on this we have designed and performed procedures responsive to estimated risks, and to obtain a reasonable assurance for expressing our conclusion.

The objective of our procedures was to assess as to whether:

- the financial statements included in the consolidated financial statements have been prepared in the valid XHTML format,
- the information contained in the consolidated financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
    - use of XBRL tagging language,
    - use of basic taxonomy elements stated in the ESEF Regulation with the closest accounting meaning, unless an additional taxonomy element was created in accordance with Appendix IV. of the ESEF Regulations,
    - tags comply with the common tagging rules as required by the ESEF Regulation.

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

Conclusion

Based on the procedures performed and evidence gathered, the consolidated financial statements presented in ESEF format for the year ended on 31 December 2023, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.

Further to this conclusion, as well as the opinion contained in this independent auditor's report related to accompanying consolidated financial statements and annual report for the year ended 31 December 2023, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partners in charge of the audit resulting in this independent auditor's report is Janja Kulić.

Kulić & Sperk d.o.o.
Radnička cesta 52
10 000 Zagreb
Croatia

Zagreb, 29 April 2024

JANJA KULIĆ

Digitalno potpisao: JANJA KULIĆ
Datum: 2024.04.29 16:09:49 +02'00'

Janja Kulić
Director, Certified Auditor

Income statement and Statement of other comprehensive income

for the year ended 31 December 2023

	Note	2023 (in TEUR) *Group*	2022 (in TEUR) *Group*	2023 (in TEUR) *Company*	2022 (in TEUR) *Company*
Revenue from sales	7	29.395	28.127	29.231	28.061
Other income	8	4.842	2.523	4.830	2.512
		34.237	**30.650**	**34.061**	**30.573**
Materials, services and consumables used	9	(9.569)	(7.922)	(10.589)	(8.799)
Personnel expenses	10	(13.938)	(11.711)	(13.294)	(11.171)
Depreciation and amortisation	16,17, 31	(3.212)	(2.823)	(3.121)	(2.747)
Other expenses	11	(3.418)	(4.032)	(3.345)	(3.950)
		(30.136)	**(26.488)**	**(30.348)**	**(26.667)**
Finance income	12	15	66	15	7.545
Finance costs	13	(2.436)	(2.331)	(2.431)	(2.330)
Net finance costs		**(2.420)**	**(2.265)**	**(2.417)**	**5.215**
Share of profit of equity-accounted investees	18	6.860	5.829	-	-
Income / (loss) before tax		**8.540**	**7.726**	**1.297**	**9.122**
Income tax	14	(360)	(40)	(291)	-
Income / (loss) for the year		**8.180**	**7.686**	**1.005**	**9.122**
Change in fair value of financial assets		8.608	-	8.608	-
Deferred tax effect		(1.549)	-	(1.549)	-
Other comprehensive income		**7.058**	**-**	**7.058**	**-**
Total comprehensive income / (loss)		**15.238**	**7.686**	**8.063**	**9.122**
Income / (loss) per share (in EUR)					
- basic and diluted	15	0,61	0,57		

Statement of financial position

at 31 December 2023

ASSETS	Note	2023 (in TEUR) *Group*	2022 (in TEUR) *Group*	2023 (in TEUR) *Company*	2022 (in TEUR) *Company*
Non-current assets					
Intangible assets	16	104	27	104	27
Property, plant and equipment	16	85.183	73.538	84.882	73.350
Investment property	17	695	729	695	729
Concession assets with right of use	31	20.397	20.430	20.397	20.430
Investments in subsidiaries and equity accounted investees	18	24.633	17.773	1.564	1.564
Non-current financial assets	19	61	43	61	44
Deferred tax assets	14	897	1.189	897	1.189
Total non-current assets		**131.970**	**113.729**	**108.601**	**97.333**
Current assets					
Inventories		144	165	144	165
Trade and other receivables	21	6.834	5.503	6.750	5.417
Income tax receivable		-	-	-	-
Current financial assets	20	246	93	358	203
Cash and cash equivalents	22	5.458	18.070	5.068	17.649
Total current assets		**12.682**	**23.831**	**12.320**	**23.434**
Total assets		**144.652**	**137.560**	**120.922**	**120.767**

Statement of financial position (continued)

at 31 December 2023

EQUITY AND LIABILITIES	Note	2023 (in TEUR) *Group*	2022 (in TEUR) *Group*	2023 (in TEUR) *Company*	2022 (in TEUR) *Company*
Shareholders' equity					
Share capital	23	67.402	71.567	67.402	71.567
Capital and other reserves	24	9.291	5.126	9.291	5.126
Revaluation reserves	24	10.931	3.873	10.931	3.873
Accumulated losses		(12.552)	(20.731)	(35.850)	(36.855)
Total equity		**75.072**	**59.835**	**51.774**	**43.711**
Non-current liabilities					
Borrowings	25	13.343	15.558	13.255	15.536
Liabilities for concession assets with right of use	31	14.985	17.488	14.985	17.488
Provisions	26	286	314	286	314
Deferred tax liability	14	3.072	1.522	2.401	851
Total non-current liabilities		**31.686**	**34.882**	**30.927**	**34.190**
Current liabilities					
Trade and other payables	27	25.588	20.785	25.997	20.866
Liabilities for concession assets with right of use	31	9.093	19.247	9.093	19.247
Income tax liability	14	42	36	-	-
Borrowings	25	2.387	1.846	2.347	1.825
Provisions	26	784	929	784	929
Total current liabilities		**37.894**	**42.843**	**38.221**	**42.867**
Total liabilities		**69.580**	**77.725**	**69.148**	**77.056**
Total equity and liabilities		**144.652**	**137.560**	**120.922**	**120.767**

Statement of changes in equity of the Group

for the year ended 31 December 2023

GROUP	Share capital *(in TEUR)*	Capital and other reserves *(in TEUR)*	Revaluation reserves *(in TEUR)*	Accumulated losses *(in TEUR)*	Total *(in TEUR)*
As at 1 January 2022	**71.567**	**5.126**	**3.873**	**(28.417)**	**52.149**
Profit / (Loss) for the year	-	-	-	7.686	7.686
Change in fair value of land	-	-	-	-	-
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-	-
As at 31 December 2022	**71.567**	**5.126**	**3.873**	**(20.731)**	**59.835**
Profit / (Loss) for the year	-	-	-	8.180	8.180
Change in fair value of land	-	-	8.608	-	8.608
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	(1.549)	-	(1.549)
Alignment (Note 23)	(4.165)	4.165	-	-	-
Other comprehensive income / (loss)	**-**	**-**	**7.058**	**-**	**7.058**
Total comprehensive income / (loss)	**-**	**-**	**7.058**	**8.180**	**15.238**
As at 31 December 2023	**67.402**	**9.291**	**10.931**	**(12.552)**	**75.072**

Statement of changes in equity of the Company

for the year ended 31 December 2023

COMPANY	Share capital	Capital and other reserves	Revaluation reserves	Accumulated losses	Total
	(in TEUR)	*(in TEUR)*	*(in TEUR)*	*(in TEUR)*	*(in TEUR)*
As at 1 January 2022	**71.567**	**5.126**	**3.873**	**(45.977)**	**34.589**
Profit / (Loss) for the year	-	-	-	9.122	9.122
Change in fair value of land	-	-	-	-	-
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	-	-	-
Other comprehensive income / (loss)	-	-	-	-	-
As at 31 December 2022	**71.567**	**5.126**	**3.873**	**(36.855)**	**43.711**
Profit / (Loss) for the year	-	-	-	1.005	1.005
Change in fair value of land	-	-	8.608	-	8.608
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	(1.549)	-	(1.549)
Alignment (Note 23)	(4.165)	4.165	-	-	-
Other comprehensive income / (loss)	**-**	**-**	**7.058**	**-**	**7.058**
Total comprehensive income / (loss)	**-**	**-**	**7.058**	**1.005**	**8.063**
As at 31 December 2023	**67.402**	**9.291**	**10.931**	**(35.850)**	**51.774**

Statement of cash flows – Indirect method

for the year ended 31 December 2023

	Note	**2023** (in TEUR) *Group*	**2022** (in TEUR) *Group*	**2023** (in TEUR) Company	**2022** (in TEUR) Company
Income / (Loss) before tax		8.540	7.726	1.297	9.122
Share of net profit of equity accounted investee	18	(6.860)	(5.829)	-	-
Depreciation and amortization	16,17,31	3.212	2.823	3.121	2.747
Gain on disposal of property, plant and equipment and intangibles	8	(63)	(178)	(50)	(183)
Reversal of impairment of land	16	(1.618)	-	(1.618)	-
Impairment allowance for trade receivables	21	111	-	111	-
Interest income	12	(16)	(1)	(15)	(1)
Interest expense	13	2.425	2.136	2.418	2.135
Dividend income	12	-	-	-	(7.479)
Foreign exchange differences - net		13	89	13	88
		5.746	**6.766**	**5.276**	**6.429**
Changes in working capital:					
Decrease/(increase) in inventories		21	(40)	21	(40)
Decrease/(increase) in trade and other receivables		(1.963)	50	(1.594)	182
Increase/(decrease) in trade and other payables		1.805	322	1.610	221
Increase/(decrease) in provisions		(173)	138	(173)	138
Cash from operations		**(310)**	**470**	**(136)**	**501**
Income tax paid		(63)	(1)	-	-
Interest paid		(1.095)	(794)	(1.087)	(793)
Net cash from operating activities		**4.278**	**6.441**	**4.053**	**6.137**

Statement of cash flows - Indirect method (continued)

for the year ended 31 December 2023

	Note	2023 (in TEUR) *Group*	2022 (in TEUR) *Group*	2023 (in TEUR) Company	2022 (in TEUR) Company
Cash flows from investing activities					
Purchase of property, plant, equipment and intangibles		(3.638)	(6.287)	(3.433)	(6.148)
Proceeds from disposal of property, plant and equipment and invest		98	295	85	295
Net inflows/(outflows) related to Group and State owned apartment		133	190	133	190
Interest received		16	1	15	1
Dividend from equity accounted investees	18	-	7.479	-	7.479
Net inflows/(outflows) from bank deposits and loans		(155)	-	(155)	(110)
		(3.546)	**1.678**	**(3.355)**	**1.707**
Net cash from investing activities					
Cash flows from financing activities					
Proceeds from loans	25	-	4.801	-	4.801
Repayment of loans	25	(1.706)	(1.120)	*(1.706)*	(1.120)
Repayments of leases	25	(117)	(77)	*(52)*	(53)
Receipts from grants related to capital investments	27	3.508	5.983	*3.508*	5.983
Infrastructure related expenditures for concession assets	31	(15.029)	(7.879)	(15.029)	(7.879)
Net cash from financing activities		**(13.344)**	**1.708**	**(13.279)**	**1.732**
Net increase of cash and cash equivalents		**(12.612)**	**9.824**	**(12.581)**	**9.575**
Cash and cash equivalents at beginning of year		18.070	8.246	17.649	8.074
Cash and cash equivalents at the end of year		**5.458**	**18.070**	**5.068**	**17.649**

NOTE 1 – GENERAL INFORMATION

History and incorporation

Luka Rijeka d.d. ('the Company') was formed through conversion of the former social company and registered as a joint-stock company at the Commercial Court in Rijeka on 25 January 1991 under the trade register number 040141664. The Company's PIN number is 92590920313.

The main activities of the Company comprise maritime loading, unloading, transshipment and storage of goods as well as mooring and unmooring ships. The Company is headquartered in Riva 1, Rijeka, Croatia. The Company, its subsidiaries and associates are together referred to as the Group.

Main activities of subsidiaries and associates are as follows: management of investment property (subsidiary Stanovi d.o.o.), carriage, warehousing and freight (subsidiary Luka prijevoz d.o.o.) and container terminal management (associate Jadranska vrata d.d.). All subsidiaries and the associate are based in Rijeka and Bakar, Croatia.

Issued share capital of the Company amounts to EUR 67.402 thousand and is distributed among 13.480.475 shares with a nominal value of EUR 5 each. The Company's shares are listed on the official market of the Zagreb Stock Exchange with the ticker LKRI-R-A. The shareholder structure is shown in Note 23.

Members of the Supervisory Board of the Company during the reporting period and to the date of this report were as follows:

First name	Last name	Role	Appointed	Resigned
Alen	Jugović	Member President	20.01.2017. 27.12.2017.	-
Dragica	Varljen	Deputy president Member	28.02.2020. 04.07.2018.	-
Witold Waldemar	Rusinek	Member	31.08.2020.	25.08.2023.
Hrvoje	Pauković	Member	38.02.2022.	-
Tomislav	Penić	Member	31.08.2022	24.08.2023.
Jesper	Kjaedegaard	Member	25.08.2023.	-
Ondřej	Jašek	Member	25.08.2023.	-

Members of the Management Board during the reporting period are as follows:

Duško Grabovac	Deputy President until 1 May 2020 when he became President
Marina Cesarac Dorčić	Member from 1 December 2022

NOTE 2 – BASIS OF PREPARATION

(i) *Statement of compliance*

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by 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 equity accounted investees, i.e. the Group. The separate and consolidated financial statements are further together referred to as the "financial statements".

In accordance with the Law on the Introduction of the Euro (EUR) as the official currency in the Republic of Croatia, effective 1 January 2023, the EUR became the official currency and legal tender in the Republic of Croatia. The fixed rate of conversion is HRK 7.5345 for 1 EUR. Comparative periods of profit and loss account and balance sheet items are converted at the conversion rate.

Changes in accounting policies

Given that the Republic of Croatia introduced the EUR as its Official currency as of 1 January 2023, in accordance with the Law on the Introduction of the Euro as an Official Currency, the Company and the Group changed the presentation currency from HRK for the purposes of preparing financial statements for the year ended 31 December 2023 to EUR, and the financial statements for the year ended December 31 were first prepared in EUR. From 1 January 2023, EUR is also the functional currency of the Company and the Group (until 1 January 2023, it was HRK). Although the change in the functional and presentation currency in the financial statements represents a change in accounting policy that requires retrospective application, the Company and the Group did not publish the third balance sheet in the financial statements for the year ended 31 December 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policies, Changes in Accounting Estimates and Errors, given that it determined that the change in the presentation currency does not have a significant impact on the Company's and the Group financial statements, due to the stable HRK/EUR exchange rate over the past few years.

(ii) *Basis of measurement*

These financial statements have been prepared on the historical cost basis, except for the following:

- Land (note 3.6 (i))
- Financial assets measured at FVOCI or FVTPL (note 3.15)

Methods used for fair value measurement are explained in note 5.

(iii) *Functional and presentation currency*

These financial statements are prepared in the euros, rounded to the nearest thousand.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Company and its subsidiaries to all periods presented in these financial statements and represent the accounting policies of the Group adopted in the preparation of these financial statements.

3.1. Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards), then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree’s awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

In its separate financial statements, the Company accounts for its investments in subsidiaries at cost less any impairment.

(iii) Associates (equity accounted investees)

Associates are all entities over which the Group or the Company have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group accounts for investments in associates using the equity method and the Company accounts for them at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are being changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Revenue recognition

Revenue recognition and performance obligations

The Group recognizes revenue when it transfers control over a good or service to a customer. The transfer of control of a good or service may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date (recognition on completion). Before revenue is recognised, the Group identifies both the contract (a contract equivalent typically defined as a customer arrangement with direct reference to the prescribed tariff) and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. 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. Revenue is shown, net of value-added tax.

(i) Revenue from port services

The Group provides port related services such as carriage, transshipment, freight, handling (on and off loading) and warehousing of various types of cargo. Revenue is measured based on the consideration specified in a contract with a customer, which is based on the tariff for port services prescribed by the port authority. These services are predominantly recognized over time. The services that have been determined to be one performance obligation are highly inter-related and fulfilled over time. Revenue therefore continues to be recognized over time. Revenue from services rendered is recognized in profit or loss 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 tonnes off or on loaded compared to total shipment size; or number of storage days elapsed compared to the total number of storage days contracted).

(ii) Finance income

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised when the right to receive payment is established.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3. Foreign currency transactions

Transactions and balances in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and items that are measured in terms of historical cost of a foreign currency are not retranslated.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into functional currency at foreign exchange rates ruling at the date of transaction.

3.4. Intangible assets

Where patents, licences, and similar rights are acquired by the Group from third parties the costs of acquisition are capitalised to the extent that future economic benefits are probable and will flow to the Group.

Licences are amortised over their estimated useful lives. Estimated useful lives are reviewed annually and impairment reviews are undertaken if events occur which call into question the carrying values of the assets.

Subsequent expenditure on capitalised intangible assets is capitalised only if it is probable that it increases the future economic benefits embodied in the specific asset to which it relates and those benefits will flow to the Group. All other expenditure is recognised in the profit or loss as an expense as incurred.

Amortisation is charged to profit or loss 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 as follows:

Software	1 – 5 years

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5. Investment property

Investment property comprises properties held to earn rentals, for capital appreciation, or both. Inbuilt equipment is considered part of the investment property. Cost includes all expenditure directly related to the acquisition of the asset. Investment property under course of construction is classified as non-current tangible assets in the course of construction until it is ready for use. Investment property is carried at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure for investment property is capitalised only if it is probable that it increases the future economic benefits embodied in the specific asset to which it relates and it can be reliably measured. Regular maintenance expenditure is recognised in income statement as an expense as incurred.

Depreciation is charged to income statement over the estimated useful economic life on a straight-line basis to all investment property except from those in the course of construction (in the case of further development of existing investment property), using the following depreciation rates reflecting their estimated useful lives:

Residential apartments	65	years

3.6. Property, plant and equipment

(i) Land

After initial recognition at cost, land is carried at a revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated impairment losses.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

When the carrying amount is increased as a result of revaluation, the increase is recognised in other comprehensive income and accumulated in equity as a revaluation reserve. Revaluation increase is recognized as income to the extent that it reverses a revaluation decrease of the same asset previously recognized as expense.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Land (continued)

When the carrying amount is decreased as a result of revaluation, the decrease is recognized as a decrease in the revaluation reserve only to the extent that it does not exceed the amount held in the revaluation reserve for the same asset, and the remainder is recognised as expense in profit or loss.

The revaluation is carried out with sufficient regularity in a way that the carrying amount does not differ materially from the amount which would be determined using fair values at the reporting date. Certain land is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from derecognition of land (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss when it is derecognised.

The relevant portion of the revaluation surplus realised in the previous revaluation is released to retained earnings on the disposal of the revalued asset.

(ii) Buildings, plant and equipment

Buildings, plant and equipment are included in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure is included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(ii) Buildings, plant and equipment (continued)

Assets under construction are not depreciated. Depreciation of buildings, plant and equipment is calculated using the straight-line method to allocate their cost less any residual value over their estimated useful lives as follows:

Buildings	15 to 60 years
Equipment and fittings	2 to 8 years
Leasehold improvements	10 to 30 years

The residual value of an asset is the estimated amount that the Group would currently obtain from 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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3.8).

Gains and losses on disposals are determined as the difference between the income from the disposal and the carrying amounts of the asset disposed, and are recognised in profit or loss within other income/expenses.

3.7. 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.

(i) As a lessee

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.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) As a lessee (continued)

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.

The Group determines its incremental borrowing rate by reference to interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- 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.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) As a lessee (continued)

The lease liability is measured at amortised 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.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Other than with respect to right-of-use assets and liabilities arising from the Concession Agreement, the Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. Concession related right-of-use assets and liabilities are presented as separate items in the statement of financial position.

Short-term leases and leases of low-value assets

The Group does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The number of such arrangements and the respective amounts is not significant.

i. As a 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.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. As a lessor (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of 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’. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from those under IFRS 16.

3.8. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (apart from inventory and deferred tax assets which are separately reviewed) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8. Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9. Inventories

Inventories of raw materials and spare parts are stated at the lower of cost, determined using the FIFO method, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade goods are carried at the lower of purchase cost and net realisable value.

3.10. Trade receivables

Trade receivables are recognised initially at cost which is equal to the fair value at the moment of recognition and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.11. Cash and cash equivalents

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

3.12. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions associated with them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.13. Employee benefits

(i) Pension obligations and post-employment benefits

In the normal course of business through salary deductions, the Group makes payments to privately operated mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Group is not obliged to provide any other post-employment benefits with respect to these pension schemes.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as expenses when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(iii) Regular retirement benefits

Retirement benefits falling due more than 12 months after the reporting date are discounted to their present value based on the calculation performed at each reporting date by an independent actuary, using assumptions regarding the number of staff likely to earn regular retirement benefits, estimated benefit cost and the discount rate which is determined as average expected rate of return on investment in government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

(iv) Long-term employee benefits

The Group recognises 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 is determined annually by an independent actuary, using assumptions regarding the likely number of staff to whom the benefits will be payable, estimated benefit cost and the discount rate which is determined as the average expected rate of return on investment in government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

(v) Short-term employee benefits

The Group recognises a liability for employee bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

3.14. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the reversal of such discounting in each year is recognized as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.14. Provisions (continued)

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to parties concerned.

3.15. 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.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI (fair value through other comprehensive income) – debt investment;
- FVOCI – equity investments;
- or FVTPL (fair value through profit or loss).

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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold 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.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(ii) Classification and subsequent measurement (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on; earning contractual interest income; maintaining a particular interest rate profile; matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows; or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business and/or the portfolio are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(ii) Classification and subsequent measurement (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Business model for receivables is for them to be held until collection.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing the basic criterion of whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that the basic criterion would not be met.

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 at fixed interest rates and cash and cash equivalents. This facilitates and minimizes the complexity of the assessment of whether or not the financial assets meets the basic criterion of representing 'solely payments of principal and interest'.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(ii) Classification and subsequent measurement (continued)

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 amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividends clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to 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 of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of 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 of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.16. Financial liabilities

(i) Recognition and initial measurement

Debt securities issued are initially recognised when they are originated. All other financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as at FVTPL on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial liability 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 extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.17. Offsetting of 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 realise the asset and settle the liability simultaneously.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.18. Impairment of non-derivative financial assets

Recognition of loss allowances

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;
- and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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 realising security (if any is held); or
- the financial asset is more than 360 days past due.

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

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Recognition of loss allowances (continued)

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 amortised cost and debt securities at FVOCI 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.

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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

3.19. Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the statement of income in the period incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.20. Share capital

Share capital consists of ordinary shares. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds of those transactions. Any excess of the fair value of the consideration received over the par value of the shares issued is presented in the notes as a share premium. Where the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group’s equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group’s equity holders.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.21. Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3.22. Segment reporting

Segment represents a separable part of the Group either as a part engaged in providing products or services (business segment) or as a part engaged in providing products or services within a particular economic environment (geographical segment) that is subject to risk and benefits that differ from those of other segments. The Group does not report segment information in terms of the requirement of IFRS 8 Operating segments as internal reporting is not based on segmental information other than revenues per type of cargo which is disclosed within note 7 to the financial statements.

3.23. Taxation

(i) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled companies when it is probable that their status will not change in the near future.

NOTE 3 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(ii) Deferred tax assets and liabilities (continued)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 realised simultaneously.

(ii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iii) Value added tax (VAT)

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the statement of financial position on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount receivable, including VAT.

3.24. Events after the reporting period

Events that occur after the reporting period and provide necessary information about the Company's position on the reporting date (adjusting events) are reflected in the financial statements. Events that occur after the reporting period and are not adjusting events are disclosed in the notes when they are significant

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

Critical judgements and estimates in applying accounting policies

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed below.

(i) Accounting for the Concession Agreement

Characteristics of the Concession Agreement

A significant part of the Group's registered activity is performed on an area under concession over maritime domain. According to the Maritime Domain and Seaports Act, the maritime domain is managed by the Port Authority of Rijeka, who is the concession Grantor. The concession agreement ("Concession Agreement") was originally signed on 19 September 2000 for a period of 12 years and modified in 2011 thereby, amongst modifying other terms, extending the concession period by a further 30 years ending in 2042. The concession agreement concerns the port operations in the port of Rijeka area, at the risk and responsibility of the Operator and taking into account; the applicable technical regulations; the terms and conditions of the licence for provision of port services; minimal service limits, and other requirements specified by the Port Authority of Rijeka. According to the concession arrangement, the Operator will have the right of use over the assets representing the infrastructure of the port owned by the Port Authority of Rijeka for the purpose of providing port services.

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Accounting for the Concession Agreement (continued)

Under the Concession Agreement, the Operator has the obligation to cover all costs associated with performing concession activities (energy, water, gas, postal and telephone services, garbage collection and similar related costs), as well as utilities, water charges, water protection fees, insurance costs and other miscellaneous fees arising from the use of area under concession. In addition to the above costs, the Operator pays an annual concession fee composed of a fixed fee per square meter of area under concession and a variable fee per tonne of each type of cargo transshipped through the port of Rijeka.

The Concession Agreement also defines obligations of the Operator to incur capital expenditure relating to the maintenance and replacement of port infrastructure assets and investments into equipment required for port operations in the concession area in a total amount of EUR 146 million of which approximately EUR 86 million relates to infrastructure related expenditure and investment into owned assets (equipment for port operations). The timing of expenditure and its nature (infrastructure related expenditure as opposed to investments into own assets/equipment) is regulated within a predefined schedule which the Operator is required to adhere to the extent allowable by circumstances (for more details see Note 31). The assets representing the infrastructure of the port (which includes assets over which the right of use was transferred to the Operator at the signing of the Concession Agreement and the infrastructure related expenditure the Operator is required to incur during the concession term) constitute ‘‘relevant assets’’ the Operator is obligated to return back to the Grantor upon expiry of the concession term or demolish, at no cost and upon the request of the Grantor (currently the Operator does not expect any future demolition costs with respect to such assets).

The Group and Company have considered relevant financial reporting standards and interpretations in determining the appropriate approach to accounting for the Concession Agreement. The Group applies IFRS 16 to account for the Concession Agreement but, similar to prior years, continues to annually consider the applicability of IFRIC 12 Service Concession Arrangements (an interpretation governing the accounting for public-to-private service concession arrangements).

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Accounting for the Concession Agreement (continued)

Considerations on the applicability of IFRIC 12

The Concession Agreement represents a form of public-to-private service concession arrangements and most of the characteristics of the arrangement are aligned with those specified in IFRIC 12. However, one of the main factors that related to the applicability of IFRIC 12 is the mechanism which regulates and revises prices of services. The fees charged by the Group to its customers are continuously significantly below the maximum fee tariff prescribed by the Port Authority of Rijeka and management assessed that the mechanism for regulating and revising prices that is currently in place does not represent a substantive price regulation whereby IFRIC 12 is not applicable.

Application of IFRS 16 to the Concession Agreement

By analysing the Concession Agreement, Management concluded that the Concession Agreement is in substance an arrangement containing lease components as defined by IFRS 16 and that the concession area and the related infrastructure represent the underlying identified asset(s) in the arrangement whose economic benefits from use throughout the period of the concession will substantially all be obtained by the Group. The Group has therefore identified the Concession Agreement as an agreement containing a lease which should therefore, in absence of applicability of IFRIC 12, be accounted for under IFRS 16.

Since the Concession Agreement contains various obligations which include, among other things, an obligation to pay fixed and variable concession fees, obligation to incur infrastructure-related expenditure as well as expenditure for own assets and maintenance in the concession area, the Group exercises judgement in identifying the lease and non-lease components in the arrangement.

In this context, the Group concluded that the obligations relating to payment of fixed concession fees and infrastructure- related expenditure represent lease components under IFRS 16 while the remaining obligations relating to expenditure for own assets (equipment) and maintenance as well as payments of variable concession fees do not represent lease components and are therefore accounted for under other relevant standards, primarily IAS 16 Property, plant and equipment.

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Accounting for the Concession Agreement (continued)

In terms of the duration of the lease term, the Group concluded that the currently valid concession term ending in 2042 and starting from the end of 2011 (date of latest substantial modification of the Concession Agreement) is the most appropriate expected lease term for the purposes of measurement of ROU asset and relevant liabilities.

The Group also exercises judgements in assessing the recoverability of the ROU assets and determining the appropriate approach to impairment testing. In this context, the Group assessed the recoverability of the ROU assets recognised on transition to IFRS 16 in the preceding year as part of an impairment test on the level of a larger cash generating unit (CGU) which comprises both the area within and outside of the concession area (such as the supporting warehousing and logistics terminal). The recoverable amount of the combined CGU was measured using a present value technique based on a discounted cash flow model which required a significant degree of judgement in evaluating the reasonableness of grouping of assets into the combined CGU, the reasonableness of assumptions with respect to cash flow forecasts of the CGU and the determination of the appropriate discount rate and growth rate. The impairment test model included cash flow projections discounted with a weighted average cost of capital (WACC) of 8,5% and implied an annual growth rate of between 0.5% and 1% after the project period ending 2028.

The projected cash flows also reflect the expected use of EU (INEA) grants for currently active CEF projects for rehabilitation and modernisation of the port area. The Group and the Port Authority of Rijeka applied for financing from EU structuring funds for these projects which should be completed by the end of 2024 and have received confirmation of funding in the amount of up to a maximum of 85% of the total expected capital expenditure of EUR 39,7 million.

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Accounting for the Concession Agreement (continued)

The Group observed disruptions in its operations due to the COVID 19 pandemic which has primarily affected the timeline of the execution of investments into the concession area (namely CEF projects), a significant part of which was to be executed by the reporting date. However, given a number of restrictions imposed by the pandemic, the Group reassessed the project execution timeline and now expect a 1-year delay in executing the CEF projects. Since this change in the timing of cash flows was deemed significant given the magnitude of investments which amount to a total of 39.7 million euro, the Group remeasured the relevant ROU liability to reflect the modification in timeline of expected lease payments at a discount rate of 3,5% based on currently expected interest rates on long term debt. The effect of the remeasurement was accounted for as a change in the ROU liability with a corresponding effect on the ROU asset.

(ii) Deferred tax assets recognition

The net deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgements and applies estimation based on previous years taxable profits and expectations of future income that are believed to be reasonable under the existing circumstances (see notes 3.23 and 14).

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iii) Actuarial estimates used in determining obligations for employee benefits

The cost of defined benefits is determined using actuarial estimates. Actuarial estimates involve assumptions about discount rates, future salary increases, staff turnover and the mortality or fluctuation rates. Due to the long-term nature of those plans, these estimates contain an element of uncertainty (see note 3.13 and 26).

(iv) Consequences of certain legal actions

There are a number of legal actions which have arisen from the regular course of operations. Management makes estimates of probable outcomes of the legal actions and recognises provisions for liabilities arising from these actions on a consistent basis.

The Group recognises a provision in the total expected amount of outflows of economic benefits as a result of the court case, which is generally the claim amount plus the estimated related legal costs and penalty interest (if applicable), if it is more likely than not, based on the opinion of management after consultation with legal advisers, that the outcome of the court case will be unfavourable for the Group. The Group does not recognise provisions for court cases or the expected related legal costs and penalty interest (if applicable) in cases where management estimates that an unfavourable outcome of the court case is less likely than a favourable outcome for the Group.

Where indications exist of a possible settlement in relation to a particular court case, a provision is recognised, based on the best estimate of management made in consultation with its legal advisers, in the amount of the expected settlement less any existing amounts already provided for in relation to that particular court case.

Where the Group is a plaintiff in a particular court case, any economic benefits expected to flow to the Group as a result are recognised only when virtually certain which is generally as at the date of inflow of these economic benefits.

Provisions for the Group's obligations arising legal actions are recognised on a consistent basis and estimated on a case by case principle (see note 3.14 and 26).

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(v) Recoverability of trade and other receivables

The recoverable amount of trade and other receivables is estimated at present value of future cash flows discounted at the market interest rate at the measurement date. Short-term receivables with no stated interest rate are measured by the amount of original invoice if the effect of discounting is not significant.

The Group regularly reviews the ageing structure of trade receivables and monitors the average collection period. In cases where debtors with extended payment periods (generally above 120 days) are identified, the Group reduces the related credit limits and payment days for future transactions and, in cases where it deems it necessary, imposes restrictions on future transactions or delivery of cargo held in storage until the outstanding balance is repaid either entirely or in part. In cases where the Group identifies receivables toward debtors which have entered into pre-bankruptcy or bankruptcy proceedings, an impairment loss is immediately recognised in full.

In the process of regulating the collection of overdue debts, the Group actively negotiates with the respective debtors taking into account expectations of future business relations, significance of exposure to an individual debtor, possibilities of compensation, exercise of instruments of security (if any) or seizure of assets etc.

(vi) Revaluation of land

As the Group applies the revaluation model of accounting for land, management applies judgement with respect to the adequacy of the frequency of revaluations ensuring that they are performed on a basis regular enough to ensure that the carrying amount does not differ materially from the amount which would be determined using fair values at the reporting date. Management also applies judgement in ensuring that the revaluations are performed based on valuation reports from independent, expert valuers and, where applicable, that the estimates and assumptions used by the valuers reflect the management's own understanding of the specifics attached to each particular land plot.

NOTE 5 – DETERMINING FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group 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 support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

All significant issues related to fair values estimates are reported to the Supervisory Board and the Audit Committee. Fair values are categorised into different level in a fair value hierarchy based on the inputs 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 maximise 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.

NOTE 5 – DETERMINING FAIR VALUES (CONTINUED)

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

In preparing these financial statements, the Group has made the following significant fair value estimates statements as further explained in detail in following notes:

- note 16: Intangible assets and property, plant and equipment (with respect to land)

NOTE 6 – NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

(i) Standards and Interpretations effective in the current period

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee and adopted by the EU are effective for the current period (effective date for annual periods beginning on or after 1 January 2023):

- IFRS 17 Insurance contracts, issued on 18 May 2017; including Amendments to IFRS 17 issued on 25 June 2020.
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, issued on 9 December 2021.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, issued on 7 May 2021.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules, issued on 23 May 2023.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, issued on 12 February 2021.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on 12 February 2021.

The adoption of these standards and interpretations did not have an impact on the Company's and the Group financial statements.

(ii) Standards and interpretations issued by IASB and endorsed by EU but not yet effective:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date, issued on 23 January 2020 and 15 July 2020 respectively.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on 22 September 2022.

The Company and the Group does not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the financial statements.

7. Revenue from sales

	2023 *(in TEUR) Group*	2022 *(in TEUR) Group*	2023 *(in TEUR) Company*	2022 *(in TEUR) Company*
Sales to domestic customers	6.635	6.141	6.471	6.080
Sales to foreign customers	22.760	21.986	22.760	21.981
Total	**29.395**	**28.127**	**29.231**	**28.061**
An overview of revenue per type of cargo is given below:				
General cargo	9.960	8.528	9.960	8.528
Bulk cargo	7.617	8.038	7.617	8.038
Containers	3.616	3.613	3.616	3.613
Other port services	8.202	7.948	8.038	7.882
Total	**29.395**	**28.127**	**29.231**	**28.061**

General and bulk cargo revenue relates to services in relation to transhipment of those types of cargo for which the Group charges fees based on tonnes of transhipped cargo while other port services and containers relate to storage, warehouse handling and other services related to transhipment of other types of cargo.

8. Other income

	2023 *(in TEUR) Group*	2022 *(in TEUR) Group*	2023 *(in TEUR) Company*	2022 *(in TEUR) Company*
Gain on sale of non-current tangible and intangible assets	76	214	63	214
Donations and grants	734	441	734	441
Reversal of impairment of land (Note 16)	1.618	-	1.618	-
Insurance recoveries	52	43	44	43
Rental income *(i)*	2.068	1.764	2.082	1.771
Reversal of provisions	27	-	27	-
Deffered income - CEF	236	-	236	-
Other income	31	61	26	43
Total	**4.842**	**2.523**	**4.830**	**2.512**

(i) Rental income relates to income from rental of parking lots and offices in the city of Rijeka.

9. Materials, services and consumables used

	2023 *(in TEUR) Group*	**2022** *(in TEUR) Group*	**2023** *(in TEUR) Company*	**2022** *(in TEUR) Company*
Energy	3.936	2.738	3.763	2.565
Utilities	798	664	797	663
Postage and telecommunications	62	70	57	66
Concession fees *(i)*	276	292	276	292
Transport services	778	902	2.020	1.957
Quality control and desinfection	334	220	334	220
Freight handling services	33	243	33	243
Maintenance	1.195	1.328	1.404	1.329
Raw materials and consumables	1.259	1.020	1.196	1.105
Rent	565	293	566	245
Other materials expenses	334	152	143	114
Total	**9.569**	**7.922**	**10.589**	**8.799**

(i) Expenses for concession fees in most significant part relate to the variable concession fee payable under the Concession Agreement. In addition to these variable concession fees, the Group and Company also incurred expenditure relating to fixed or in-substance fixed concession fees in the amount of EUR 513 thousand (2022: EUR 535 thousand) which have been accounted for as a reduction in the liability for concession assets with right-of-use.

10. Personnel expenses

	2023 *(in TEUR)* *Group*	2022 *(in TEUR)* *Group*	2023 *(in TEUR)* *Company*	2022 *(in TEUR)* *Company*
Gross salaries and wages	10.682	9.475	10.186	9.071
Contributions on salaries	1.779	1.582	1.683	1.501
Other employee related costs	1.476	655	1.425	599
Total	**13.938**	**11.711**	**13.294**	**11.171**

As at 31 December 2023 the number of staff employed by the Group was 655 (2022: 519) while the Company employed 638 employees (2022: 503). In 2023, the Group average number of employees was 654 (2022: 614), while the Company's average number of employees was 635 (2022: 595).

11. Other expenses

	2023 *(in TEUR)* *Group*	2022 *(in TEUR)* *Group*	2023 *(in TEUR)* *Company*	2022 *(in TEUR)* *Company*
Bank charges	44	48	41	46
Intellectual services	235	241	221	222
Fines and penalties	158	485	158	487
Reimbursement of costs to employees	506	450	486	429
Severance pays *(i)*	1	17	1	17
Non-income related taxes, contributions and fees *(ii)*	1.509	1.502	1.493	1.491
Insurance	377	334	357	317
Court fees and expenses	42	13	42	13
Impairment of receivables	111	-	111	-
Marketing and entertainment	38	22	37	21
Increase in provisions for court cases	219	650	219	650
Other expenses	179	270	179	257
Total	**3.418**	**4.032**	**3.345**	**3.950**

(i) Non-income related taxes, contributions and fees relate to utility charges and fees for water regulation.

12. Finance income

	2023 *(in TEUR) Group*	2022 *(in TEUR) Group*	2023 *(in TEUR) Company*	2022 *(in TEUR) Company*
Interest and similar income	16	1	15	1
Foreign exchange gains	-	65	-	65
Other financial income *(i)*	-	-	-	7.479
Total	**16**	**66**	**15**	**7.545**

(i) Other financial income in 2022 relates to dividend income from the associated company Jadranska vrata d.d. (2023: EUR 0 thousand).

13. Finance costs

	2023 *(in TEUR) Group*	2022 *(in TEUR) Group*	2023 *(in TEUR) Company*	2022 *(in TEUR) Company*
Interest and similar expenses *(i)*	2.423	2.137	2.418	2.135
Foreign exchange losses	13	194	13	195
Total	**2.436**	**2.331**	**2.431**	**2.330**

(i) Interest and similar expenses include EUR 1.331 thousand (2022: EUR 1.337 thousand) for expense for unwinding of discount on the liability for concession assets with right of use while remaining amounts mainly include interest on bank loans.

14. Income tax

Tax income consists of:

	2023 *(in TEUR)* *Group*	**2022** *(in TEUR)* *Group*	**2023** *(in TEUR)* *Company*	**2022** *(in TEUR)* *Company*
Current income tax	69	40	-	-
Deferred tax	291	-	291	-
Income tax expense / (benefit)	**360**	**40**	**291**	**-**

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

	2023 *(in TEUR)* *Group*	**2022** *(in TEUR)* *Group*	**2023** *(in TEUR)* *Company*	**2022** *(in TEUR)* *Company*
Tax calculated at 18% (2022: 18%)	**1.537**	**1.391**	**233**	**1.642**
Non-taxable income	(345)	(18)	(345)	(1.364)
Non-deductible expenses	277	384	277	384
Tax effect of share in result of equity accounted investee	(1.235)	(1.049)	-	-
Tax incentive - reduction of tax rate	-	(2)	-	(2)
Effect of unused tax loss	-	4	-	-
Effect of utilized tax losses	(165)	(669)	(165)	(660)
Effect of deferred taxes	291	-	291	-
Tax expense / (benefit) recognised in the statement of comprehensive income	**360**	**40**	**291**	**-**
Effective tax rate	23%	3%	125%	-

As at 31 December 2023, the Company and the Group has unused tax losses to carry forward of EUR 912 thousand and EUR 957 thousand, respectively (31 December 2022:EUR 1.831 thousand and EUR 1.879 thousand, respectively).

14. Income tax (continued)

Movement in deferred tax assets for the Company and the Group was as follows:

2023 Group and Company	**Opening balance** *(in TEUR)*	**Recognised in equity** *(in TEUR)*	**Recognised in profit or loss** *(in TEUR)*	**Closing balance** *(in TEUR)*
Land and buildings	1.090	-	(291)	799
Other financial assets	42	-	-	42
Provision for employee entitlements	57	-	-	57
Total	**1.189**	**-**	**(291)**	**898**

2022 Group and Company	**Opening balance** *(in TEUR)*	**Recognised in equity** *(in TEUR)*	**Recognised in profit or loss** *(in TEUR)*	**Closing balance** *(in TEUR)*
Land and buildings	1.090	-	-	1.090
Other financial assets	42	-	-	42
Provision for employee entitlements	57	-	-	57
Total	**1.189**	-	-	**1.189**

Deferred tax assets with respect to provisions relate to temporary differences arising from provisions on employee entitlements (jubilee awards and retirement benefits) while the deferred tax asset with respect to land and buildings mostly relates to the impairment real estates recorded in previous periods as presented in more detail in note 16.

14. Income tax (continued)

Movement in deferred tax liability for the Group was as follows:

2023 Group	Opening balance *(in TEUR)*	Recognised in equity *(in TEUR)*	Recognised in profit or loss *(in TEUR)*	Closing balance *(in TEUR)*
Revaluation of land	850	-	1.549	2.399
Financial assets available for sale	1	-	-	1
Investments in equity accounted investees	671	-	-	671
Total	**1.522**	**-**	**1.549**	**3.071**

2022 Group	Opening balance *(in TEUR)*	Recognised in equity *(in TEUR)*	Recognised in profit or loss *(in TEUR)*	Closing balance *(in TEUR)*
Revaluation of land	850	-	-	850
Financial assets available for sale	1	-	-	1
Investments in equity accounted investees	671	-	-	671
Total	**1.522**	**-**	**-**	**1.522**

Movement in deferred tax assets for the Company was as follows:

2023 Company	Opening balance *(in TEUR)*	Recognised in equity *(in TEUR)*	Recognised in profit or loss *(in TEUR)*	Closing balance *(in TEUR)*
Revaluation of land	850	-	1.549	2.399
Investments in equity accounted investees	1	-	-	1
Total	**851**	**-**	**1.549**	**2.400**

2022 Company	Opening balance *(in TEUR)*	Recognised in equity *(in TEUR)*	Recognised in profit or loss *(in TEUR)*	Closing balance *(in TEUR)*
Revaluation of land	850	-	-	850
Investments in equity accounted investees	1	-	-	1
Total	**851**	**-**	**-**	**851**

14. Income tax (continued)

At Group level, the deferred tax liability relating to investments in equity accounted investees relates to the surplus from measurement of remaining interest in a former subsidiary Jadranska vrata d.d. as a result of loss of control subsequent to the Group disposing of 51% of its shareholding in the subsidiary in 2011.

Deferred tax liability with respect to land stems from the Company's and the Group's application of the revaluation model of accounting for land and the respective revaluations.

15. Earnings per share

	2023 *(in TEUR)* *Group*	**2022** *(in TEUR)* *Group*
Income / (Loss) for the year (in thousands of EUR)	8.180	7.685
Total and weighted number of issued shares	13.480.475	13.480.475
Earnings per share (basic and diluted) in EUR	**0,61**	**0,57**

Basic earnings per share are determined by dividing the Group's net earnings with the weighted average number of ordinary shares in issue during the year. The Group does not own any treasury shares. The Group has not issued any potentially dilutive instruments.

16. Intangible assets, property, plant and equipment

Movement in intangible asset and property, plant and equipment for the Group was as follows:

(in TEUR)	Software	Land	Buildings	Equipment and fittings	Leasehold improvements	Assets under construction and advances	Total
Cost or revalued amount							
At 1 January 2022	**620**	**28.795**	**49.116**	**22.107**	**49**	**195**	**100.882**
Additions	30	-	-	143	-	6.149	6.321
Transfers	-	-	1.539	1.445	-	(2.984)	-
Disposals and write-off's	-	-	-	(346)	-	(34)	(380)
At 31 December 2022	**650**	**28.795**	**50.655**	**23.349**	**49**	**3.325**	**106.823**
Additions	80	8.608	-	205	1	3.352	12.246
Transfers	-	-	129	4.534	-	(4.663)	-
Disposals and write-off's	-	-	-	(111)	-	-	(111)
At 31 December 2023	**730**	**37.403**	**50.784**	**27.977**	**50**	**2.014**	**118.957**
Accumulated depreciation and impairment losses							
At 1 January 2022	**619**	**1.681**	**9.214**	**20.269**	**12**	**-**	**31.795**
Charge for the year	4	-	1.204	578	2	-	1.788
Disposals and write-off's	-	-	-	(325)	-	-	(325)
At 31 December 2022	**623**	**1.681**	**10.418**	**20.523**	**13**	**-**	**33.258**
Charge for the year	3	-	1.233	889	2	-	2.127
Disposals and write-off's	-	-	-	(98)	-	-	(98)
Reversal of impairment of land	-	(1.618)	-	-	-	-	(1.618)
At 31 December 2023	**626**	**63**	**11.651**	**21.314**	**15**	**-**	**33.669**
Carrying amount							
At 31 December 2022	**27**	**27.114**	**40.237**	**2.826**	**36**	**3.325**	**73.565**
At 31 December 2023	**104**	**37.340**	**39.133**	**6.663**	**35**	**2.014**	**85.288**

16. Intangible assets, property and equipment (continued)

Movement in intangibles, property, plant and equipment for the Company was as follows:

(in TEUR)	Software	Land	Buildings	Equipment and fittings	Leasehold improvements	Assets under construction and advances	Total
Cost or revalued amount							
At 1 January 2022	**620**	**28.795**	**49.116**	**21.181**	**49**	**195**	**99.956**
Additions	30	-	-	4	-	6.149	6.182
Transfers	-	-	1.539	1.445	-	(2.984)	0
Disposals and write-off's	-	-	-	(300)	-	(34)	(334)
At 31 December 2022	**650**	**28.795**	**50.655**	**22.330**	**49**	**3.325**	**105.804**
Additions	80	8.608	-	-	1	3.352	12.041
Transfers	-	-	129	4.534	-	(4.663)	-
Disposals and write-off's	-	-	-	(40)	-	-	(40)
At 31 December 2023	**730**	**37.403**	**50.784**	**26.824**	**50**	**2.014**	**117.805**
Accumulated depreciation and impairment losses							
At 1 January 2022	**619**	**1.681**	**9.214**	**19.473**	**12**	**-**	**30.999**
Charge for the year	4	-	1.204	502	2	-	1.713
Disposals and write-off's	-	-	-	(284)	-	-	(284)
At 31 December 2022	**623**	**1.681**	**10.418**	**19.691**	**14**	**-**	**32.427**
Charge for the year	3	-	1.233	797	2	-	2.035
Disposals and write-off's	-	-	-	(27)	-	-	(27)
Reversal of impairment of land	-	(1.618)	-	-	-	-	(1.618)
At 31 December 2023	**626**	**63**	**11.651**	**20.461**	**16**	-	**32.817**
Carrying amount							
At 31 December 2022	**27**	**27.114**	**40.237**	**2.639**	**35**	**3.325**	**73.377**
At 31 December 2023	**104**	**37.340**	**39.133**	**6.363**	**34**	**2.014**	**84.988**

16. Intangible assets, property, plant and equipment (continued)

Land and buildings of the Company with a carrying amount of EUR 54.668 thousand (2022: EUR 55.775 thousand) are mortgaged against the Company's borrowings.

Revaluation of land

The Group and the Company revalued their land during the fourth quarter of 2023 based on fair value estimates made by an independent expert valuer. The carrying amount that would have been recognised had the land been carried under the cost model amounts to EUR 22.664 thousand (2022: EUR 22.664 thousand). Based on the performed assessments of the fair value of the land, the loss from the reduction of the land, which was carried out during 2018 in the amount of EUR 1.618 thousand, was canceled. As at 31 December 2023, the revaluation surplus recognised in revaluation reserves amounts to EUR 10.931 thousand (2022: EUR 3.873 thousand).

17. Investment property

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Cost				
At 1 January	**1.250**	**1.350**	**1.250**	**1.350**
Disposals and write-off's	(32)	(100)	(32)	(100)
Total	**1.218**	**1.250**	**1.218**	**1.250**
Accumulated depreciation				
At 1 January	**521**	**538**	**521**	**538**
Charge for the year	12	13	12	13
Disposals and write-off's	(10)	(30)	(10)	(30)
	523	**521**	**523**	**521**
Carrying amount as at 31 December	**695**	**729**	**695**	**729**

Investment property relates to 31 apartments (2022: 32 apartments) owned by the Group and leased for an indefinite period to protected tenants.

Following the revision of the lease agreements with protected tenants, instead of paying a protected lease rental fee, the tenants agreed to pay for mandatory monthly maintenance fees and operational expenses stemming from the use of the apartments. As a result, the Group does not generate rental income from apartments but also does not incur direct operating expenses (including maintenance and repairs) as these are borne by lessees.

Overall business operations relating to investment property are performed by the subsidiary Stanovi d.o.o.

18. Investments in subsidiairies and equity accounted investees

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Investments in subsidiaries	-	-	8	8
Investment in equity accounted investees	24.633	17.773	1.556	1.556
Total	**24.633**	**17.773**	**1.564**	**1.564**

The investments in subsidiaries are as follows:

	Ownership interest		Investment	
(in TEUR)	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Luka - prijevoz d.o.o.	100%	100%	3	3
Stanovi d.o.o.	100%	100%	3	3
Luka Rijeka Container Depot d.o.o.	100%	100%	3	3
			8	**8**

The investments in equity accounted investees relate to the following:

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Jadranska vrata d.d.				
- at cost	-	-	1.556	1.556
- applying the equity method	24.633	17.773	-	-
Total	**24.633**	**17.773**	**1.556**	**1.556**

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*
As at 1 January	17.773	19.423
Share of profit/(loss) of associate	6.860	5.829
Dividend payment	-	(7.479)
As at 31 December	**24.633**	**17.773**

18. Investments in subsidiairies and equity accounted investees (continued)

Summary of information about the equity accounted investee Jadranska vrata d.d. is as follows:

Jadranska vrata d.d.	31.12.2023 *(in TEUR)*	31.12.2022 *(in TEUR)*
Assets	46.106	32.164
Liabilities	3.342	3.401
Revenue	36.509	31.979
Net profit	14.001	11.898

The General Assembly of the company Jadranska vrata d.d. did not voted for a dividend during 2023 (2022: EUR 15.263 thousand), of which in 2022 EUR 7.479 thousand related to the dividend payable to the Company, which was recognized within financial income in the unconsolidated financial statements in 2022.

19. Non-current financial assets

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Non-current receivables for apartments sold	6	39	6	39
Other financial assets	55	5	55	5
	61	**44**	**61**	**44**

Receivables for apartments sold

In 2023, 154 apartments were repaid in full (2022: 207 apartments). As at 31 December 2023, a total of 319 apartments were in repayment (2022: 474 apartments).

20. Current financial assets

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Short-term deposits in banks	246	93	246	93
Given loans	-	-	112	110
As at 31 December	**246**	**93**	**358**	**203**

Interest rate on short-term deposits are fixed, ranging from 0,01% to 0,50% per annum.

21. Trade and other receivables

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
Receivables from domestic customers	3.594	2.139	3.589	2.134
Receivables from foreign customers	1.424	2.428	1.424	2.428
Receivables for apartments sold on credit	96	137	96	137
Taxes, contributions and fees receivable	39	26	39	26
Advances given	183	489	183	487
VAT receivable	1.278	146	1.257	130
Prepaid expenses	102	70	101	70
Other receivables	118	68	61	5
	6.834	**5.503**	**6.750**	**5.417**

Movements in the accumulated impairment allowance for trade receivables are as follows:

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
At 1 January	1.756	1.726	1.756	1.726
Increase	111	-	111	-
Collected	(16)	(2)	(16)	(2)
Written-off	-	(2)	-	(2)
Exchange rates	34	34	34	34
At 31 December	**1.885**	**1.756**	**1.885**	**1.756**

Impairment losses on trade receivables are included in note 'Other expenses'.

21. Trade and other receivables (continued)

Ageing analysis of trade receivables is as follows:

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
Non-matured	3.216	3.508	3.216	3.503
Up to 90 days	1.533	717	1.528	717
91-180 days	72	32	71	32
181-360 days	107	50	107	50
Over 360 days	91	260	91	260
	5.019	**4.567**	**5.013**	**4.562**

Trade receivables are denominated in following currencies:

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
EUR	5.019	4.527	5.013	4.522
USD	-	40	-	40
	5.019	**4.567**	**5.013**	**4.562**

22. Cash and cash equivalents

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
Cash with banks	5.458	18.062	5.068	17.649
Cash at hand	1	8	1	-
	5.459	**18.070**	**5.069**	**17.649**

Cash with banks relates to cash accounts with commercial banks carrying an average interest rate of 0,01% per annum. Cash with banks includes EUR 90 thousand (2022: EUR 6.080 thousand) of restricted funds relating to grants received for the purpose of capital investments into CEF project for which bank guarantees have been issued.

Cash and cash equivalents are denominated in the following currencies:

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
EUR	5.079	17.799	4.689	17.378
USD	380	270	380	271
	5.459	**18.069**	**5.069**	**17.649**

23. Share capital

	31.12.2023 *(in TEUR)* *Group/Company*	31.12.2022 *(in TEUR)* *Group/Company*
Share capital	67.402	71.567
	67.402	**71.567**

In accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the Group and the Company's share capital was recalculated from the amount of 539.219 HRK thousand to the amount of EUR 71.567 thousand. The individual nominal amount of the ordinary share of the symbol LKRI was recalculated from the amount of HRK 40 to the amount of EUR 5,33.

At the General Assembly held on August 25, 2023, the Company made a decision to adjust or reduce the share capital according to the provisions of the ZIZTD (Official Gazette 114/22), (for the purpose of rounding the value of the shares from EUR 5.33, which was calculated at the fixed exchange rate, to EUR 5) reducing it from EUR 71.567 thousand by EUR 4.164 thousand to EUR 67.402 thousand. The amount of reduction of the share capital of EUR 4,164 thousand was transferred to capital reserves.

As at 31 December 2023, the Group and the Company's share capital amounted to EUR 67.402 thousand, distributed among 13.480.475 shares with a nominal value of each share amounting to EUR 5. All issued shares are fully paid in and authorised.

23. Share capital (continued)

An overview of key shareholders and the shareholder structure as of the date of the statement of financial position is as follows:

	% of ownership	
	2023	**2022**
PORT ACQUSITIONS A.S.	34,34%	-
CERP/Republika Hrvatska	25,02%	25,02%
OTP BANKA D.D./ AZ OMF KATEGORIJE B	15,02%	15,02%
ERSTE & STEIERMARKISCHE BANK D.D./PBZ CO OMF - KATEGORIJA B	7,60%	7,60%
OTP BANKA D.D./ ERSTE PLAVI OMF KATEGORIJE B	6,81%	6,81%
ERSTE & STEIERMARKISCHE BANK D.D.	1,60%	1,89%
OTP BANKA D.D./ ERSTE PLAVI EXPERT - DMF	0,91%	0,91%
OTP BANKA D.D./ AZ OMF KATEGORIJE A	0,85%	0,85%
ZAGREBAČKA BANKA D.D./ AZ PROFIT OTVORENI DMF	0,71%	-
RUBICON PARTNERS VENTURES ASI SP. Z O.O.	-	17,51%
PRIVREDNA BANKA ZAGREB D.D. - Skrbnički račun	-	8,75%
OT LOGISTICS SPOLKA AKCYJNA	-	7,87%
Other shareholders	7,14%	7,77%
Total	**100%**	**100%**

Change in voting rights

By the date of approval of these financial statements, the company Port Acquisitions a.s. with headquarters in Prague, Czech Republic on March 14, 2023 acquired 33,73% of the ordinary shares of the Company, and exceeds the threshold of 25% with voting rights of the Issuer and after additional acquisitions, it holds a total of 34,34% of votes at the Issuer's General Assembly.

24. Reserves

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Capital and other reserves	9.291	5.126	9.291	5.126
Revaluation reserves	10.931	3.873	10.931	3.873
	20.222	**8.999**	**20.222**	**8.999**

The Company is required to create legal reserves under Croatian law amounting to a minimum of 5% of the profit for the year until the total legal reserves reach 5% of the share capital. The Company currently does not have any legal reserve.

Revaluation reserve relates to the revaluation of land.

25. Borrowings

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Non-current borrowings				
Bank loans	13.226	15.453	13.226	15.453
Lease liabilities	118	105	30	84
	13.344	**15.558**	**13.256**	**15.537**
Current borrowings				
Bank loans	2.293	1.773	2.293	1.773
Lease liabilities	94	73	54	53
	2.387	**1.846**	**2.347**	**1.826**
Total borrowings	**15.730**	**17.404**	**15.603**	**17.363**

The maturity of bank loans and loans from other financial institutions at the reporting date is as follows:

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
1 year or less	2.234	1.709	2.293	1.709
1 - 2 years	2.106	2.234	2.106	2.234
2 – 5 years	5.468	5.752	5.468	5.752
Over 5 years	5.711	7.531	5.652	7.531
	15.519	**17.226**	**15.519**	**17.226**

The carrying amounts of the Group's borrowings are denominated in euro.

25. Borrowings (continued)

The maturity of finance lease liabilities at the reporting date is as follows:

	31.12.2023 *(in TEUR)* *Group*	31.12.2022 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Company*	31.12.2022 *(in TEUR)* *Company*
Up to 1 year	94	73	54	53
Between 1 and 2 years	65	68	30	54
Between 2 and 5 years	52	37	-	30
Over 5 years	-	-	-	-
	211	**178**	**84**	**137**

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

	Loans *(in TEUR)*	Leases *(in TEUR)*	Total *(in TEUR)*
Balance as at 1 January 2023	**17.225**	**178**	**17.403**
Cash transactions:			
Loans repaid	(1.706)	-	(1.706)
Received loans	-	150	150
Leases repaid	-	(117)	(117)
Total cash transactions	**(1.706)**	**33**	**(1.673)**
Non-cash transactions			
Exchange rate effect	-	-	-
Other non-cash transactions	-	-	-
Balance as at 31 December 2023	**15.519**	**211**	**15.730**

Liability for concession related right-of-use assets is disclosed separately as is the reconciliation of movement in said liability with cash flows from financing activities. See note 31.

Bank loans

Bank loans amounting to EUR 14.825 thousand have variable interest rates (2022: EUR 16.120 thousand). The variable interest rates for bank loans were in the range from 4,3% to 7,9% per annum (2022: from 1,5% to 5,9%).

Bank loans amounting to EUR 694 thousand have fixed interest rates (2022: EUR 1.105 thousand). The fixed interest rates for bank loans included in the table above were around 3% (2022: around 3%).

25. Borrowings (continued)

Leases

Leases of the Group and the Company relate to finance leases of equipment in the amount of EUR 211 thousand of equity as at 31 December 2023 with an interest rate of 3% to 6,25% per annum (2022: 3%).

Security

Bank borrowings in the amount of EUR 15.519 thousand (2022: EUR 17.225 thousand) are secured by mortgages over the Company’s and Group's land and buildings (Note 16).

Debt terms

Under the loan agreement, the Group is obliged to comply with certain borrowing conditions, which it fulfilled during the reporting period.

26. Provisions

Group and Company	Jubilee awards and retirement benefits (in TEUR)	Legal cases (in TEUR)	Total (in TEUR)
As at 31 December 2022			
Non-current	314	-	314
Current	-	929	929
	314	**929**	**1.243**
As at 31 December 2023			
Non-current	286	-	286
Current	-	784	784
	286	**784**	**1.070**

Movement in provisions was as follows:

Group and Company	Jubilee awards and retirement benefits (in TEUR)	Legal cases (in TEUR)	Total (in TEUR)
As at 1 January 2022	314	791	1.105
Increase	-	650	650
Decrease	-	(512)	(512)
As at 31 December 2022	**314**	**929**	**1.243**
As at 1 January 2023	314	929	1.243
Increase	-	253	253
Decrease	(28)	(398)	(426)
As at 31 December 2023	**286**	**784**	**1.070**

(i) Jubilee awards and regular retirement benefits

According to the Collective Agreement the Group has an obligation to pay jubilee awards and regular retirement benefits. No other post-retirement benefits are provided.

Provisions for both jubilee awards and regular retirement benefits are calculated based on a actuarial calculation using estimates derived on the basis of an actuarial calculation.

26. Provision (continued)

(ii) Legal cases

Legal provisions relate to a number of legal proceedings initiated against the Group which stem from regular commercial activities, and court cases including former employees. The expenses relating to the provisions are included in the income statement within Other expenses.

27. Trade and other payables

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
Trade payables - domestic	3.734	3.043	4.267	3.247
Trade payables - foreign	44	425	44	425
Liabilities toward employees	1.142	896	1.110	870
Liabilities for apartments sold	1.132	1.074	1.132	1.074
Interest payable	30	22	30	22
Other taxes, contributions and fees payable	9	8	9	8
VAT liabilities	1	1	-	-
Salary taxes and contributions payable	435	363	415	348
Deferred income *(i)*	16.541	13.269	16.541	13.269
Accrued expenses	6	145	6	145
Other payables *(ii)*	2.514	1.539	2.442	1.458
	25.589	**20.785**	**25.996**	**20.866**

(i) Two funding contracts were concluded at the end of 2017, as part of the incentives of the European Commission for the reconstruction of the port area in Rijeka and Bakar, between the INEA Agency (the Innovation and Networks Executive Agency) as the Grantor, Port Authority of Rijeka as the coordinator and the Company. The Company and the Port Authority of Rijeka are also considered recipients of the grant (the Company has the right to approximately 96% of the total amount of the grant while the remainder relates to the port authority). The total amount of the grant for both contracts (CEF projects) is up to a maximum of 85% of the costs that will be required for the planned works in this area which amounts to 33.795 thousand euros. As of 31 December 2023, the Company received a total of EUR 16.777 thousand in grant related to the financed projects.

(ii) Continuing with point *(i),* Other payables mostly relate to the obligation to retain the amount of 10% of the interim situations performed for the above mentioned projects until the final situation.

28. Risk management

Capital risk management

Financial leverage ratio

The finance function of the Group reviews the capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. One of the ratios monitored is the financial leverage ratio which was as follows at the reporting date:

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
Debt (long- and short-term borrowings) = D	(15.730)	(17.404)	(15.603)	(17.363)
Short term bank deposits and given loans	246	93	358	203
Cash and cash equivalents	5.459	18.069	5.069	17.649
Net cash / (debt)	**(10.025)**	**758**	**(10.288)**	**490**
Equity = E	**(75.072)**	**(59.835)**	**(51.774)**	**(43.710)**
Financial leverage ratio = D/(D+E)				
excl. concession related liabilities	17%	23%	23%	28%
incl. concession related liabilities	35%	48%	43%	55%

Debt is defined as long-term and short-term borrowings and bonds excluded concession related liabilities. Equity includes all capital and reserves of the Group.

The Group manages its capital to ensure that it will be able to continue as a going concern.

Apart from the financial leverage ratio, the Group regularly monitors the relation between consolidated current assets and liabilities in order to assess the reasonableness of the going concern assumption applied in the preparation of its financial statements and identify any requirements for additional financial via debt or equity.

28. Risk management (continued)

Financial risk management

The Group operates with international customers and finances its operations using borrowings to a significant extent. As a result, the Group is exposed to the effect of changes in market prices and of exchange differences and changes in interest rates. In addition, due to credit terms extended to its customers, the Group is exposed to a risk of default. Categories of financial instruments are as follows:

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
Financial assets at FVOCI	-	-	-	-
Total FVOCI financial assets	-	**-**	-	**-**
Non-current financial assets	61	44	61	44
Short-term financial assets	246	93	358	203
Trade receivables	5.233	4.918	5.170	4.835
Cash and cash equivalents	5.459	18.069	5.069	17.649
Total financial assets at amortised cost	**10.998**	**23.124**	**10.658**	**22.731**
Total financial assets	**10.998**	**23.124**	**10.658**	**22.731**
Lease liabilities	211	178	84	137
Liabilities for concession assets	24.078	36.735	24.078	36.735
Loan liabilities	15.519	17.226	15.519	17.226
Trade payables	7.454	6.103	7.916	6.226
Total financial liabilities at amortised cost	**47.262**	**60.242**	**47.597**	**60.323**
Total financial liabilities	**47.262**	**60.242**	**47.597**	**60.323**

Fair value of financial instruments

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

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

28. Risk management (continued)

Financial instruments held for collection in the normal course of operations are carried at the lower of cost and the net amount less the portion repaid. Fair value is determined as the amount at which a financial instrument can be exchanged between willing and knowledgeable parties in an arm's-length transaction, except in the event of forced sale or liquidation. The fair value of financial instruments is the one quoted on the securities market or obtained using the discounted cash flow method.

As at the reporting date, the carrying amounts of cash and cash equivalents, short-term deposits, receivables, short-term liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their fair value due to the short-term nature of those assets and liabilities and due to the fact that a majority of short term assets and liabilities are at variable interest rates.

Management considers that the fair value of non-current receivables of the Group stemming from the sale of apartments to employees does not significantly differ from the carrying amount due to the currently low market interest rates for such receivables. Management regularly monitors relevant market interest rates on similar assets in order to assess the reasonableness of this assumption.

As at the reporting dates, the carrying amounts of borrowings arising from bank and other loans approximates their fair values as the majority of these borrowings bear variable interest rates or fixed interest rate approximating current market interest rates.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management board which manages the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by monitoring the consolidated net current asset position and addressing any expected current liquidity deficits. Management monitors but does not separately disclose the liquidity analysis at the standalone level as it is considered to be approximate to that at the consolidated level due to relative insignificance of operations in subsidiaries.

28. Risk management (continued)

Liquidity risk analysis

The following tables detail the Group's remaining contractual maturity for its financial liabilities and its financial assets presented in the consolidated statement of financial position at each reporting period end. The tables have been drawn up based on the undiscounted cash flows until maturity and include cash flows from both interest and principal.

(in TEUR)	**Carrying amount**	**Contractual cash flows**	**Up to 1 year**	**1 – 2 years**	**2 - 5 years**	**Over 5 years**
As at 31 December 2023						
Non-interest bearing:						
Non-current receivables	157	157	107	-	-	50
Trade receivables	5.233	5.233	5.233	-	-	-
	5.390	**5.390**	**5.340**	**-**	**-**	**50**
Interest bearing:						
Current financial assets	246	246	246	-	-	-
Cash and cash equivalents	5.459	5.459	5.459	-	-	-
	5.705	**5.705**	**5.705**	**-**	**-**	**-**
Total	**11.094**	**11.094**	**11.044**	**-**	**-**	**50**

(in TEUR)	**Carrying amount**	**Contractual cash flows**	**Up to 1 year**	**1 – 2 years**	**2 - 5 years**	**Over 5 years**
As at 31 December 2023						
Non-interest bearing:						
Trade payables	7.454	7.454	7.454	-	-	-
	7.454	**7.454**	**7.454**	-	-	-
Interest bearing:						
Lease liabilities	211	227	102	69	56	-
Liabilities for concession assets	24.078	26.665	9.944	3.597	11.593	1.531
Loan liabilities	15.519	19.900	3.192	2.934	7.229	6.545
	39.808	**46.792**	**13.237**	**6.600**	**18.878**	**8.076**
Total	**47.262**	**54.245**	**20.691**	**6.600**	**18.878**	**8.076**

29. Risk management (continued)

The Group's analysis shows a deficit of short-term contractual cash flows. However, the majority of the short-term cash outflows relate to the liability for concession assets with right-of-use, more specifically to capital investments into port infrastructure as part of the CEF investment projects. As these projects have been approved for financing from the European Commission (INEA Agency) in the amount of up to a maximum of 85% of planned costs, management believes that the long-term liquidity position is stable.

Liquidity risk analysis (continued)

The contractual maturities of financial assets and liabilities in the preceding period were as follows:

(in TEUR)	**Carrying amount**	**Contractual cash flows**	**Up to 1 year**	**1 – 2 years**	**2 - 5 years**	**Over 5 years**
As at 31 December 2022						
Non-interest bearing:						
Non-current receivables	181	181	137	44	-	-
Trade receivables	4.918	4.918	4.918	-	-	-
	5.099	**5.099**	**5.055**	**44**	**-**	**-**
Interest bearing:	93	93	93	-	-	-
Current financial assets	18.069	18.069	18.069	-	-	-
Cash and cash equivalents	**18.162**	**18.162**	**18.162**	**-**	**-**	**-**
Total	**23.261**	**23.261**	**23.217**	**44**	**-**	**-**

28. Risk management (continued)

(in TEUR)	Carrying amount	Contractual cash flows	Up to 1 year	1 – 2 years	2 - 5 years	Over 5 years
As at 31 December 2022						
Non-interest bearing:						
Lease liabilities	6.103	6.103	6.103	-	-	-
Trade payables	**6.103**	**6.103**	**6.103**	**-**	**-**	**-**
Interest bearing:						
Lease liabilities	178	185	78	70	37	-
Liabilities for concession assets	36.735	39.947	20.373	2.447	15.486	1.640
Loan liabilities	17.226	20.898	2.180	2.902	7.260	8.558
	54.139	**61.030**	**22.631**	**5.419**	**22.783**	**10.198**
Total	**60.242**	**67.133**	**28.734**	**5.419**	**22.783**	**10.198**

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The variable interest rates currently applicable on the carrying values of floating rate debt as at the reporting dates are based on the following:

	31.12.2023 *(in TEUR)* *Group*	**31.12.2022** *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Company*	**31.12.2022** *(in TEUR)* *Company*
EURIBOR based bank loans	14.825	16.120	14.825	16.120

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared by calculating the effect of a reasonably possible increase in interest rates on floating rate debt on the expected contractual cash flows of such debt compared to those calculated using the interest rates applicable at the current reporting period end date. A 50 basis point increase/decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

28. Risk management (continued)

The estimated effect of the reasonably possible change in variable interest rates on the Group's result before tax for the reporting periods is as follows:

(in TEUR)	**Contractual cash flows**
As at 31 December 2023	
At currently applicable int. rates	19.188
At currently applicable int. rates + 50 basis points	19.534
Effect of potential increase of int. rates by 50 basis points	**(346)**

The Group does not hedge interest rate risk as significant changes of interest rates are not expected to occur.

Foreign currency sensitivity analysis

The Group does not currently hedge currency risk with respect to USD is not considered significant.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Customers are classified into risk groupings based on the financial indicators and own trading records, and appropriate credit risk mitigation measures are taken for each risk class. Customers are classified mainly on the basis of official financial statements of customers, and credit ratings supplied by independent rating agencies, and the history of trading with each customer. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by counterparty limits that are reviewed at least annually.

The Group has no significant credit exposures that would not be covered by collateral and which have not been assessed for impairment indicators as at the reporting date.

Operational risk management

Sales concentration risk management

The Group generates approximately 23% (2022: 22%) of its revenue from domestic customers, whereas around 77% (2022: 78%) of the sales are generated from international customers (based on geographical location of customer). The Group determines the selling prices in accordance with the macroeconomic conditions prevailing in each of the markets where the customers are located having in mind the maximum approved tariffs for services defined in the Concession agreement.

28. Risk management (continued)

Operational risk management (continued)

Sales concentration risk management (continued)

The Group's revenues are to a significant extent exposed to volatility due to high concentration of revenues from a smaller number of customers. In 2023, top 10 customers of the Group generated approximately 62% of operating revenues (2022: 61%) while the top five customer generated approximately 45% of operating revenues (2022: 46%). As a result of its exposure to a small number of customer, the Group manages this risk through active and frequent communication with key customers, acquisitions of new customers, and through monitoring of relevant competitors and market conditions both locally and internationally.

The Group expects increased risks associated with maintaining market position (both in terms of international and domestic customers) due to the strengthening of competitors. To lessen this effect, the Group aims to further increase its competitiveness by increasing productivity and capacity and modernising its technology, which it expects to achieve to a large extent through the realisation of planned capital investments coupled with the expected refurbishment of local railways.

29. Related party transactions

The Company has a related relationship with is majority shareholders (and companies under their control) and its subsidiaries and associates. The most important individual shareholder of the company Luka Rijeka d.d. on the date of the financial statements is company Port Acquisitions a.s with a share of 34,42% in the share capital and voting rights of the Company.

Given that the Republic of Croatia holds 25,02% of share capital and voting rights of the Group / Company via CERP and has significant influence over the Group/Company, the State and entities under its control or influence are also considered related parties. However, for the purposes of related party disclosures, routine transactions with various communal entities or other bodies controlled by the State with respect to taxes, levies or with respect to standard purchases of basic consumables are not considered or disclosed as related party transactions.

Furthermore, key management personnel including close family members of key management personnel and entities controlled, jointly controlled or significantly influenced by key management personnel and their close family members, are also considered related parties and disclosed in accordance with the definitions contained in International Accounting Standard 24 Related Party Disclosures ("IAS 24").

29. Related party transactions (continued)

Transactions with State and entities under its control or influence

Receivables and sales with the State and related parties:

(in TEUR)	**2023**	**2022**
Petrokemija d.d.		
Sales of services	-	-
Receivables as at 31 December	-	-
Port Authority of Rijeka		
Rent of premises and provision of regular services	631	567
Receivables as at 31 December	44	198
Jadrolinija d.d.		
Sales of services	18	20
Receivables as at 31 December	2	2
Croatia insurance Group		
Insurance claims	4	4
Receivables as at 31 December	-	-
HEP Group		
Sales of services	-	-
Receivables as at 31 December	-	-
HŽ Cargo d.o.o		
Sales of services	7	4
Receivables as at 31 December	1	-
INA Group		
Sales of services	-	-
Receivables as at 31 December	-	-
Faculty of Maritime studies in Rijeka		
Sales of services	-	-
Receivables as at 31 December	-	-
Total sales	**660**	**595**
Total receivables as at 31 December	**47**	**200**

29. Related party transactions (continued)

Payables and purchases with the State and related parties:

(in TEUR)	2023	2022
Croatia insurance Group		
Purchase of insurance policies	-	1
Liabilities as at 31 December	-	2
HEP Group		
Purchase of electricity	3.459	1.766
Liabilities as at 31 December	289	734
HŽ Cargo d.o.o.		
Purchase of transport services	30	42
Liabilities as at 31 December	26	32
INA Group		
Purchase of fuel	1	20
Liabilities as at 31 December	8	-
Faculty of Maritime studies in Rijeka		
Purchase of services	1	1
Liabilities as at 31 December	-	-
Total purchases	**3.491**	**1.830**
Total liabilities as at 31 December	**323**	**768**

Transactions with owners - Port Acquisitions a.s.

During 2023, there were no transactions with Port Acquisitions a.s.. As at 31 December 2023 and 31 December 2022, the Group and the Company did not have any receivables or payables towards Port Acquisitions a.s..

Transactions with subsidiaries

During 2023, the Company purchased goods and services from subsidiaries in the amount of EUR 2.225 thousand (2022: EUR 1.746 thousand) and at 31 December 2023 owed to subsidiaries EUR 663 thousand (2022: EUR 295 thousand). During 2023, the Company sold goods and services to subsidiaries in the amount of EUR 20 thousand (2022: EUR 14 thousand) and at 31 December 2023 had receivables from subsidiaries in the amount of EUR 2 thousand (2022: 0 thousand euro).

29. Related party transactions (continued)

Transactions with equity accounted investees

The Group enters into transactions with the associate company Jadranska vrata d.d. where Luka Rijeka d.d. has a 49% ownership interest. Transactions with the associate relating to balances in the statement of financial position as at 31 December 2023 and 31 December 2022 and transactions in the statement of comprehensive income for the years then ended are as follows:

(in TEUR)	**2023**	**2022**
Trade receivables	218	228
Sales revenue and other income	36	3
Other financial income (*Note 12*)	-	7.479

Transactions with State bodies

Concession fees

During 2023, in relation to the Concession Agreement, the Group paid fixed concession fees toward the Port Authority of Rijeka in the amount of EUR 513 thousand (2022: EUR 535 thousand) and recognized expenditure related to variable concession fees in the amount of EUR 221 thousand (2022: EUR 247 thousand). As at 31 December 2023, the Group had outstanding payables toward the Port Authority of Rijeka with respect concession and related expenses of EUR 54 thousand (31 December 2022: EUR 65 thousand).

Remuneration to the Management Board members

Key management of the Company comprises the Management Board and consists of 2 persons (2022: 2 persons). During 2023, the Group paid out EUR 190 thousand to the Management Board (2022: EUR 233 thousand) with respect to gross salaries (including contributions on salaries).

30. Contingent liabilities and assets

Exposure to court cases

As at the reporting date, there are number of legal proceeding against the Group which stem from regular commercial activities and court cases including former employees.

Based on consultation with legal advisors, management applied its judgment as described in more detail in note 4 and estimated that the legal proceedings the Group is involved in should not give rise to significant losses apart from those already provided for as detailed in note 26.

Potential penalties arising from minimal service limits defined in the Concession arrangement

According to the Concession agreement in place, from 2016 onward the Group is obligated to maintain minimal service levels defined in quantities of transshipped cargo and based on the initial business plans submitted to the Port Authority of Rijeka at the inception of the agreement. Should the minimal service levels not be met, the Port Authority of Rijeka according to the contract is entitled to charge concession penalties based on the variance of actual versus initially planned service levels.

Current service levels are considerably lower than those included in the initial business plans. Estimated potential penalties by the Company, without interest, amount to approximately EUR 15 million, of which EUR 1,8 million relates to 2016, EUR 1,7 million to 2017, EUR 1,8 million for 2018, EUR 2,1 million for 2019, EUR 1,9 million for 2020, EUR 2 million for 2021, 1,8 EUR million for 2022 and EUR 1,9 million for 2023.

The Group is actively communicating with the port authority with respect to updating minimal levels of service and their alignment with current market conditions. Given the fact that the port authority historically did not charge these amounts and taking into account the changed market conditions as opposed to those present at the initial determination of minimal service level, the Group does not expect that the amount will be charged but it cannot exclude this entirely.

31. Concession related right-of-use assets, liabilities and contractual commitments

As described in note 4, the Group and Company applied IFRS 16 to account for the recognition of right-of- use assets and liabilities arising from the Concession Agreement.

As stipulated in the Concession Agreement modified at the end of 2011, the extension of the concession period up to 2042 was granted in return for expenditure to be made by the Group during the term of the concession in the total amount of EUR 146,5 million in relation to investments into rehabilitation of the port infrastructure and investments in equipment (a total of EUR 87,1 million of required expenditure) as well as in relation to maintenance of concession assets in the amount of EUR 59,4 million.

The Group recognised liabilities for concession assets with right-of-use as the present value of expected payments for infrastructure related expenditure and fixed or in-substance fixed concession fees, and has also recognised a corresponding right-of-use asset at cost less accumulated amortisation and impairment losses.

Expenditure related to investments into equipment and maintenance of the port concession area are disclosed as contractual commitments and will be recognised as assets (in case of investments into equipment) or expenditure (in case of maintenance) when they are incurred.

During 2023, the Group remeasured the ROU liability related to infrastructure capital expenditure in order to reflect the modification in timeline of expected lease payments with a discount rate of 3,5% (2022: 3%) based on currently expected interest rates on long term debt. The effect of the remeasurement was accounted for as a change in the ROU liability with a corresponding effect on the ROU asset.

31. Concession related right-of-use assets, liabilities and contractual commitments (continued)

The movement in the concession related right-of-use assets for the Group and Company was as follows:

(in TEUR)	**Concession assets with right-of-use**
Cost	
At 1 January 2022	**46.240**
Effect of remeasurement	(27)
At 31 December 2022	**46.213**
Effect of remeasurement	1.041
At 31 December 2023	**47.254**
Accumulated amortisation and impairment	
At 1 January 2022	**24.761**
Charge for the year	1.021
At 31 December 2022	**25.783**
Charge for the year	1.073
At 31 December 2023	**26.856**
Carrying amount	
At 31 December 2022	**20.430**
At 31 December 2023	**20.398**

31. Concession related right-of-use assets, liabilities and contractual commitments (continued)

The movement in the liabilities for concession assets with right-of-use for the Group and Company was as follows:

(in TEUR)	**Liabilities for concession assets with right of use**
At 1 January 2022	
Non-cash transactions	**43.222**
Unwiding of discount	
Exchange rate differences	1.337
Effect of remeasurement	82
Cash transactions (i)	(27)
Payment of concession fees	
Infrastructure related expenditure	(535)
At 31 December 2022	(7.344)
	36.735
Non-cash transactions	
Unwiding of discount	1.331
Exchange rate differences	-
Effect of remeasurement	1.041
Cash transactions (i)	
Payment of concession fees	(513)
Infrastructure related expenditure	(14.516)
At 31 December 2023	**24.078**

(i) Cash transactions with respect to movements in liabilities for concession assets with right-of-use are presented within cash flows from financing activities.

Maturity analysis of liabilities for concession assets with right-of-use is as follows:

(in TEUR)	**31.12.2023**	**31.12.2022**
Up to 1 year - current portion of liability	9.093	19.247
1 - 2 years	3.068	1.902
2 - 3 years	5.915	5.014
3 - 4 years	362	650
4 - 5 years	4.475	8.700
Over 5 years	1.164	1.222
Net book value	**24.078**	**36.735**

31. Concession related right-of-use assets, liabilities and contractual commitments (continued)

The structure and status of total and outstanding expenditure requirements stipulated by the Concession Agreement, as at the reporting date is shown below:

(in TEUR)	**Executed** up to 2023	**Outstanding** *2024-2042*	**Total**
Infrastructure related expenditure	44.428	22.349	66.777
Equipment related expenditure	15.514	4.839	20.353
Maintenance of concession assets	33.101	26.299	59.400
	93.043	**53.487**	**146.530**

Where not specifically prescribed, the allocation of total expenditure to periods was allocated based on best estimate of expected timing of expenditure and classified by type based on management plans and interpretations for the purpose of applying IFRS 16.

32. Events after the reporting date

There were no events after the reporting period that would have a significant impact on the Group and the Company's financial statements as at 31 December 2023 or for the year then ended or that are of such significance to the Group and the Company's operations that they would require disclosure in the notes to the financial statements.