LUKA **PLOČE**

ANNUAL REPORT

FOR THE COMPANY AND THE GROUP
LUKA PLOČE
FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS

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

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Independent Auditor's Report

To the Shareholders of Luka Ploče d.d.

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Luka Ploče d.d. (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2022, and the Group's and the Company's consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Our opinion is consistent with our additional report to the Audit Committee dated 24 April 2023.

What we have audited

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

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2022;
- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

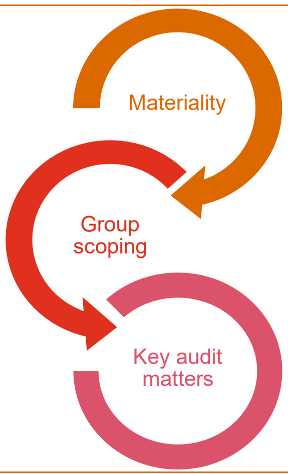
Independence

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

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014, and furthermore, we have not provided any non-audit services to the Group and the Company in the period from 1 January 2022 to 31 December 2022.

Our audit approach

Overview



- Overall Group materiality: HRK 8,600 thousand, which represents 9% of profit before tax.
- Overall Company materiality: HRK 8,300 thousand, which represents 9% of profit before tax.

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

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

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

Materiality

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

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

Overall Group and Company materiality	The Group: HRK 8,600 thousand The Company: HRK 8,300 thousand
How we determined it	The Group: 9% of profit before tax The Company: 9% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the key benchmark for monitoring the Group's and the Company's performance and it is the benchmark against which the performance of the Group and the Company is most commonly measured by shareholders. We chose the percentage which, in our judgement, is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
The Group and the Company – Recoverable amounts of property, plant and equipment
See Note 3.5 and 3.9 (Significant accounting policies), Note 6b (Critical accounting estimates) and Note 16 (Property, plant and equipment).
As at 31 December 2022, the Group and the Company recorded property, plant and equipment with a carrying amount of HRK 389,834 thousand and HRK 378,232 thousand, respectively, which is measured at historical cost less accumulated depreciation and impairment.
As described in Note 6b) to the financial statements, the Group and the Company have identified impairment indicators of property, plant and equipment in the current year, including macroeconomic challenges manifesting through trends of rising prices of commodities for which the Company provides port services, increase in expenses, significant rise in inflation and the trend of rising interest rates.
As a result, management has calculated the recoverable amount of property, plant and equipment, which is generally considered to be its value in use, using discounted cash flows for the item that generates cash or the cash-generating unit (CGU).
We have focused on this area because estimating the recoverable amount of property, plant and equipment relies on important judgments and assumptions that are subject to significant variability due to changing market conditions.
</td><td>
We considered the appropriateness of the Group's and the Company's accounting policies for identifying impairment, and measuring and recognising impairment losses on property, plant and equipment in relation to the requirements of IFRS.
We obtained the value-in-use calculation used by management in determining the recoverable amount of property, plant and equipment as at 31 December 2022.
We tested the mathematical accuracy of the value-in-use calculation and compared the input data to the financial information and business plans for the next years.
We assessed the appropriateness of determination of CGU based on our understanding of the Group's and the Company's operations and business units.
We critically assessed the assumptions and estimates used by the Group and the Company to determine the recoverable amount:

For the discount rate used in the value-in-use calculation, we have engaged our valuation experts to assist us in assessing it’s reasonableness by comparison to the entities with similar risk profiles and market information.
For the remaining key assumptions used in the value-in-use calculation (such as cargo throughput, port tariffs, operating costs, capital expenditures and working capital), we have assessed the reasonableness of these assumptions by comparing them with internal Group’s and Company’s reports such as approved plans, concession contracts and sales reports.

We have assessed the adequacy and completeness of the relevant disclosures in the financial statements in accordance with the requirements of the IFRS.
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Key audit matter	How our audit addressed the key audit matter
The Group and the Company – Recognition of revenue from the sale of goods *See Note 3.25 (Significant accounting policies), Note 7 (Segmental reporting) and Note 8 (Revenues).* During 2022, the Group and the Company, in addition to revenues from basic port activities (transhipment, cargo management, port manipulation and warehousing), generated revenues from the sale of goods in the amount of HRK 445,277 thousand and HRK 445,246 thousand, respectively. Revenues from the sale of goods in 2022 account for 61% of the total sales revenues of the Group and 63% of the total sales revenues of the Company. We focused on this area because revenue from the sale of goods is recognized in a small number of transactions of significant individual value, which is why an error in recognizing an individual transaction can have a significant impact on the consolidated and separate financial statements. Furthermore, the accounting treatment of revenue from the sale of goods requires significant management judgment to assess whether the Group and the Company are acting as an principal or an agent and, consequently, whether revenue from the sale of goods can be recognized gross or net. Due to the above, this area has been the subject of our increased focus and we have considered it a key audit matter.	We considered the appropriateness of the Group's and the Company's accounting policies for recognising revenue from the sale of goods in relation to the requirements of IFRS. Based on the inspection of the customer contracts for the sale of goods, we analysed the manner in which the Group and the Company identify performance obligations contained in the customer contracts and determine the transaction price. Based on the inspection of the customer contracts and the accompanying documentation, we analysed whether revenues from the sale of goods recognised in 2022 by the Group and the Company were presented in the proper amount and in the proper period. Using sampling, we confirmed the collection of the customer receivables by tracing payments to the bank statements. Based on the inspection of the customer contracts, the related purchase contracts for the goods and the accompanying documentation, we critically assessed the conclusions of the management regarding the potential agent role of the Group and the Company in these transactions. We critically assessed whether the Group and the Company control the goods before transferring the control to the customers, including the risks and responsibilities of both contract parties, responsibility for providing the goods, inventory risk and discretion in establishing the contract prices. Using sampling, we confirmed trade receivables from the sale of goods presented in the consolidated and separate financial statements as at 31 December 2022 by external customer confirmations. We analysed journal entries to revenue accounts to identify unusual or irregular items and tested them on a sample basis. We checked whether disclosures in the Group's and the Company's financial statements adequately meet the requirements of the IFRS.

How we tailored our Group audit scope

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

Reporting on other information including the Management Report

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

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

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

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 21 and 24 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Group and the Company on 30 September 2021 which represents a total period of uninterrupted engagement appointment of 2 years.

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

We have been engaged based on our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated and separate financial statements included in the attached electronic file "74780000P0WHNTXNI633-2022-12-31-en.zip ", (hereinafter: the financial statements) of the Group and the Company for the year ended 31 December 2022 (the "Presentation of the Financial Statements").

Description of a subject matter and applicable criteria

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

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

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

Responsibility of the management and those charged with governance

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

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

Our responsibility

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

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

Procedures performed

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

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

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

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

Conclusion

In our opinion, based on the procedures performed and evidence obtained, the Presentation of the Financial Statements for the year ended 31 December 2022 included in the above stated attached electronic file complies, in all material respects, with the ESEF Regulation and the Capital Market Act.

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

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

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

PricewaterhouseCoopers d.o.o.
Heinzelova 70, Zagreb
28 April 2023

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

LUKA PLOČE d.d.

Trg kralja Tomislava 21

20 340 Ploče

OIB: 51228874907

MANAGEMENT REPORT

FOR 2022

Ploče, April 2023

LUKA PLOČE IN CONTEXT

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

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

The Luka Ploče Group monitors and reports operating income, profit from operations, capital investments, total assets and total liabilities for the following activities:

- Cargo manipulation (loading, unloading, transfer, processing, weighing of general, bulk and liquid cargo) and represents the parent company;
- Freight forwarding and maritime service (mooring and unloading of cargo and passenger ships); and
- Ancillary activities (hospitality and similar jobs).

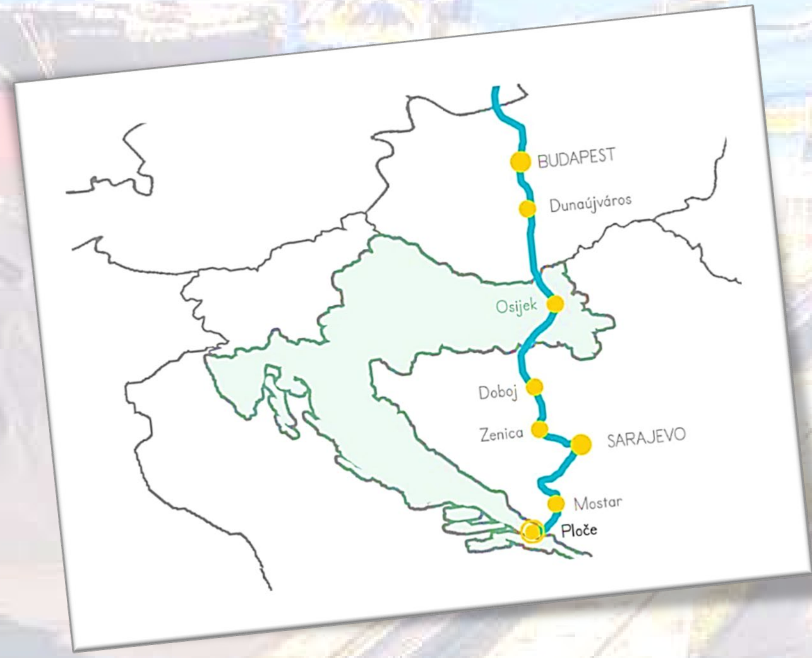
Transactions with affiliated entities of the Group are conducted under normal commercial conditions using market prices.

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

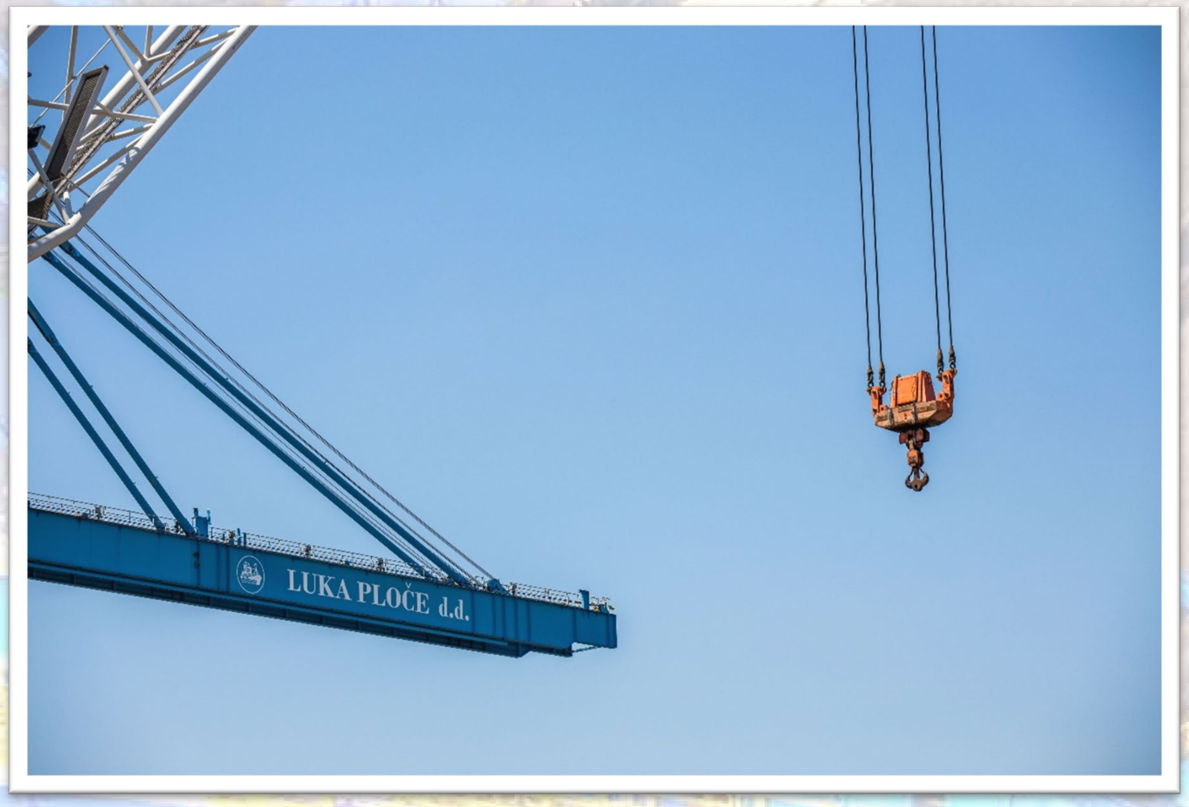
The Company's business tradition spanning over 77 years is founded on business expansion, focus on providing quality services along with new investments, which are the foundation for continuous growth and development in the market.

MISSION	VISION
Our mission is based on employee education, development and investment in modern technologies and equipment in order to achieve high quality work and maintain development and growth in the market. Focusing on continuous reorganization, investment in new and existing machinery and equipment as well as in human resources, the Company and the Group have laid a strong foundation for future growth and development.	Our Vision is based on strengthening and securing our market position. It includes the principles of providing quality service, expanding to new markets and concluding new business relationships.

TRAFFIC CONNECTION



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



AT FIRST GLANCE

KEY INDICATORS FOR THE COMPANY LUKA PLOČE d.d.

THE 2022 FINANCIAL YEAR WAS THE MOST SUCCESSFUL IN THE HISTORY OF LUKA PLOČE d.d. After deducting income tax and additional income tax a **record net profit was realized amounting to almost HRK 50 million**, which surpasses the best financial year to date, 2021, when a net profit of HRK 27.6 million was realized.

EBITDA margin excluding the impact of trading for 2022 amounted to **41%.**

RECORD THROUGHPUT was achieved in unloading the vessel Gisela Oledorff in the period from 03.-07.12.2022.

Total throughput amounted to **5,568 million tons** which exceeds the record of 5,142 million tons achieved in 2008.

INVESTMENT IN NEW TANGIBLE ASSETS – The Company contracted the purchase of a new mobile port crane worth 4 million euros and port transport equipment with a total purchase value of 2.1 million euros.

DIGITALIZATION approached its peak to date and is a significant milestone in the port operations. During the year, two significant IT systems where developed for production - **PCM** (Port Community Management) and **ERP** which were released into production on 1.1.2023.

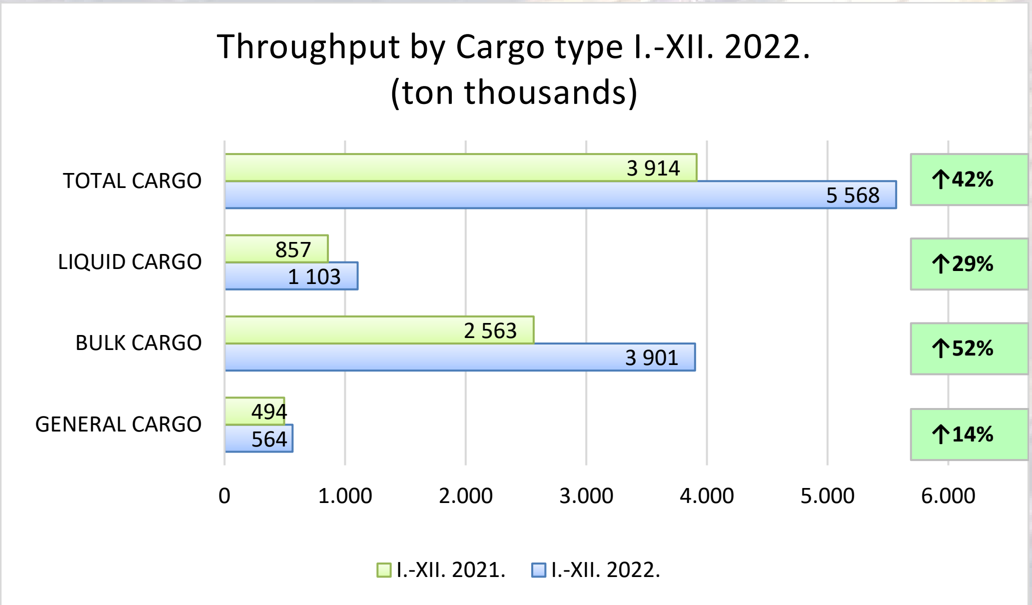
NEW COLLECTIVE SCHEME AGREEMENT for the Company's employees was concluded on 31.03.2022.

FINANCIAL PERFORMANCE INDICATORS

	REALIZED 1-12/2022	REALIZED 1-12/2021
EBITDA (earnings before interest, taxes and depreciation) ('000 HRK)	**114,162**	51,863
EBITDA margin	**16.09%**	14.37%
EBIT ('000 HRK)	**98,098**	36,415
EBIT margin	**13.83%**	10.06%
Profit before tax ('000 HRK)	**93,161**	34,054
Total income tax	**(43,359)**	(6,473)
Income tax	(17,509)	(6,473)
Additional income tax *	(25,850)	-
Net profit ('000 HRK)	**49,802**	27,581

* Pursuant to the Law on Additional Income Tax that entered into force in December 2022, additional income tax is applied at a rate of 33% once-off for all taxpayers who, during the 2022 financial year, realised an annual income in excess of HRK 300 million. The tax period for this additional income tax is equivalent to the 2022 normal income tax period according to the regulation on income taxation.

• The **throughput** for the period ended 31 December 2022 amounted to 5,567,686 tons; which is an **increase of 42%** when compared to the same period in the prior year (2021: 3,914,085 tons). The cargo structure is shown in more detail below:

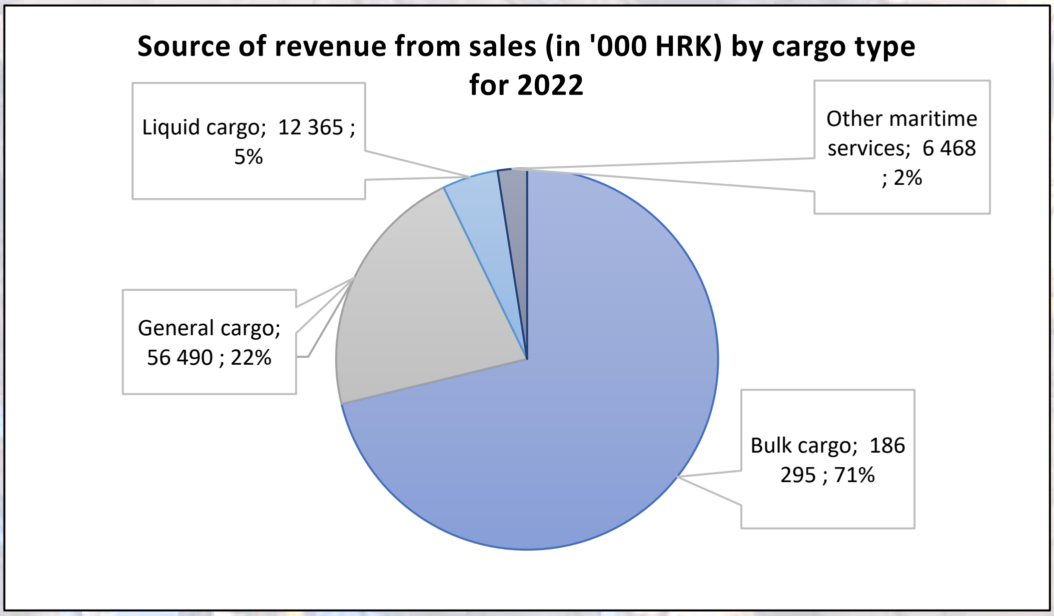


The highest contributors to the throughput are attributed to **coal (56%), scrap (249%)** and **sugar (149%)** when compared to the same period in the prior year.

FINANCIAL BUSINESS INDICATORS (continued)

- **Revenue from sale of services** amounted to HRK 261,618 thousand, evidencing an increase of 68% when compared to the same period in the prior year (2021: HRK 155,701 thousand).
- The table below presents the revenue segmentation by service type:

Revenues	REALIZED 2022 ('000 HRK)	%	REALIZED 2021 ('000 HRK)	%
Port manipulation	206,235	79%	135,647	87%
Rental and storage	43,320	17%	14,900	10%
Other services	12,063	5%	5,154	3%
	261,618		**155,701**	



- **Revenue from the sale of goods** amounted to HRK 445,246 thousand evidencing an **increase of 116%** in comparison to the same period in the prior year (2021: HRK 205,959 thousand).
- Operating expenses excluding depreciation and amortisation amounted to HRK 595,222 thousand (2021: HRK 310,060 thousand) of which HRK 439,282 thousand relates to the cost of goods sold (2021: HRK 202,503 thousand). **Operating expenses excluding cost of goods sold** are **45% higher** when compared to the same period in the prior year. This increase can be attributed to the significant growth in expenses relating to electricity (116%), fuel (111%) and raw materials and supplies (57%) as a result of the impact of the Russian-Ukrainian conflict on the volatility of the global market.
- EBITDA margin excluding the impact of trading for the period I-XII is 41%, while in 2021 it was 31% for the same period.

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

Indicators	REALIZED 2022	REALIZED 2021
Liquidity ratios		
Working capital ('000 HRK)	**186,908**	161,712
Current liquidity	**2.24**	6.28
Working capital turnover	**3.81**	2.24

FINANCIAL BUSINESS INDICATORS (continued)

Indicators (continued)	REALIZED 2022	REALIZED 2021
Liquidity ratios (continued)		
Working capital days	**96**	163
Days in the period	**365**	365
Debt ratios		
Current liabilities/equity	**0.31**	0.07
Non-current liabilities/equity	**0.24**	0.30
Borrowings/equity	**0.35**	0.22
Liabilities/equity	**0.56**	0.37
Liabilities/assets	**0.36**	0.27
	REALIZED 1-12/2022	**REALIZED 1-12/2021**
Profitability ratios		
EBITDA margin	**16.09%**	14.37%
EBIT margin	**13.83%**	10.06%
Net margin before tax	**13.13%**	9.40%
Productivity ratios		
Number of employees	**395**	374
Revenues per employee ('000 HRK)	**1.796**	968

TRADE RECEIVABLES AND THE COMPANY'S LIQUIDITY OUTLOOK

Trade receivables as at 31 December 2022 amounted to HRK 180 million, which evidences an increase of 177% when compared to the prior year. 95% of the total trade receivables are not yet due, of which 82% relates to trading goods not yet dispatched.

Cash and cash equivalents together with letters of credit collectively showed a growth of 23% from HRK 112,782 thousand on 31 December 2021 to HRK 138,928 thousand on 31 December 2022. HRK 105,094 thousand relates to irrevocable letters of credit that cannot be unconditionally used for everyday transactions (readily convertible), and as such do not meet the definition of cash equivalents according to IAS 7. The Letters of credit relate to the purchase of trading goods amounting to HRK 102,500 thousand and for an advance payment contracted for the purchase of a new mobile port crane amounting to HRK 2,594 thousand. Cash and cash equivalents excluding irrevocable Letters of credit amount to HRK 33,834 thousand at 31 December 2022.

The Company invested its own resources to purchase trading goods while market instability impacted the significant rise in prices of commodities which has resulted in a greater need for cash, cash equivalents and letters of credit. The Company also invested its own cash resources in the purchase of new port equipment with the aim of increasing the efficiency of port services. As a result of all the aforementioned, the Company raised short-term borrowings amounting to 8,2 million EUR during the fourth quarter of 2022. The Company has repaid its bank borrowings amounting to 3 million EUR during the first quarter of 2023.

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

CONTRACTED INVESTMENTS

The Company contracted the purchase of a new mobile port crane amounting to 4 million EUR for which delivery is expected during the third quarter of 2023. In addition, the Company contracted new port equipment valued at 2.1 million EUR during 2022.

HUMAN RESOURCES

The Collective Agreement for employees of Luka Ploča d.d. (''the Collective Agreement'') regulates the material rights and obligations in respect of the Company's employee relations. The Collective Agreement which was concluded in 2017 between the Company and the Independent Union of Employees "Luka Ploče" was amended on 31 March 2022. The amended Collective Agreement is in force for a 4 year period to 1 April 2026.

An increase in the employee head count from 374 to 395 is evidenced as at 31 December 2022 when compared to the prior year.

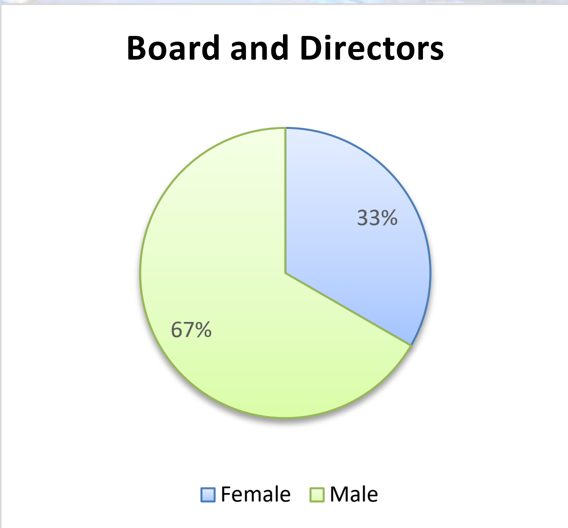
Staff costs increased by 12% as compared to the same period in the prior year given the significant increase in work load and throughput (42%). As such, the average gross salary per employee has increased to HRK 11.360 in 2022, while the same amounted to HRK 10.500 in the prior year.

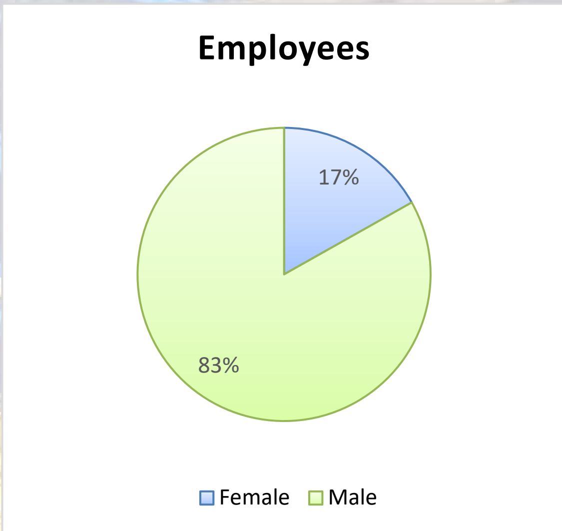
In accordance with the Company's mission, special attention is paid to employee education and training. The Company is aware that the overall experience and knowledge possessed by employees is an invaluable capital, and sharing knowledge is extremely useful and necessary in maintaining and enhancing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

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

EMPLOYEE STRUCTURE BY GENDER AS AT 31 DECEMBER 2022

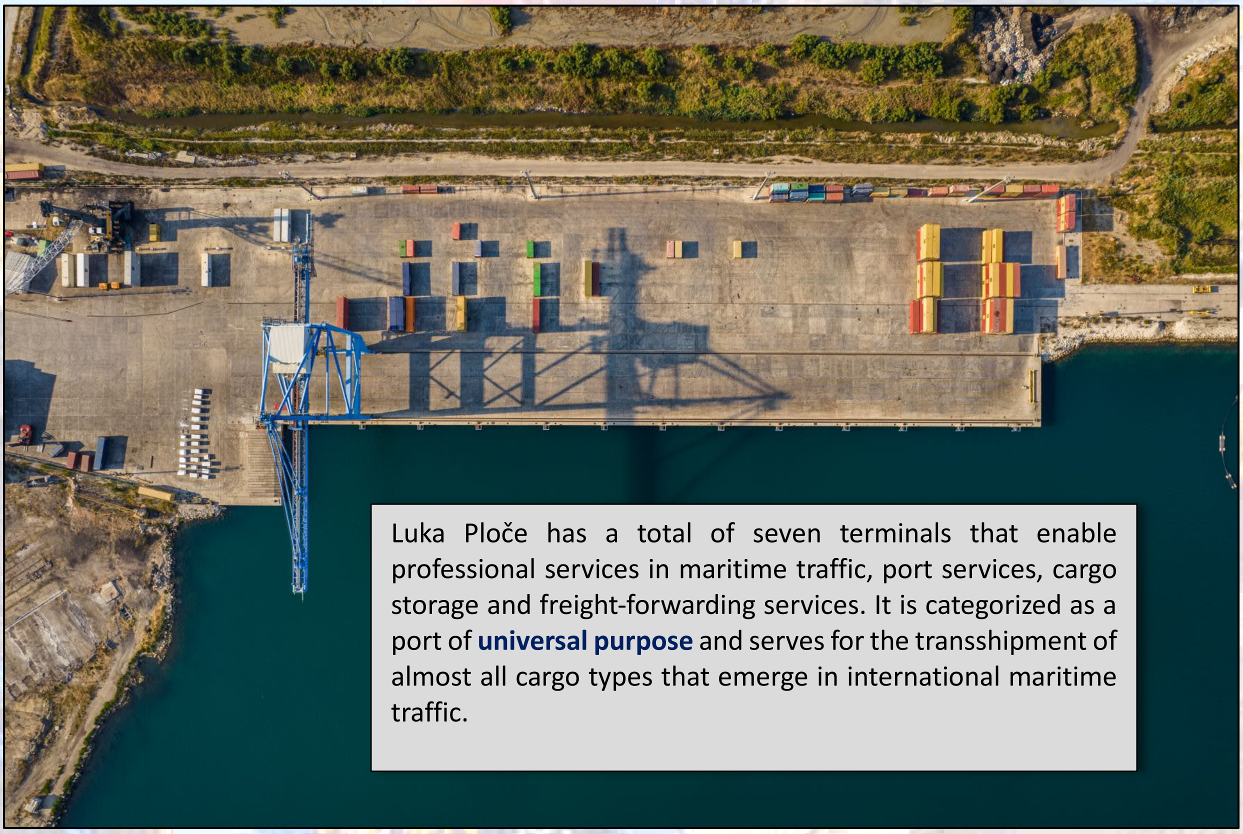
Luka Ploče d.d.	Female	Male
Management Board	50%	50%
Directors	29%	71%
Employees	17%	83%
Total	**17%**	**83%**





COMMERCIAL BUSINESS INDICATORS

TERMINALS



Luka Ploče has a total of seven terminals that enable professional services in maritime traffic, port services, cargo storage and freight-forwarding services. It is categorized as a port of **universal purpose** and serves for the transshipment of almost all cargo types that emerge in international maritime traffic.

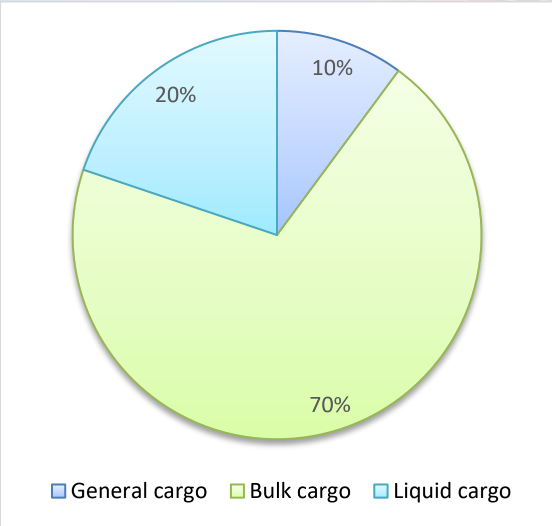
The total annual capacity of Luka Ploče is estimated at 8 million tons of bulk and general cargo. The capacity of container throughput is estimated at 60,000 TEU per year, while approximately 1 million tons of bulk cargo can be handled at a point in time.

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

RECORD THROUGHPUT was achieved in unloading the vessel Gisela Oledorff in the period from 03.-07.12.2022. Total throughput amounted to **5,568 million tons** which exceeds the record of 5,142 million tons achieved in 2008.

COMMERCIAL BUSINESS INDICATORS (continued)

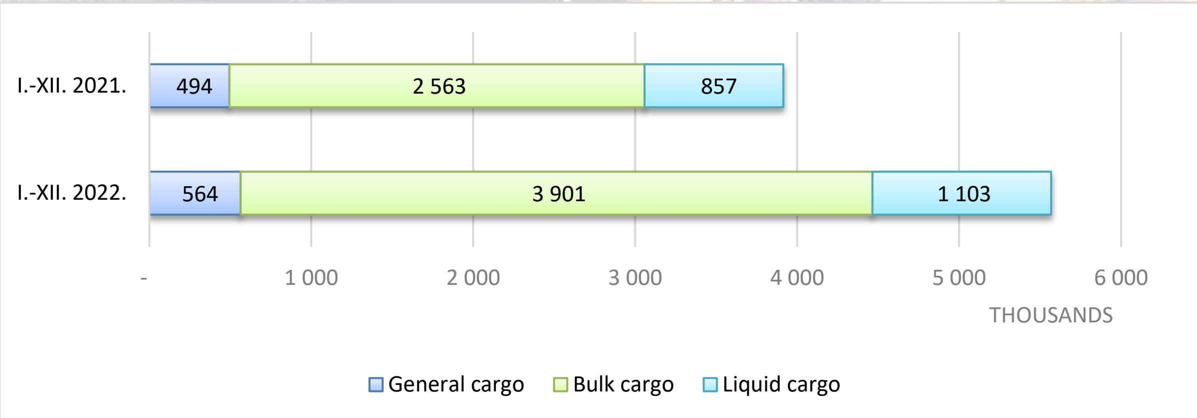
STRUCTURE BY CARGO TYPE FOR 2022 (TONS)



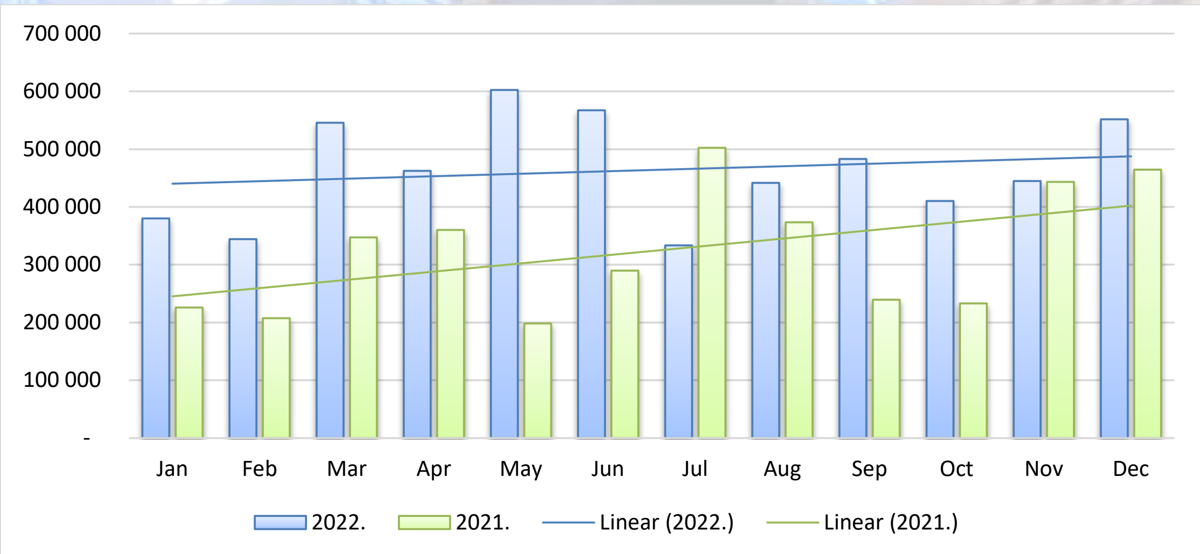
A total of 401 vessels entered the port in 2022 (2021: 366).

Unloading services accounted for 78% of total traffic (2021: 82%).

In tons	2022	2021	Index
General cargo	563,801	494,242	14%
Bulk cargo	3,900,544	2,563,143	52%
Liquid cargo	1,103,341	856,700	29%
TOTAL throughput	**5,567,686**	**3,914,085**	**42%**



STRUCTURE OF TURNOVER PER MONTH (IN TONS)



COMMERCIAL BUSINESS INDICATORS (continued)

BULK CARGO

- Bulk cargo prevails in the structure of cargo transshipment segments and recorded an increase of 52% in throughput in 2022 when compared with the prior year.

- Metallurgical and thermal coal predominates in the cargo structure.

- The increase in throughput in the bulk cargo segment is the result of an overall increase in coal throughput during 2022 which encompassed both regular customers as well as new customers from Hungary, Slovakia and Ukraine. In addition to coal, significant quantities of iron ore and pig iron was handled for new customers.

GENERAL CARGO

- General cargo throughput evidenced an increase of 14% in 2022 when compared to the prior year.

- Container throughput comprises almost half of the overall throughput in this segment structure. In 2022, 21,729 TEU was handled, as compared to 21,526 TEU in 2021, evidencing a 1% increase.

- A significant increase in throughput during 2022 can be attributed to the transshipment of aluminum products and sheets.

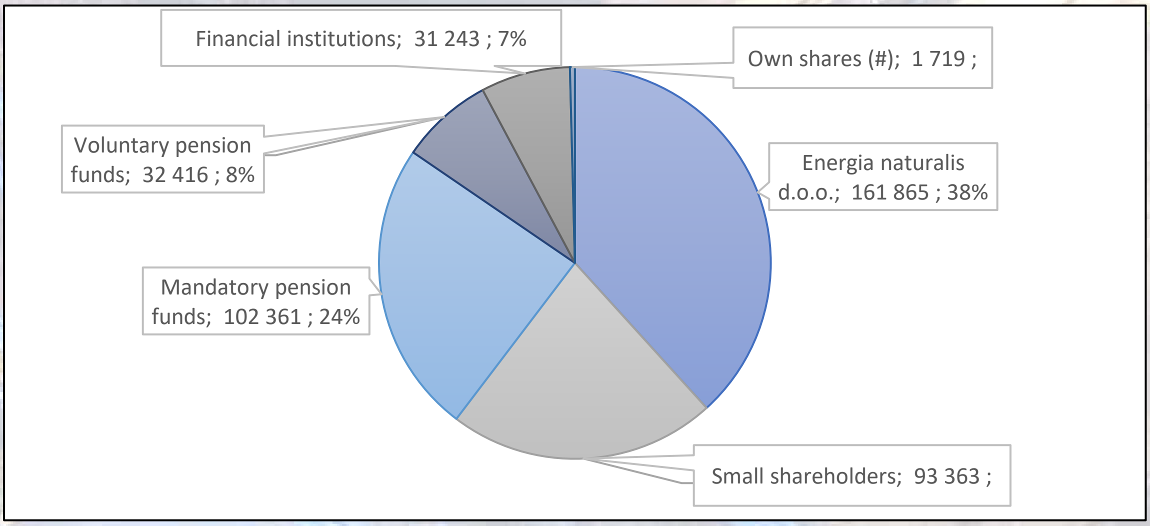
LIQUID CARGO

- Liquid cargo throughput increased by 29% in 2022 when compared to the prior year.

OWNERSHIP STRUCTURE

The table below presents an overview of the key shareholders and ownership structure of the Company as at 31 December 2022:

Shareholders	2022		2021	
	Number of shares	Ownership %	Number of shares	Ownership %
Energia naturalis d.o.o.	161,865	38,27	161,865	38,27
Small shareholders	93,363	22,07	95,651	22,61
Mandatory pension funds	102,361	24,2	102,361	24,2
Voluntary pension funds	32,416	7,66	32,416	7,66
Financial institutions	31,243	7,39	28,955	6,85
Own shares (#)	1,719	0,41	1,719	0,41
Total	**422,967**	**100**	**422,967**	**100**



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

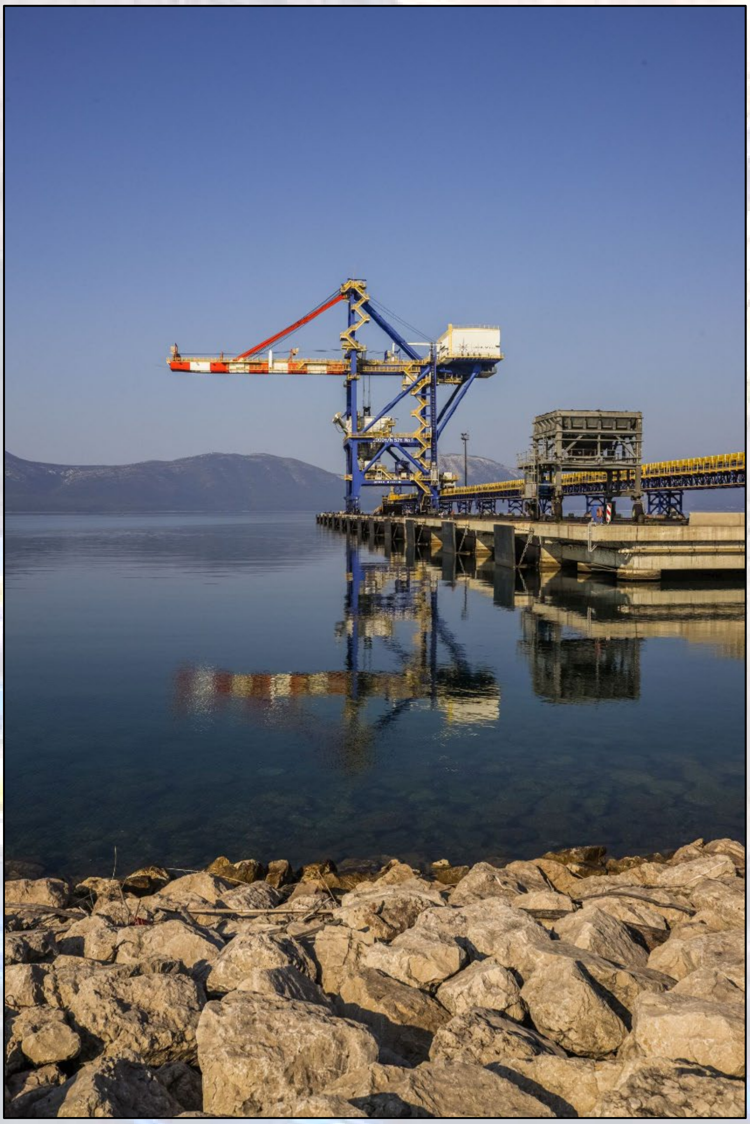
RESEARCH AND DEVELOPMENT ACTIVITIES

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

AT FIRST GLANCE

KEY INDICATORS FOR THE LUKA PLOČE GROUP

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



EBITDA magin excluding the impact of trading for 2022 is **39%.**

FINANCIAL PERFORMANCE INDICATORS (Group)

The Luka Ploče Group consists of: Luka Ploče d.d. (''Company''), Pomorski servis Luka Ploče d.o.o., Luka Šped d.o.o. and Pločanska plovidba d.o.o..

	REALIZED 1-12/2022	REALIZED 1-12/2021
EBITDA (earnings before interest, taxes and depreciation) ('000 HRK)	**118,668**	56,372
EBITDA margin	**16.22%**	14.80%
EBIT ('000 HRK)	**101,420**	39,966
EBIT margin	**13.86%**	10.49%
Profit before tax ('000 HRK)	**96,617**	37,568
Total income tax	**(43,999)**	(6,988)
Income tax	(18,149)	(6,988)
Additional income tax *	(25,850)	-
Net profit ('000 HRK)	**52,618**	30,580

* Pursuant to the Law on Additional Income Tax that entered into force in December 2022, additional income tax is applied at a rate of 33% once-off for all taxpayers who, during the 2022 financial year, realised an annual income in excess of HRK 300 million. The tax period for this additional income tax is equivalent to the 2022 normal income tax period according to the regulation on income taxation.

- **Revenue from sale of services** including freight-forwarding services, maritime services and shipping services amounted to HRK 282,966 thousand, which is an **increase of 63%** when compared to the prior year (2021: HRK 173,314 thousand)**. Revenue from the sale of goods** amounted to HRK 445,277 thousand and is **116% higher** when compared to the prior year (2021: HRK 205,959 thousand).
- **Operating expenses excluding depreciation and amortisation** amounted to HRK 612,905 thousand (2021: HRK 324,597 thousand) of which HRK 439,440 thousand relates to the cost of goods sold (2021: HRK 202,604 thousand). **Operating expenses excluding cost of goods sold** are **42% higher** compared to the prior year. This increase can be attributed to the significant growth in expenses relating to electricity (115%), fuel (108%) and raw materials and supplies (48%) as a result of the impact of the Russian-Ukrainian conflict on the volatility of the global market.
- EBITDA margin excluding the impact of trading for the period I-XII is 39%, while in 2021 it was 30% for the same period.
- Trade receivables as at 31 December 2022 amounted to HRK 183 million, which evidences an increase of 169% when compared to the prior year. 94% of the total trade receivables are not yet due, of which 82% relates to trading goods not yet dispatched.

  Cash and cash equivalents together with letters of credit collectively showed a growth of 23% from HRK 122,030 thousand on 31 December 2021 to HRK 149,854 thousand on 31 December 2022. HRK 105,094 thousand relates to irrevocable letters of credit in the Company that cannot be unconditionally used for everyday transactions (readily convertible), and as such do not meet the definition of cash equivalents according to IAS 7. The Letters of credit relate to the purchase of trading goods amounting to HRK 102,500 thousand and for an advance payment contracted for the purchase of a new mobile port crane amounting to HRK 2,594 thousand. Cash and cash equivalents excluding irrevocable Letters of credit amount to HRK 44,760 thousand. The Group continues to maintain a satisfactory level of liquid assets sufficient to meet all liabilities as they fall due.

- The Company contracted the purchase of a new mobile port crane amounting to 4 million EUR for which delivery is expected during the third quarter of 2023. In addition, the Group contracted new port equipment, amongst others, valued at 2.7 million EUR during 2022.

FINANCIAL PERFORMACE INDICATORS (Group) (continued)

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

Indicators		
	REALIZED 2022	REALIZED 2021
Liquidity ratios		
Working capital ('000 HRK)	**195,858**	170,386
Current liquidity	**2.27**	6.22
Working capital turnover	**3.75**	2.24
Working capital days	**97**	163
Days in the period	**365**	365
Debt ratios		
Current liabilities/equity	**0.31**	0.07
Non-current liabilities/equity	**0.24**	0.29
Borrowings/equity	**0.34**	0.22
Liabilities/equity	**0.56**	0.37
Liabilities/assets	**0.36**	0.27
	REALIZED 1-12/2022	REALIZED 1-12/2021
Profitability ratios		
EBITDA margin	**16.22%**	14.80%
EBIT margin	**13.86%**	10.49%
Net margin before tax	**13.21%**	9.86%
Productivity ratios		
Number of employees	**476**	451
Revenues per employee('000 HRK)	**1,537**	845

HUMAN RESOURCES (Group)

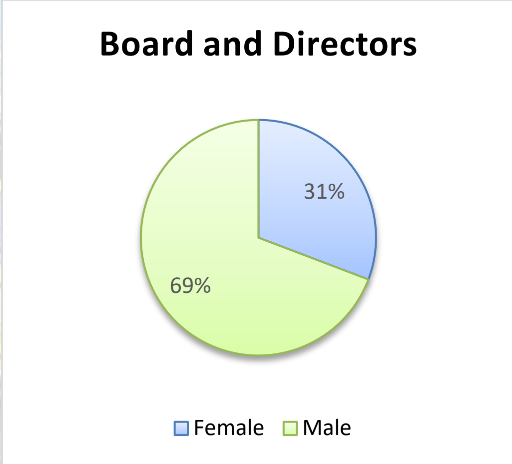
An increase in the employee head count from 451 to 476 is evidenced as at 31 December 2022 when compared to the prior year. Staff costs increased by 12% as compared to the same period in the prior year given the significant increase in work load and throughput (42%). As such, the average gross salary per employee has increased to HRK 9,943 in 2022, while the same amounted to HRK 9,336 in the prior year.

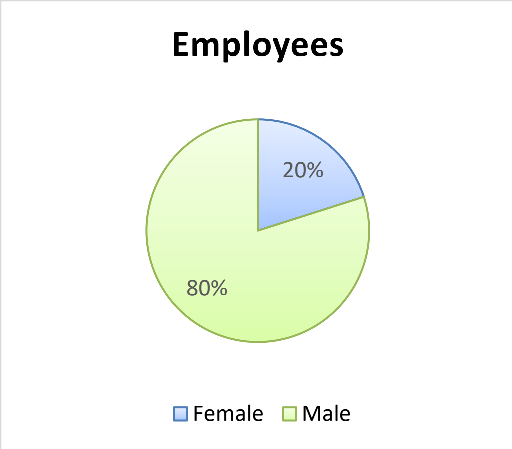
EMPLOYEE STRUCTURE BY GENDER AS AT 31 DECEMBER 2022

	Female	Male
Luka Ploče d.d.		
Management Board	50%	50%
Directors	29%	71%
Employees	17%	83%
Total	**17%**	**83%**
Luka Šped d.o.o.		
Directors	100%	0%
Employees	42%	58%
Total	**46%**	**54%**

HUMAN RESOURCES (continued)

Pomorski servis Luka Ploče d.o.o.		
Directors	0%	100%
Employees	18%	82%
Total	**18%**	**82%**
Pločanska plovidba d.o.o.		
Directors	0%	100%
Employees	53%	47%
Total	**50%**	**50%**
Total for the Group	**20%**	**80%**





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

The Russian-Ukrainian crisis contributed positively to the Company's operations as a result of the disruption noted across global logistics flow chains. Namely, intensified congestion was noted in the northern ports with the Black Sea being positioned close to the warzone. This resulted in a heightened increase in vessel insurance costs which further contributed to the growth in overall costs of logistics across that route, coupled with already prominent congestion present. Consequently, the aforementioned challenges redirected additional business by means of driving additional throughput to the Company which is evidenced by the growth in annual throughput amounting to 42% in 2022. From a geographical segment perspective, the share of throughput associated with Central Europe and Italy increased during 2022, which reduced the overall share of throughput associated with Bosnia and Herzegovina from 90% in 2021 to 65% in 2022 as relates to port services.

The Group did not execute any financial transactions with any Russian financial institution and does not have financial exposure to same. The planned throughput of Russian coal in 2022 amounted to less than 2% of the total planned throughput. No transactions with Russian goods occurred during 2022 - the Company substituted the same with American coal.

While the impact of the sanctions against Russia demonstrated a positive impact on the annual throughput and income from port activities, a significant increase in costs relating to raw materials and supplies was noted, together with marked volatility in capital markets (e.g. increased operating costs, challenges in the supply and demand chain, high inflation, etc.).

The Company has assessed the associated risks arising from the aforementioned as follows:

- Increase in the cost of transport, raw materials and supplies, energy and fuel (when compared to the prior year), which is further transferred to other costs.
- Given the significant increase in costs and compacted by logistical challenges faced, the Company has noted a significant increase in requests for advance payments by suppliers while the delivery time for receipt of goods from suppliers has been prolonged. Consequently, the Company has had to proactively plan and manage its financial resources to meet known current needs and unforeseen circumstances, including the need for increased advanced payments. Taking all this into account, the Company's liquidity has been impacted which gave rise to the need for additional financing.

The Company and the Group actively participate in the market in order to better position themselves in these circumstances.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Based on the Law on the introduction of the euro as the official currency in the Republic of Croatia, from 1 January 2023, the official monetary unit and legal payment mechanism in the Republic of Croatia is the euro. The fixed conversion rate is HRK 7.5345 for 1 euro. The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency that will be calculated prospectively and does not represent an event after the balance sheet date that requires adjustment. Apart from the change to the functional currency, there were no other events after the balance sheet date that would have a significant impact on the Company's or Group’s financial statements for the year ended 31 December 2022.

RISKS AND RISK MANAGEMENT

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

The Company’s defined risks are presented below.

MARKET RISK

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

Destination market

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

Market competition

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

CREDIT RISK

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

RISKS AND RISK MANAGEMENT (continued)

CURRENCY RISK

The Company is exposed to foreign exchange risk in EUR and USD. Port services are primarily contracted and invoiced in EUR. In addition the long term bank borrowing from HBOR is linked by a currency clause in EUR.

Foreign currency risk exists given most of the Company's costs are invoiced and paid in HRK and the Company's functional currency is HRK. As such, fluctuations in the EUR and USD exchange rates affect realized and unrealized exchange rate differences. The risk of the HRK exchange rate against the EUR is moderate, given the Croatian National Bank (CNB) maintains a relatively tight peg of the HRK to the EUR exchange.

From 1 January 2023, EUR becomes the official currency of the Republic of Croatia.

The Company is exposed to the USD currency in a much smaller extent, and the exchange rate is converted using the (CNB) mid rate.

INTEREST RATE RISK

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

LIQUIDITY RISK AND CASH FLOW RISK

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

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

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

TECHNOLOGICAL RISK

Technological risk is related to the obsolescence of existing port technology and mechanisation. Without timely investment in the existing work dynamics, the risk of increased operating costs and decreased efficiency and productivity relating to port services is heightened. This would negatively impact the overall profitability of business operations and the success of the business as a whole. The Company is focused on minimizing the risk through active research and execution for appropriate capital investments in existing infrastructure, superstructure, new equipment and digitalization. This strategy is evidenced through the implementation of the investment plan in 2022. The Company continuously monitors and adjusts work processes and implements changes through documented procedures and formalized workflows.

RISKS AND RISK MANAGEMENT (continued)

HUMAN RESOURCES RISK

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

ECOLOGICAL RISK

Bulk cargo forms the primary segment of the port's operations based on throughput and share of revenues generated. The Company has invested significant resources to improve the environmental impact of bulk cargo handling (i.e. new bulk cargo terminal, various watering and cleaning systems). Environmental risk is a key factor in the long-term sustainability of the Company's operations. The Company plans further investments in 2023 relating to equipment and ‘’going green’’ with the aim of enhancing energy efficiency through existing and new infrastructure with a focus on renewable energy sources. The “net zero” mission is a key goal for the business and the Management Board is focused on implementing the necessary sustainable measures in order for the Company to reduce its exposure to associated risks more efficiently and effectively.

REPORTING RISK

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

CURRENT AND FUTURE BUSINESS DEVELOPMENT

BUSINESS OVERVIEW

The Company's business is dependent on trends in the global market, particularly with reference to variances in market prices of listed commodities for which the Company provides port handling services to its customers. That being said, the Company is prepared to respond to any upcoming challenges. Taking into account the operations during the first quarter of 2023 and the projections of the International Monetary Fund, the growth of the Bosnian-Herzegovinian market is expected to decline in 2023. Other markets are expected to perform at the level attained during 2022. Given the Company is the starting and ending point of Corridor Vc, and will be included as a core port on the Trans-European road network, this creates opportunities for new business partners. With the Company continuously improving its capacities, efficiency and quality of port services aiming to successfully fulfil the needs of its existing and potential customers, the Company has noted the onboarding of new customers with new cargo types.

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

CURRENT AND FUTURE BUSINESS DEVELOPMENT (continued)

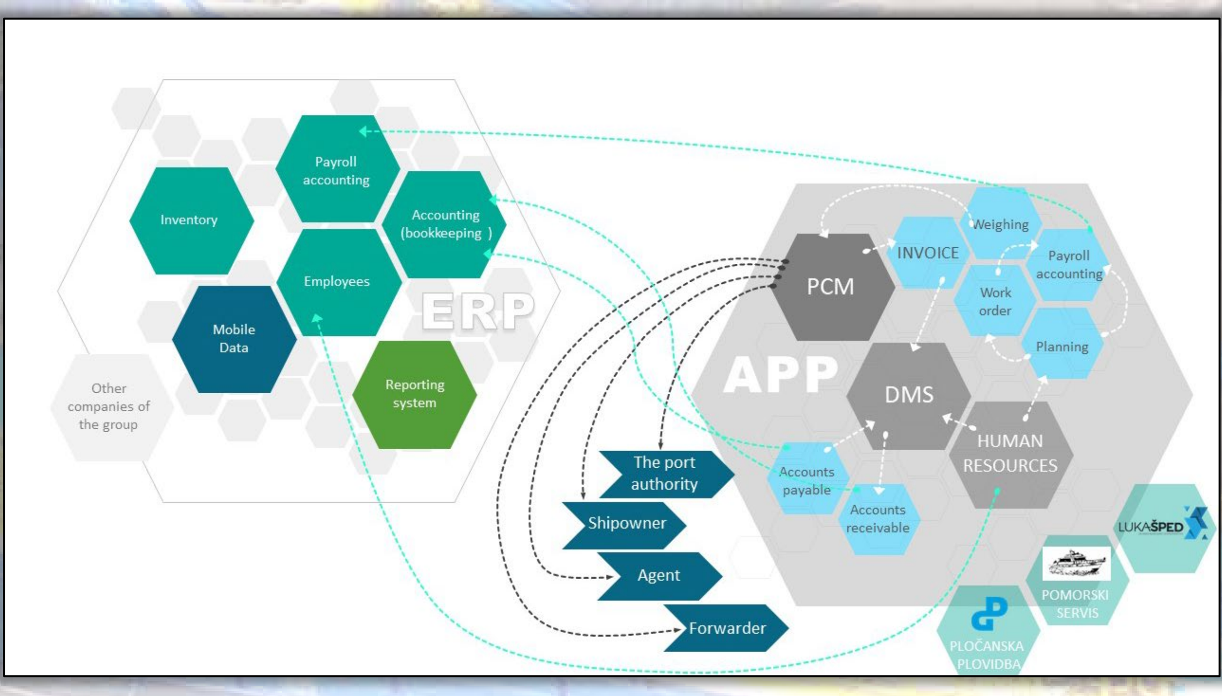
DIGITALISATION

The Company invests in the development of an IT environment that is focused on customized solutions and modern technology.

Over the past two years, the Company's IT division has been focused on internally developing an in-house customized application based IT system consisting of a set of applications (modules) for the performance of specific business processes within the Group (e.g. processing incoming/outgoing invoices, time sheet records, work order records, human resources module, maintenance operations module, etc.)

Digitization in 2022 was at its peak and of great importance to the Company and the Group evidencing a significant milestone in the port operations.

- The Company introduced its own customized DMS system in the third quarter of 2022.
- Two significant IT systems were developed for production, namely: PCM and ERP, and were launched on 1 January 2023
  - PCM (Port Community Management) is an internally developed application solution for handling containers, bulk and general cargo. The system is intended to automate the business processes of the Company, connecting all sectors of the Company, external applications and users participating in the business operations.
    The development of PCM took 6 months, including the development of multiple sub-systems:
    1. Processing of documents for the container terminal, bulk and general cargo;
    2. Development of integrations with shippers;
    3. Development of integrations with the Port Authority;
    4. Implementation of rights and permissions for different groups of users;
    5. Development of the invoicing module for all services; and
    6. Integration of the PCM system, namely its result and the invoicing module.
  - ERP system includes modules for finance, accounting, payroll, fixed assets register etc. Completion of the ERP integration with the internal application based IT system is planned for mid-2023, while: the human resources module, CRM, incoming invoices, cost centers and payroll are already integrated to date.



NON-FINANCIAL REPORTING

Pursuant to Article 21.a of the Accounting Act, the Company is not obligated to prepare non-financial reporting. However, taking into consideration the new EU regulatory framework for ESG reporting and the in-depth focus invested by management in considering various and key sustainability criteria, the Company has been actively involved in the implementation process of said for the Group. As such, the Group has taken steps to prepare its sustainability report and to calculate its CO2 footprint with the objective of detecting opportunities for enhancement and to report on said in the near future.

The following points highlight some of the activities undertaken by the Company and the Group within the framework of the ESG initiative.

- From 2020, investments have been made in working capital, automation, digitization and ecology.
- Focus is being given to actively adapt port handling services with the aim of reducing the CO2 footprint as much as possible.
- Investments in hybrid cranes that primarily run on electricity rather than fuel.
- All new equipment and machinery acquired with the aimed of replacing older more obsolete ones, have a smaller CO2 footprint, in addition to providing greater safety conditions for operators as well as for other employees who engage in port handling services.
- New electrification was carried out at quay of the new Bulk Cargo Terminal and quays 1, 2, 3 and 5, which facilitated more efficient cargo handling and raised the level of safety.
- The truck and railway scales were digitised, which resulted in an faster weighing process and reduction to fuel consumption.
- The Ecology Division supervises port handling services on a daily basis. Accordingly, coal cargo is sprayed with a specialized solution that creates a crust on the coal and significantly reduces the negative impact to the environment. A loader with a brush cleans the roads and other surfaces in order to reduce the effect of dust contamination, while water cannons water the cargos as needed. Focus is also placed on reducing water consumption through this process.
- The Company participates in local events through a financial or organisational manner.
- Pločanska plovidba d.o.o. organises a sailing school for local children at reduced prices.
- In 2022, the Company hosted several groups of students from Croatia and foreign countries. Event highlights include a lecture on port activities with an emphasis on sustainability and green transition, as well as an expert tour of the port where 35 students and teachers from Estonia, Portugal, Italy, Cyprus and Croatia participated in workshops brainstorming ideas for a "Smart Green Port" project with reference to the Erasmus+ project.
- Additional planned investments relate to: photovoltaic power plants on the ground, photovoltaic power plants on roofs, investments in cranes amongst other ecology related investments.

The above activities are aimed at enhancing the ecological, social and governance standards in the Company and Group.

CORPORATE GOVERNANCE STATEMENT

BASIC INFORMATION

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

This applies particularly to the manner in which the Company's bodies execute their duties, work with shareholders and employees, ensure transparency of business operations, and towards third parties. Since 16.06.2008, the Company adopted its own Code of Corporate Governance with the aim of further strengthening and establishing high standards of corporate governance. The management board fully complied with the provisions of its own Code and the Code of the Zagreb Stock Exchange d.d. from the day the shares were listed on the Official Market. The Company applies the corporate governance measures prescribed by law, and this is explained in detail in the annual questionnaire, which is published, in accordance with the regulations, on the website of the Zagreb Stock Exchange d.d. and the Company.

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

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

BASIC INFORMATION (continued)

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

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

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

CORPORATE GOVERNANCE STRUCTURE

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

GENERAL ASSEMBLY

The General Assembly makes decisions that have a significant impact on the state of assets, financial position, business results, ownership structure and management of the Company, and are made exclusively at the General Assembly of the Company by the prescribed majority of votes. The management of the Company is obliged, as soon as possible, to publicly announce the decisions of the General Assembly as well as information on possible lawsuits to refute them. In 2022, the regular annual General Assembly was held on 15 June 2022.

SUPERVISORY BOARD OF THE COMPANY

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

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

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

- Pavao Vujnovac - chairman
- Jeni Krstičević - deputy chairman
- Ivan Ostojić - member
- Damir Spudić - member
- Ana Marinović - member

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

During the reporting period, the Supervisory Board held a total of 5 sessions at which all members of the Supervisory Board were present.

AUDIT BOARD

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

CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE STRUCTURE (continued)

AUDIT BOARD (continued)

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

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

- Jeni Krstičević - chairman of the board
- Damir Spudić – board member
- Ivan Ostojić – board member

During 2022, three sessions of the Audit Committee were held, at which all members of the Audit Committee were present.

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

REMUNERATION COMMITTEE

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

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

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

- Ivan Ostojić - chairman of the board
- Damir Spudić – board member
- Jeni Krstičević – board member

During 2022, one session of the Remuneration Committee was held, at which all members of the committee were present.

APPOINTMENT COMMITTEE

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

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

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

- Damir Spudić - chairman of the board
- Ivan Ostojić – board member
- Jeni Krstičević – board member

During 2022, no session of the Appointments Committee was held.

CORPORATE GOVERNANCE STATEMENT (continued)

CORPORATE GOVERNANCE STRUCTURE (continued)

MANAGEMENT BOARD

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

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

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

REPORT ON THE ASSESSMENT OF THE SUPERVISORY BOARD

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

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

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

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

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

During 2022, the Supervisory Board held its sessions regularly, in accordance with the Work Plan of the Supervisory Board of the Company for the 2022 financial year, as determined at the session held on 29.12.2021. years. The duties of the Supervisory Board were performed by all members demonstrating good mutual co-operation, having the necessary expertise, aligned with the Company's business requirements, and who performed their duties and responsibilities in an appropriate and efficient manner. In accordance with the above, the Supervisory Board assessed that during 2022 all members of the Supervisory Board and members of the Supervisory Board's subcommittees successfully performed tasks that, in accordance with the law, fall under the jurisdiction of the Supervisory Board and its subcommittees, and each member during 2022 contributed to a significantly in the performance of their duties. The assessment noted that the joint work and co-operation of all members of the Supervisory Board and its subcommittees in 2022 was satisfactory and that their work was successful.

Through the Company's secretary, adequate support was provided during the preparation of the sessions of the Supervisory Board and its subcommittees.

During 2022, the Management Board continuously submitted reports prescribed by law to the Supervisory Board and informed it about all important business events, the course of business, income and expenses, all deviations of business events from the original plans and the general state of the Company. As a result of the above, the Supervisory Board positively assesses their relationship with the management board in 2022.

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

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

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

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

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

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

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

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

Ploče, 28 April 2023

STATEMENT ON THE RESPONSIBILITY OF THE MANAGEMENT BOARD

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

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

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

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

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

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

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

The Annual Report was approved by the Management Board on 28 April 2023 for submission to the Supervisory Board and are signed below by:

Hrvoje Livaja
Chairman of the Board

Daniela Marelić
Member of the Management Board

Luka Ploče d.d.
Trg kralja Tomislava 21
20340 Ploče
Ploče, 28 April 2023

LUKA PLOČE d.d., Ploče

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022.

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**Note**	**2022**	**2021**	**2022**	**2021**
Revenue	7,8	728,243	379,273	706,864	361,660
Other income	8	3,330	1,696	2,520	429
Materials and energy costs	9	(476,319)	(222,256)	(471,689)	(218,918)
Services	9	(43,051)	(22,255)	(42,342)	(21,898)
Staff costs	10	(81,247)	(72,474)	(70,371)	(62,946)
Depreciation and amortization	15,16,18	(17,248)	(16,406)	(16,064)	(15,614)
Other operating expenses	11	(10,370)	(7,708)	(8,858)	(6,568)
Impairment loss on receivables – net		(736)	(1,148)	(755)	(957)
Impairment of property, plant and equipment – net		(806)	(259)	(806)	(259)
Other (losses) / gains – net	12	(376)	1,503	(401)	1,486
Operating profit		**101,420**	**39,966**	**98,098**	**36,415**
Finance costs – net	13	(4,894)	(2,420)	(4,937)	(2,361)
Share of profits in associates	20	91	22	-	-
Profit before tax		**96,617**	**37,568**	**93,161**	**34,054**
Income tax	14	(43,999)	(6,988)	(43,359)	(6,473)
Net profit		**52,618**	**30,580**	**49,802**	**27,581**
Other comprehensive income		-	-	-	-
Total comprehensive income		**52,618**	**30,580**	**49,802**	**27,581**
Earnings per share (in HRK) basic and diluted	**29**	**124.91**	**72.59**	**118.22**	**65.47**

Notes and accounting policies that follow form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
ASSETS					
Non-current assets					
Intangible assets	15	308	419	308	419
Property, plant and equipment	16	389,834	386,443	378,232	378,435
Advances for tangible assets	17	18,136	1,304	18,136	1,154
Investment property	18	2,126	3,491	2,126	3,491
Investments in subsidiaries	19	-	-	7,502	7,502
Investments in associates	20	837	747	80	80
Long-term loans given to subsidiaries	21	267	983	267	983
Deferred tax assets	14	1,146	1,032	1,146	1,032
Long-term deposits	24	1,103	788	-	-
Total non-current assets		**413,757**	**395,207**	**407,797**	**393,096**
Current assets					
Inventories	22	7,016	3,977	6,864	3,795
Trade and other receivables	23	188,967	71,008	185,655	67,615
Short-term deposits	24	3,420	5,729	3,420	5,729
Short-term loans given to subsidiaries	21	-	-	2,146	2,146
Financial assets at fair value through profit or loss	25	245	265	245	265
Letters of credit	26	105,094	-	105,094	-
Cash and cash equivalents	27	44,760	122,030	33,834	112,782
Total current assets		**349,502**	**203,009**	**337,258**	**192,332**
Total assets		**763,259**	**598,216**	**745,055**	**585,428**
SHAREHOLDERS' EQUITY					
Share capital	28	169,187	169,187	169,187	169,187
Share premium	28	88,107	88,107	88,107	88,107
Legal reserves	28	8,459	8,459	8,459	8,459
Other reserves	28	48,159	48,159	48,159	48,159
Retained earnings		176,857	124,239	163,776	113,974
Total shareholders’ equity		**490,769**	**438,151**	**477,688**	**427,886**
LIABILITIES					
Non-current liabilities					
Borrowings	30	115,257	123,212	113,738	122,980
Provisions	31	3,589	4,230	3,279	3,942
Total non-current liabilities		**118,846**	**127,442**	**117,017**	**126,922**
Current liabilities					
Borrowings	30	87,211	10,147	86,590	9,770
Trade and other payables	32	20,992	16,336	18,757	15,008
Income tax liability		40,550	3,382	40,289	3,203
Provisions	31	4,891	2,758	4,714	2,639
Total current liabilities		**153,644**	**32,623**	**150,350**	**30,620**
Total liabilities		**272,490**	**160,065**	**267,367**	**157,542**
Total shareholders’ equity and liabilities		**763,259**	**598,216**	**745,055**	**585,428**

Notes and accounting policies that follow form an integral part of these financial statements.

LUKA PLOČE d.d., Ploče

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

Luka Ploče Group

(in thousands of HRK)	Share capital	Share premium	Legal reserves	Other reserves	Treasury shares	Retained earnings	Total
Balance at 1 January 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**93,659**	**407,571**
Net profit for the year	-	-	-	-	-	30,580	30,580
Total comprehensive income	-	-	-	-	-	**30,580**	**30,580**
Balance at 31 December 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**124,239**	**438,151**
Balance at 1 January 2022	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**124,239**	**438,151**
Net profit for the year	-	-	-	-	-	52,618	52,618
Total comprehensive income	-	-	-	-	-	**52,618**	**52,618**
Balance at 31 December 2022	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**176,857**	**490,769**

Notes and accounting policies that follow form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

Luka Ploče d.d.

(in thousands of HRK)	Share capital	Share premium	Legal reserves	Other reserves	Treasury shares	Retained earnings	Total
Balance at 1 January 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**86,393**	**400,305**
Net profit for the year	-	-	-	-	-	27,581	27,581
Total comprehensive income	-	-	-	-	-	27,581	27,581
Balance at 31 December 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**113,974**	**427,886**
Balance at 1 January 2022	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**113,974**	**427,886**
Net profit for the year	-	-	-	-	-	49,802	49,802
Total comprehensive income	-	-	-	-	-	49,802	49,802
Balance at 31 December 2022	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**163,776**	**477,688**

Notes and accounting policies that follow form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**Note**	**2022**	**2021**	**2022**	**2021**
Profit / (loss) before tax		**96,617**	**37,568**	**93,161**	**34,054**
Depreciation and amortization	15,16,18	17,248	16,406	16,064	15,614
Impairment losses on receivables	23	1,621	1,273	1,621	1,082
Gains/(losses) on changes in fair value	12	20	(28)	20	(28)
Gain on sale of property, plant and equipment and intangible assets	12	(554)	(1,266)	(554)	(1,266)
Share of net profit of associates	20	(91)	(22)	-	-
Finance costs – net	13	4,894	2,420	4,937	2,361
Net changes in provisions	31	1,492	1,369	1,411	1,234
Impairment of property, plant and equipment and inventories		521	259	521	259
Interest income	8	(43)	(8)	(101)	(69)
Total items that do not affect cash		**25,108**	**20,403**	**23,919**	**19,187**
Changes in working capital:					
Increase/ (decrease) of trade and other receivables		(115,285)	21,739	(114,988)	23,832
(Increase) / decrease of inventories		(3,039)	2,486	(3,069)	2,529
(Increase) / decrease of trade and other payables		6,618	(2,990)	5,688	(2,758)
		(111,706)	**21,235**	**(112,369)**	**23,603**
Interest paid		(4,599)	(4,084)	(4,566)	(4,051)
Interest proceeds		44	8	101	69
Income tax paid		(6,946)	(835)	(6,386)	(537)
Net cash used in operations		**(1,482)**	**74,295**	**(6,140)**	**72,325**
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(43,685)	(22,704)	(38,880)	(21,569)
Proceeds from disposal of property, plant and equipment		2,083	2,069	2,083	2,069
Open letters of credit	26	(105,094)	-	(105,094)	-
Net investments in deposits and guarantees		2,717	-	2,401	-
Net cash used in investing activities		**(143,979)**	**(20,635)**	**(139,490)**	**(19,500)**
Cash flows from financing activities					
Proceeds from borrowings	30	188,917	461	186,680	661
Repayment of borrowings	30	(117,719)	(9,770)	(116,991)	(9,154)
Repayment of leases	30	(3,007)	(2,992)	(3,007)	(3,742)
Net cash used in financing activities		**68,191**	**(12,301)**	**66,682**	**(12,235)**
Net decrease in cash and cash equivalents		**(77,270)**	**41,359**	**(78,948)**	**40,590**
Cash and cash equivalents at beginning of year		122,030	80,671	112,782	72,192
Foreign exchange (losses) / gains on cash and cash equivalents		-	-		-
Cash and cash equivalents at end of year	27	**44,760**	**122,030**	**33,834**	**112,782**

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

NOTE 1 – GENERAL INFORMATION

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

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

As at 31 December 2022, LUKA PLOČE Group (the "Group") comprises the parent company LUKA PLOČE d.d., its three subsidiaries (2010: three subsidiaries) based in Ploče, Croatia (Note 19) and equity-accounted associates (Note 20).

As at 31 December 2022, the Company's shares were listed on the market of joint stock companies of the Zagreb Stock Exchange.

Management and the Supervisory Board of the Company

During the reporting period the members of the Management Board were as follows:

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

During the reporting period the members of the Supervisory Board were as follows:

Name	Surname	Function
Pavao	Vujnovac	Chairman of the Supervisory Board
Jeni	Krstičević	Deputy chairman of the Supervisory Board
Ivan	Ostojić	Member
Damir	Spudić	Member
Ana	Marinović	Member

NOTE 2 – BASIS OF PREPARATION

2.1 Statement of compliance

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

The separate financial statements are presented for the Company while the consolidated financial statements relate to the Company and its subsidiaries and associates (referred to as "the Group"). The separate and consolidated financial statements are further referred to as the "financial statements". The financial statements were approved by the Management Board on 28 April 2023.

2.2 Basis of presentation

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

2.3 Functional and presentation currency

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

NOTE 2 – BASIS OF PREPARATION (continued)

2.4. Adoption of New or Revised Standards and Interpretations

The following amended standards became effective from 1 January 2022, they have been endorsed by the EU, but did not have a material impact on the Group/Company:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, issued on 27 August 2020 (effective for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 4 *Insurance Contracts* – deferral of the effective date for IFRS 9, issued on 25 June 2020 (effective for annual periods beginning on or after 1 January 2021).
- Revenues before intended use, Harmful contracts - contract fulfilment costs, Reference to the Conceptual Framework - narrow scope additions to IAS 16, IAS 37 and IFRS 3 and Annual Improvements to IFRS for the cycle from 2018 to 2020 - amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (published on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 3 Business combinations related to reference to the Conceptual Framework, IAS 16 Property, plant and equipment related to income before intended use, IAS 37 Provisions, contingent liabilities and contingent assets that relating to adverse contracts, all issued on 14 May 2020 (effective for annual periods beginning on or after 1 January 2022).
- Amendments Annual Improvements 2018-2020, Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41, all issued on 14 May 2020 (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

2.5. New Accounting Pronouncements

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

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

NOTE 2 – BASIS OF PREPARATION (continued)

2.5. New Accounting Pronouncements

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the consolidated Group's/Company's financial statements.

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

- IFRS 14, Regulatory Deferral Accounts in regulated price system (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the consolidated Group's/Company's financial statements.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and companies over which the Company has control (subsidiaries) as of and for the years ended 31 December 2022. The Company and its subsidiaries together are referred to as the Group.

(i) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of bargain purchase, the difference is recognized directly in the statement of comprehensive income.

(ii) Business combinations and transactions with entities under joint control

Business combination of entities under joint control is accounted for using the book value. Under this method, the assets and liabilities of the predecessor of a jointly controlled entity are transferred at carrying amounts to the successor entity. The related goodwill relating to the initial acquisitions of the predecessor company is also disclosed in these financial statements. The difference between the carrying amount of net assets and the consideration paid is recognized in these financial statements as an adjustment to equity.

(iii) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. In its unconsolidated financial statements, the Company accounts for its investments in subsidiaries at cost.

(iv) 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 of accounting whilst the Company accounts for them at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement and its share of post-acquisition movements in reserves is recognized in reserves. 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 recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

Balances and transactions between Group and any unrealized gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates where the Group shares control with other owners are eliminated to the extent of the Group's interest in these entities. Unrealized gains arising from transactions with associates are eliminated against the. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Segment reporting

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

3.3 Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses relating to borrowings, cash and cash equivalents and short-term deposits are recorded in the income statement within “Finance income or costs”. All other foreign exchange losses and gains are recorded in the income statement within “Other (losses)/gains-net”.

Non-monetary assets and items that are measured in terms of historical cost in foreign currencies are not re-translated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at functional currency at foreign exchange rates ruling at the date of determination of fair values.

3.4 Intangible assets

Software, licenses and project documentation are amortized over their estimated useful lives. Estimated useful lives are reviewed annually and impairment review are undertaken if there is any indication of impairment.

Subsequent expenditure on capitalized intangible assets is capitalized 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 Company. All other expenditure is recognized in the profit or loss as an expense as incurred.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortized from the date on which they are available for use. The estimated useful lives of intangible assets is 2.5 to 5 years.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment

i) Owned Assets

Advances for tangible assets are presented in the statement of financial position at acquisition cost according to the contractually agreed conditions. At the point in time when the item of property, plant and equipment for which an advance was paid is delivered and the supplier's invoice is received, the paid advances are recognized as an investment in property, plant and equipment at the cost of acquisition.

Property, plant and equipment is included in the balance sheet at historical cost less accumulated depreciation and accumulated impairment, 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land and assets under construction are not depreciated. Depreciation of other tangible assets is calculated using the straight-line method to allocate their cost over their estimated useful lives.

	2022/2021
Buildings	8-67
Equipment	2-67
Leasehold improvements	15-67

Leasehold improvements relate to capital expenditures in leased assets, located on maritime land.

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

(ii) Assets which are subject to the concession arrangement

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

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

Expenditures for maintenance

Maintenance of assets that are part of the concession arrangement is recognized as an expense when incurred in profit or loss and is disclosed in operating costs as a cost of used materials and services.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

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

Capital expenditure in the area under concession

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

In the case of property which is, under the concession arrangement, upon its expiry transferred to the local port authority (the Provider of the concession), amortization of such assets is calculated using the straight-line method to allocate the cost, less the residual value of the asset, over the shorter of the estimated useful life and remaining concession arrangements.

In the case of property that is not transferred to the Provider of the concession, depreciation is calculated in accordance with the depreciation policy of the class of property, plant and equipment in which the said asset is classified as explained in Note 3.5 (i).

The assets transferred to the Company by the Service Concession

As part of the concession arrangements, the local port authority (the Provider of the concession) has transferred the management rights over a number of items of property that make up the port infrastructure on the Company which has the right to use these assets in the provision of services defined in the concession agreement. Such assets are not recognized by the Company but instead are accounted for as off-balance sheet items.

3.6 Investment property

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

Investment property is carried at historical cost less accumulated depreciation and impairment losses, if any. The depreciation of apartments is calculated using the straight-line method to allocate cost over their estimated useful life of 66 years.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with it will flow to the Group or the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

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

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

- the contract involves the use of identified assets - which may be determined explicitly or implicitly, and which should be physically separated or represent a predominant part of the capacity of the physically separated assets. If the supplier has a significant right of exchange, then the asset is not identified;
- The Group has the right to essentially all economic rights from the use of the property during the period of use; and

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- The Group has the right to manage the use of the respective property. The Group has this right when it exercises management rights that are most relevant to changes in decisions as to how and for what purpose the assets are used. In the rare cases where a decision on how and for what purpose the assets in question are used is predetermined, the Group has the right to manage the use of the assets if:
    - the Group has the right to manage the assets; or
    - the Group has designed the asset in a manner that determines in advance how and for what purpose it will be used.

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

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

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

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

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

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

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

When a lease liability is remeasured as follows, the corresponding adjustments are made to the net carrying amount of the asset used, or recognized in profit or loss if the net carrying amount of the asset is reduced to zero.

The Group presents property, plant and equipment as part of property, plant and equipment and borrowings under borrowings in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a linear basis over the lease term. The number of such leases and their amount is not material.

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

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

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all 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 recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets

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

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

Impairment losses are recognized in profit or loss. Impairment losses relating to cash generating units, are first allocated to reduce goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis.

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

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

3.10 Inventories

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

Inventories of trade goods are stated at net realizable value. Net realizable value represents the estimate of sales price in the ordinary course of business less any variable sales costs. Inventories are measured using the weighted average method.

3.11 Trade receivables and loans given

Trade receivables and loan given are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, if significant, if not at nominal value less provision for impairment.

The amount of the provision is recognized in the income statement within “Impairment of receivables - net”. Subsequent recoveries of the provision for impairment of trade receivables are recorded in the income statement within ‘impairment of receivables - net’.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial assets

(i) Recognition and Initial Measurement

Trade receivables are initially recognized when they are originated. All other financial assets are initially recognized 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

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

- amortized cost;
- 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 amortized 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.

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;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

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, letters of credit 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’. In addition, the Group does not have any separate business models for financial asset management, and because of its simplicity, it manages its through regular business operations.

Subsequent measurement and gains and losses

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

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

(iii) Derecognition

The Group derecognizes 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 recognized 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 derecognized.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial liabilities

(i) Recognition and initial measurement

Debt securities issued are initially recognized when they are originated. All other financial liabilities are initially recognized 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 amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes 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 recognized 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 recognized in profit or loss.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 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 realize the asset and settle the liability simultaneously.

3.15 Impairment of non-derivative financial assets

Recognition of loss allowances

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- 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 realizing 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.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Impairment of non-derivative financial assets (continued)

Credit impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off of financial assets

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

3.16 Cash and cash equivalents

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

3.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

Fees paid in relation to arrangement of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be realized.

Borrowings are classified as current liabilities, unless the Group or the Company have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.18 Share capital

Ordinary shares are classified as equity. 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.

Where the Company purchases its 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 Company's equity holders until the shares are reissued. Where such shares are subsequently 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 Company's equity holders.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Taxation

(i) Income Taxes

The Company and all Group entities are liable for income tax under the laws and regulations of the Republic of Croatia. The tax base represents the difference between income and expenses, as determined by the applicable law. Income tax is calculated at a rate of 18%. The managements of all Group entities periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and consider establishing provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax assets and liabilities

Deferred tax is recognized 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. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized.

Deferred tax is accounted for temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(iii) Tax Exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and the possibility of additional taxes and interest rates being incurred. This consideration relies on estimates and assumptions and may include a series of judgments about future events. New data that may become available may cause the Group to change its judgment of the adequacy of existing tax liabilities; such changes in tax liabilities will affect the tax expense in the period in which such a decision was made.

(iv) Value Added Tax (VAT)

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognized and disclosed in the balance sheet on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Employee benefits

(a) Pension obligations and post-employment benefits

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

(b) Long-term employee benefits

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

(c) Short-term employee benefits

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

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Company or the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group or the Company recognize termination benefits 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. Termination benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

3.21 Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.22 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.23 Earnings per share

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

3.24 Dividend distribution

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Revenue recognition

Revenue is measured on the basis of the fee specified in the contract with the customer, which is based on the prescribed tariff for port services. The Group 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 over time) or on a specific date (recognition in time). Before revenue is recognized, the Group identifies both the contract and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. Specific criteria for revenue recognition for the Group's and the Company's activities is described below.

(a) Revenue from port services

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

Revenue from services rendered is 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 tons off or on loaded compared to total shipment size; or number of storage days elapsed compared to the total number of storage days contracted). The transfer of control of services usually takes place over time.

Contract assets are recognized for consideration for work completed, but not invoiced at the reporting date. Contract assets are transferred to receivables when rights become unconditional. This usually happens when the Group issues an invoice to the customer.

(b) Revenue from sale of goods

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

The amount of sales to be recognized is based on the price specified in the contracts, net of estimated volume discounts and returns at the time of sale. Past experience is used to estimate the discounts and returns.

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. The Group and the Company recognize interest income within other income.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

NOTE 4 – FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

(in thousands of HRK)	Luka Ploče Group		Luka Ploče d.d.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial assets				
Loans given	495	1,284	2,641	3,430
Financial assets at fair value through profit or loss	245	265	245	265
Trade receivables	183,651	68,021	180,767	65,002
Deposits	4,523	6,517	3,420	5,729
Letters of credit	105,094	-	105,094	-
Cash and cash equivalents	44,760	122,030	33,834	112,782
Total	**338,768**	**198,117**	**326,001**	**187,208**
Financial liabilities				
Borrowings	202,468	133,359	200,328	132,750
Trade payables	13,202	9,588	12,189	9,360
Total	**215,670**	**142,947**	**212,517**	**142,110**

The fair value of financial instruments

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

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

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

On 31 December 2022, the carrying amounts of cash, letters of credit, short-term deposits, receivables, short-term liabilities, accrued expenses, borrowings and other financial instruments approximate their fair values due to the short term nature of these assets and liabilities and because most of current assets and current liabilities carries a variable interest rate.

Management believes that the fair value of long-term receivables of the Group arising from the sale of apartments to employees is not materially different from their carrying value due to the current low level of market interest rates for such claims. Management regularly monitors the relevant market interest rates on similar assets in order to assess the validity of this assumption.

At the reporting dates, the carrying value of bank loans and other loans approximates their fair value because most of these loans carries or variable interest rate or a fixed interest rate which approximates current market interest rates and the majority of long-term loan carries a variable interest rate.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

The Group's and the Company's activities expose them to a variety of financial risks: market risk (currency risk, price risk, cash flow interest rate risk), credit risk and liquidity risk. The Group and the Company do not have a written risk management program, but overall risk management in respect of these risks is carried out by the Company's finance department.

(a) Market risk

(i) Currency risk

The Group and the Company are exposed to currency risk arising from foreign sales and purchases, as well as from borrowings issued in various currencies: Euros (EUR) and US dollars (USD). The majority of foreign sales revenue and long-term debt is denominated in EUR and USD. Therefore, movements in exchange rates between the USD, EUR and Croatian kuna (HRK) may have an impact on the results of future operations and future cash flow.

The following table presents an overview of the Group's and the Company's assets and liabilities denominated in foreign currencies as at 31 December 2022 and the maximum effect on profit after tax, with all other variables held constant:

Luka Ploče Group

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities**	**Change in currency**	**Effect on profit before tax**
	(in thousands of HRK)		*(in thousands of HRK)*	**%**	*(in thousands of HRK)*
EUR	224,077	(200,571)	23,506	1,00%	235
USD	106,027	-	106,027	3,00%	3,181

Luka Ploče d.d.

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities**	**Change in currency**	**Effect on profit before tax**
	(in thousands of HRK)		*(in thousands of HRK)*	**%**	**%**
EUR	213,790	(198,422)	15,368	1,00%	154
USD	104,847	-	104,847	3,00%	3,145

The following table presents an overview of the Group's and the Company's assets and liabilities denominated in foreign currencies as at 31 December 2021 and the maximum effect on profit after tax, with all other variables held constant:

Luka Ploče Group

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities)**	**Change in currency**	**Effect on profit before tax**
	(in thousands of HRK)		*(in thousands of HRK)*	**%**	*(in thousands of HRK)*
EUR	168,208	(130,069)	38,139	1,00%	381
USD	20,555	-	20,555	3,00%	617

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Luka Ploče d.d.

Currency	**Assets**	**Liabilities**	**Net assets/(liabilities)**	**Change in currency**	**Effect on profit before tax**
	(in thousands of HRK)		*(in thousands of HRK)*	**%**	*(in thousands of HRK)*
EUR	160,234	(129,511)	30,723	1,00%	307
USD	19,487	-	19,487	3,00%	585

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

(ii) Interest rate risk

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

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

	Luka Ploče Group		**Luka Ploče d.d.**	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Borrowings at variable interest rates	78,992	593	76,852	-

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

	Increase / decrease in %	**Luka Ploče Group**		**Luka Ploče d.d.**	
		2022.	**2021.**	**2022.**	**2021.**
		(in thousands of HRK)		*(in thousands of HRK)*	
Effect of interest rate increase on profit before tax	+1%	(790)	(6)	(769)	-
Effect of interest rate decrease on profit before tax	-1%	790	6	769	-

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(ii) Interest rate risk (continued)

As at 31 December 2022, long-term loans are linked to a fixed interest rate, while short-term loans are linked to a fixed interest rate and EURIBOR, according to which the Group and the Company are not significantly exposed to cash flow interest rate risk.

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

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

(b) Credit risk

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

The largest part of the Group's and the Company's business is related to cooperation with known customers, while only a small part of the business is related to new customers. The Group's top five customers generated approximately 81.4% of the total sales revenue (2021: 75.2%), of which the two largest customers with the largest impact on the Group's and the Company's revenue have 62.5% of the total revenue in 2022 (2021: 60.2%) The Group and the Company manage credit risk through the analysis of key customers, the implementation of appropriate protection measures in contracts and through continuous communication with customers and liens on goods and their shipment.

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

(c) Liquidity risk

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

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

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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

(in thousands of HRK)	Principal	Contractual cash flows	Up to 1 year	1 - 5 years	Over 5 years
Luka Ploče Group					
31 December 2022					
Leases	34,724	34,723	2,090	4,591	28,042
Bank borrowings	167,056	188,579	94,473	38,128	55,978
State borrowings	688	688	153	535	-
Trade payables	13,202	13,202	13,202	-	-
Total	**215,670**	**237,192**	**109,918**	**43,254**	**84,020**
31 December 2021					
Leases	36,583	48,958	3,100	9,110	36,748
Bank borrowings	95,934	114,805	10,704	39,097	65,004
State borrowings	842	842	196	646	-
Trade payables	9,588	9,588	9,588	-	-
Total	**142,947**	**174,193**	**23,588**	**48,853**	**101,752**

	Principal	Contractual cash flows	Up to 1 year	1 - 5 years	Over 5 years
Luka Ploče d.d.					
31 December 2022					
Leases	34,724	34,723	2,090	4,591	28,042
Bank borrowings	164,916	188,489	94,434	38,077	55,978
State borrowings	688	688	153	535	-
Trade payables	12,189	12,189	12,189	-	-
Total	**212,517**	**236,089**	**108,866**	**43,203**	**84,020**
31 December 2021					
Leases	36,568	48,941	3,083	9,110	36,748
Bank borrowings	95,340	114,195	10,292	38,899	65,004
State borrowings	842	842	196	646	-
Trade payables	9,360	9,360	9,360	-	-
Total	**142,110**	**173,338**	**22,931**	**48,655**	**101,752**

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

The Company's and the Group's financial assets in the amount of HRK 342,794 thousand and HRK 327,453 thousand, respectively, mainly relate to deposits, cash and receivables which are short-term in nature. This indicates that the Company and the Group have sufficient liquidity in the short term.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.2 Operational risk management

The Group is primarily exposed to the risk of sales concentration. For more details on exposure to this risk and way it is managed please see note 7.

4.3 Capital risk management

The Group and the Company monitor capital in accordance with and regulations of the countries in which they operate. Croatian laws and regulations require minimum paid in capital of HRK 200,000 for joint stock companies and HRK 20,000 for limited liability companies. There are no specific objectives required by the owners in managing capital. The Group is not subject to externally imposed capital requirements. In addition, there are no internally monitored capital objectives.

NOTE 5 – DETERMINING FAIR VALUE

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

Fair values are measured using information collected from third parties in which case the Board and the finance department assess whether the evidence collected from third parties 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 value estimates are reported to the Supervisory and the Audit Committee. Fair values are categorized into different levels in the fair value hierarchy based on the input variables used in the valuation techniques as follows:

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

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

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

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

The following table presents the Group's and the Company's assets at fair value as at 31 December 2022 and 2021:

(in thousands of HRK)	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2022				
Listed companies	245	-	-	245
Unlisted companies	-	-	-	-
Total	245	-	-	245
31 December 2021				
Listed companies	265	-	-	265
Unlisted companies	-	-	-	-
Total	265	-	-	265

NOTE 6 – KEY ACCOUNTING ESTIMATES

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

(a) Concession Arrangements

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

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

In addition to covering the costs associated with concession, concession operator, is obligated to pay to the Provider the annual concession fee consisting of a fixed fee per square meter of area under concession and a variable fee per ton for each type of cargo transshipped through the Port and variable compensation for the services of tying and untying and acceptance and diverting of ships.

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

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

NOTE 6 – CRITICAL ACCOUNTING ESTIMATES (continued)

(a) Concession Arrangements (continued)

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

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

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

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

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

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

NOTE 6 – CRITICAL ACCOUNTING ESTIMATES (continued)

(b) Recoverability of property, plant and equipment

As at 31 December 2022, property, plant and equipment of the Group and the Company amounted to HRK 389,834 thousand and HRK 378,232 thousand, respectively.

Management conducts a test of impairment of property, plant and equipment for impairment when indications of impairment exist. The Company's business is dependent on trends in the global market, particularly with reference to variances in market prices of listed commodities for which the Company provides port handling services to its customers. The significant impact of sanctions imposed against Russia is visible at the global level through a significant increase in the prices of raw materials and increased volatility of the capital market, which continues to affect the global supply chain. Macroeconomic challenges are expressed through rising costs, challenges in the supply/demand cycle, a significant rise in inflation and the trend of rising interest rates.

Taking into account the above, the Management Board has arrived at conclusion that impairment indicators were identified at 31 December 2022 and relevant tests were performed accordingly.

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

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

Plans include assumptions of growth in cargo volume as follows:

- growth of bulk cargo volume in the old port and at the bulk cargo terminal at an average annual rate of 0.9% and 3.8%, respectively;
- growth of general cargo volume in the old port and at the container terminal at an average annual rate of 1.1% and 2.3%, respectively;
- growth of liquid cargo volume at an average annual rate of 0.5%;

Plans include assumptions of growth in prices as follows:

- growth in prices of services related to bulk cargo in the old port and at the bulk cargo terminal at an average annual rate of 0.8% and 0.4%, respectively;
- growth in prices of services related to general cargo in the old port and at the container terminal at an average annual rate of 0.8% and 0.9%, respectively;

These estimated cash flows are discounted to their present value using a pre-tax discount rate of 13.32% (2021: 10.39%) which reflects the risk specific to the assets.

Management estimates that the carrying amount of property, plant and equipment as at 31 December 2022 is recoverable.

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

- 1% decrease in the average annual growth rates of cargo volume during the entire duration of the concession period would not result in the impairment of property, plant and equipment;
- an increase in the discount rate by 3% would not result in impairment of property, plant and equipment.

NOTE 7 – OPERATING SEGMENTS

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

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

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

(in thousands of HRK)	**Port services**	**Marine services**	**Trading segment**	**Other segments**	**Total Group**
Revenue	255,210	17,102	445,246	10,685	728,243
Operating profit before depreciation and amortization	108,197	3,511	5,965	995	118,668
Depreciation and amortization and write-off of fixed assets	(16,064)	(239)	-	(945)	(17,248)
Operating profit / (loss)	**92,133**	**3,272**	**5,965**	**50**	**101,420**
Capital expenditures	17,320	74	-	4,730	22,124

The segment results for the year ended 31 December 2021 are as follows:

(in thousands of HRK)	**Port services**	**Marine services**	**Trading segment**	**Other segments**	**Total Group**
Revenue	149,127	15,579	205,959	8,608	379,273
Operating profit before depreciation and amortization	48,574	2,977	3,456	1,365	56,372
Depreciation and amortization and write-off of fixed assets	(15,614)	(273)	-	(519)	(16,406)
Operating profit	**32,960**	**2,704**	**3,456**	**846**	**39,966**
Capital expenditures	22,950	40	-	551	23,541

NOTE 7 – OPERATING SEGMENTS (continued)

The Group and the Company operate in three main geographical areas. Revenue between geographical segments is allocated based on the customers country of origin.

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Croatia	142,504	82,117	128,314	74,108
Bosnia and Herzegovina	53,784	47,631	47,730	40,502
European Union countries	521,142	241,366	521,014	239,854
Other	10,813	8,159	9,806	7,196
Total	**728,243**	**379,273**	**706,864**	**361,660**

Concentration risk sales

The Group generates 19.6% (2021: 21.7%) of revenue from sales to domestic customers while 80.4% (2021: 78.3%) of revenue is derived from sales to foreign customers (in terms of the geographical location of customers) which mainly relates to sale to customers from Bosnia and Herzegovina, which generate 7.4% of revenue (2021: 12.6%). The Group determines the selling price to customers in accordance with the macroeconomic conditions prevailing in each market where customers are located taking into account the maximum approved tariffs for services covered by the concession contract.

Group revenue is substantially exposed to volatility due to the relatively high concentration of revenue to small number of customers. Top five customers of the Group generated approximately 81.4% of revenue (2021: 75.2%), out of which the strongest impact have the two largest customers that generated 62.5% of revenue in 2022 (2021: 60.2%). With the two largest customers, the Group primarily trades in goods. As a result of its exposure to a small number of customers, the Company manages this risk through active and frequent communication with key customers, acquisition of new customers and through monitoring of relevant competitors and market conditions both at local and international level.

NOTE 8 – REVENUE

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Revenue				
Revenue from sale of services	282,966	173,314	261,618	155,701
Revenue from sale of goods	445,277	205,959	445,246	205,959
	728,243	**379,273**	**706,864**	**361,660**
Other income	1,181	-	1,178	-
Interest income	43	8	43	8
Other income	2,106	1,688	1,299	421
	3,330	**1,696**	**2,520**	**429**
	731,573	**380,969**	**709,384**	**362,089**

Interest income include income from interest on bank deposits.

NOTE 8 – REVENUE (continued)

Revenue segmentation by type of cargo is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Bulk cargo	186,295	112,669	186,295	112,669
General cargo	56,490	32,411	56,490	32,411
Liquid cargo	12,365	5,677	12,365	5,677
Other services	27,816	22,557	6,468	4,944
	282,966	**173,314**	**261,618**	**155,701**
Revenue from sale of goods	445,277	205,959	445,246	205,959
	728,243	**379,273**	**706,864**	**361,660**

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

Revenue segmentation by type of service is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Port manipulation	206,235	135,647	206,235	135,647
Rent and warehousing	43,320	14,499	43,320	14,900
Other services	33,411	23,168	12,063	5,154
	282,966	**173,314**	**261,618**	**155,701**
Revenue from sale of goods	445,277	205,959	445,246	205,959
	728,243	**379,273**	**706,864**	**361,660**

NOTE 9 – MATERIALS, ENERGY COSTS AND SERVICES

Costs of materials and energy are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Cost of goods sold	439,440	202,604	439,282	202,503
Fuel costs	10,118	4,793	9,761	4,562
Consumption of raw materials and supplies	12,210	8,045	9,080	5,579
Electricity	13,133	6,068	13,133	6,068
Small inventory, spare parts and office supplies	992	756	264	216
Other material costs	426	(10)	169	(10)
	476,319	**222,256**	**471,689**	**218,918**

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

Service costs are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Utilities	10,299	8,402	10,099	8,237
Repairs and maintenance	13,856	3,355	14,597	4,081
Security costs	3,824	3,163	3,824	2,995
Intellectual services	1,402	916	1,393	914
Advertising and entertainment expenses	829	769	1,093	753
Transport and telecommunication services	5,361	1,865	4,953	1,579
Other services	7,480	3,785	6,383	3,339
	43,051	**22,255**	**42,342**	**21,898**

The audit fee for the audit of consolidated and separate financial statements for the year ended 31 December 2022 amount to HRK 218 thousand (for the year ended 31 December 2021: HRK 185 thousand).

NOTE 10 – STAFF COSTS

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Salaries and taxes	52,831	46,179	45,450	39,594
Contributions from and on salaries /i/	21,457	20,096	19,020	17,940
Termination benefits and jubilee awards/ii/	745	1,644	770	1,626
Other employee benefits /iii/	6,214	4,555	5,131	3,786
	81,247	**72,474**	**70,371**	**62,946**

/i/ Defined pension contributions paid by the Group and the Company to mandatory pension funds for 2022 amounted to HRK 11,655 thousand and HRK 10,558 thousand (2021: HRK 10,713 thousand and HRK 9,745 thousand). Contributions are calculated as a percentage of the employees' gross salaries.

/ii/ Termination benefits and jubilee awards include the effects of provision release related to IAS 19 in the amount of HRK 299 thousand (2021.: HRK 111 thousand)

/iii/ Other employee benefits include commuting expenses, gifts, occasional rewards and other benefits.

Aa at 31 December 2022 the Group had 476 employees (2021: 451), and the Company had 395 employees (2021: 374).

NOTE 11 – OTHER OPERATING EXPENSES

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Insurance premiums	1,446	1,409	1,247	1,194
Damages, penalties and demurrage	1,471	348	1,463	234
Contributions and membership fees	900	846	833	749
Bank charges	1,272	544	1,132	427
Daily allowances and travel expenses	250	189	227	132
Supervisory Board fees	420	420	420	420
Other staff costs	599	176	70	63
Donations	249	251	249	251
Write-off of safety clothing and footwear	405	153	405	153
Provisions for court cases	2,176	2,014	2,083	1,905
Other operating expenses	1,182	1,358	729	1,040
	10,370	**7,708**	**8,858**	**6,568**

NOTE 12 – OTHER (LOSSESS)/ GAINS – NET

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Gain/(loss) from change in fair value of financial assets through profit or loss (Note 25)	(20)	28	(20)	28
Gain on disposal and write-off of property, plant and equipment /i/	554	1,266	554	1,266
Net foreign exchange differences	(910)	209	(935)	192
	(376)	**1,503**	**(401)**	**1,486**

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

(in thousands of HRK)	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Net carrying amount	(1,307)	(8)	(1,307)	(8)
Proceeds on sale of tangible assets	1,861	1,274	1,861	1,274
Gain on disposal of property, plant and equipment	**554**	**1,266**	**554**	**1,266**

NOTE 13 – FINANCE INCOME / (COSTS) - NET

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Foreign exchange gains / (losses) – net	(570)	1,664	(598)	1,629
Interest expense	(4,324)	(4,084)	(4,339)	(3,990)
Finance expenses – net	**(4,894)**	**(2,420)**	**(4,937)**	**(2,361)**

NOTE 14 – INCOME TAX

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Current income tax	18,263	5,289	17,623	4,773
Additional profit tax	25,850	-	25,850	-
Deferred tax income/(expense)	(114)	1,699	(114)	1,700
	43,999	**6,988**	**43,359**	**6,473**

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

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Profit before tax	**96,617**	**37,568**	**93,161**	**34,054**
Income tax 18%	17,391	6,762	16,769	6,130
Non-taxable income	(181)	-	(127)	-
Non-deductible expenses	939	388	867	343
Current-year losses for which no deferred tax asset is recognized	-	(96)	-	-
Effect of different tax rates	-	(66)	-	-
Additional profit tax	25,850	-	25,850	-
Income tax expense / (benefit)	**43,999**	**6,988**	**43,359**	**6,473**

NOTE 14 – INCOME TAX (continued)

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

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

(in thousands of HRK)	**Long-term employee benefits**	**Tax losses**	**Expected credit losses**	**Right-of-use assets and lease liabilities**	**In total**
1 January 2021	**372**	**1,754**	**123**	**483**	**2,732**
Recognised in profit or loss	9	(1,754)	-	45	(1,700)
31 December 2021	**381**	**-**	**123**	**528**	**1,032**
1 January 2022	**381**	**-**	**123**	**528**	**1,032**
Recognised in profit or loss	585	-	156	(627)	114
31 December 2022	**966**	**-**	**279**	**(99)**	**1,146**

NOTE 15 – INTANGIBLE ASSETS

Luka Ploče Group *(in thousands of HRK)*	**Intangible assets**
At 1 January 2021	
Cost	2,916
Accumulated amortization	(2,351)
Net carrying amount	**565**
For the year ended 31 December 2021	
Opening net carrying amount	565
Transfer from assets under construction	64
Amortization	(210)
Net carrying amount at the end of the year	**419**
At 31 December 2021	
Cost	2,977
Accumulated amortization	(2,558)
Net carrying amount	**419**
For the year ended 31 December 2022	
Opening net carrying amount	419
Additions	1
Amortization	(112)
Net carrying amount at the end of the year	**308**
At 31 December 2022	
Cost	2,999
Accumulated amortization	(2,691)
Net carrying amount	**308**

Intangible assets relate to software and network station.

NOTE 15 – INTANGIBLE ASSETS (continued)

Luka Ploče d.d. *(in thousands of HRK)*	**Intangible assets**
At 1 January 2021	
Cost	2,902
Accumulated amortization	(2,340)
Net carrying amount	**562**
For the year ended 31 December 2021	
Opening net carrying amount	562
Transfer from assets under construction	67
Amortization	(210)
Net carrying amount at the end of the year	**419**
At 31 December 2021	
Cost	2,995
Accumulated amortization	(2,576)
Net carrying amount	**419**
For the year ended 31 December 2022	
Opening net carrying amount	419
Additions	1
Amortization	(112)
Net carrying amount at the end of the year	**308**
At 31 December 2022	
Cost	2,995
Accumulated amortization	(2,687)
Net carrying amount	**308**

Intangible assets relate to software and network station.

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

Luka Ploče Group	**Land and buildings**	**Equipment**	**Assets under construction**	**Leasehold improvements**	**Total**
(in thousands of HRK)					
At 1 January 2021					
Cost	54,625	434,275	3,897	13,802	506,599
Accumulated depreciation	(7,255)	(111,782)	-	(8,463)	(127,500)
Net carrying amount	**47,370**	**322,493**	**3,897**	**5,339**	**379,099**
For the year ended 31 December 2021					
Opening net carrying amount	**47,370**	**322,493**	**3,897**	**5,339**	**379,099**
Additions	285	1022	22,060	88	23,455
Transfer from assets under construction	-	20,867	(21,107)	240	-
Disposals and write-offs	-	(8)	-	-	(8)
Depreciation	(1,853)	(13,803)	-	(447)	(16,103)
Net carrying amount at the end of the year	**45,802**	**330,571**	**4,850**	**5,220**	**386,443**
At 31 December 2021					
Cost	54,910	456,156	4,850	14,130	530,046
Accumulated depreciation	(9,108)	(125,585)	-	(8,910)	(143,603)
Net carrying amount	**45,802**	**330,571**	**4,850**	**5,220**	**386,443**
For the year ended 31 December 2022					
Opening net carrying amount	**45,802**	**330,571**	**4,850**	**5,220**	**386,443**
Additions	-	349	21,957	78	22,384
Transfer from assets under construction	-	22,327	(22,327)	-	-
Disposals and write-offs	-	(243)	(1,196)	(475)	(1,914)
Depreciation	(1,871)	(14,802)	-	(406)	(17,079)
Net carrying amount at the end of the year	**43,931**	**338,202**	**3,284**	**4,417**	**389,834**
At 31 December 2022					
Cost	54,609	463,745	3,284	12,003	533,641
Accumulated depreciation	(10,678)	(125,543)	-	(7,586)	(143,807)
Net carrying amount	**43,931**	**338,202**	**3,284**	**4,417**	**389,834**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Luka Ploče d.d.	Land and buildings	Equipment	Assets under construction	Leasehold mprovements	Total
(in thousands of HRK)					
At 31 December 2021					
Cost	54,221	422,704	3,061	15,540	495,526
Accumulated depreciation	(7,038)	(107,133)	-	(10,484)	(124,655)
Net carrying amount	**47,183**	**315,571**	**3,061**	**5,056**	**370,871**
For the year ended 31 December 2021					
Opening net carrying amount	**47,183**	**315,571**	**3,061**	**5,056**	**370,871**
Additions	-	823	22,060	-	22,883
Transfer from assets under construction	-	20,032	(20,272)	240	-
Disposals and write-offs	-	(8)	-	-	(8)
Depreciation	(1,844)	(13,058)	-	(409)	(15,311)
Closing net carrying amount	**45,339**	**323,360**	**4,849**	**4,887**	**378,435**
At 31 December 2021					
Cost	54,221	443,551	4,849	15,780	518,401
Accumulated depreciation	(8,882)	(120,191)	-	(10,893)	(139,966)
Net carrying amount	**45,339**	**323,360**	**4,849**	**4,887**	**378,435**
For the year ended 31 December 2022					
Opening net carrying amount	**45,339**	**323,360**	**4,849**	**4,887**	**378,435**
Additions	-	-	17,320	-	17,320
Transfer from assets under construction	-	17,628	(17,628)	-	-
Disposals and write-offs	-	(239)	(1,258)	(130)	(1,627)
Depreciation	(1,843)	(13,707)	-	(346)	(15,896)
Closing net carrying amount	**43,496**	**327,042**	**3,283**	**4,411**	**378,232**
At 31 December 2022					
Cost	54,053	445,841	3,283	11,981	515,158
Accumulated depreciation	(10,557)	(118,799)	-	(7,570)	(136,926)
Net carrying amount	**43,496**	**327,042**	**3,283**	**4,411**	**378,232**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment of the Group and the Company in the net carrying amount of HRK 216,261 thousand (2021: HRK 220,929 thousand) were pledged as a loan collateral.

As at 31 December 2022 the Group's equipment in the net carrying amount of HRK 818 thousand were pledged as security for the lease payments (31 December 2021: HRK 909 thousand).

As at 31 December 2022, right-of-use assets in the amount of HRK 39,671 thousand (31 December 2021: HRK 41,963 thousand) and HRK 39,626 thousand (31 December 2021: HRK 42,011 thousand) are included in the property, plant and equipment of the Company and the Group, respectively.

Right-of-use assets

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

	Luka Ploče Group			Luka Ploče d.d.		
Net carrying amount	**Equipment**	**Area under concession**	**Total**	**Equipment**	**Area under concession**	**Total**
	(in thousands of HRK)			*(in thousands of HRK)*		
At 1 January 2021	**6,391**	**37,028**	**43,419**	**5,388**	**37,028**	**42,416**
Additions	1,770	-	1,770	1,770	-	1,770
Transfer to real estate plant and equipment	(861)	-	(861)	-	-	-
Depreciation charge for the year	(648)	(1,669)	(2,317)	(554)	(1,669)	(2,223)
At 31 December 2021	**6,652**	**35,359**	**42,011**	**6,604**	**35,359**	**41,963**
At 1 January 2022	**6,652**	**35,359**	**42,011**	**6,604**	**35,359**	**41,963**
Depreciation charge for the year	(716)	(1,669)	(2,385)	(623)	(1,669)	(2,292)
At 31 December 2022	**5,936**	**33,690**	**39,626**	**5,981**	**33,690**	**39,671**

NOTE 17 – ADVANCES FOR TANGIBLE ASSETS

As at 31 December 2022, advances for tangible assets of the Group and the Company amounted to HRK 18,136 thousand (31 December 2021: Group HRK 1,304 thousand; Company HRK 1,154 thousand) and primarily relate to the advance paid under the contract for the purchase of a new mobile port crane and advance paid for the purchase of transport equipment.

NOTE 18 – INVESTMENT PROPERTY

	Luka Ploče Group		Luka Ploče d,d,	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Cost	3,246	5,210	3,246	5,210
Accumulated depreciation	(1,120)	(1,719)	(1,120)	(1,719)
Net carrying amount	**2,126**	**3,491**	**2,126**	**3,491**

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

Rental income recognized by the Group and the Company in 2022 was HRK 61 thousand (2021: HRK 98 thousand) included in other income, and a depreciation charge of HRK 57 thousand (2021: HRK 93 thousand).

Future minimum lease payments are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year	52	77	52	77
From 1 to 5 years	207	308	207	308
Over 5 years	415	616	415	616
Total	**674**	**1,001**	**674**	**1,001**

NOTE 19 – INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at 31 December 2022 and 31 December 2021 are as follows:

Subsidiaries	Amount of share *(in thousands of HRK)*		Ownership %		Principal activity
	2022	2021	2022	2021	
Luka Šped d.o.o.	3,175	3,175	100%	100%	Freight forwarding services
Pomorski servis - Luka Ploče d.o.o.	1,807	1,807	100%	100%	Sea transport services
Pločanska plovidba d.o.o.	2,520	2,520	100%	100%	Shipping services
Total	**7,502**	**7,502**			

NOTE 20 – INVESTMENTS IN ASSOCIATES

	Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**2022**	**2021**	**2022**	**2021**
Lučka sigurnost d.o.o. (associate)	582	552	55	55
Vizir d.o.o. (associate)	255	195	25	25
Total	**837**	**747**	**80**	**80**

The Group and the Company have shares in associates, out of which the Company has 49% investments in two associates in the amount of HRK 80 thousand, whereas the remaining 51% is owned by the Port of Authority. Port of Authority controls these associates by appointing the only member of the Management Board responsible for making operational decisions and by appointing the majority in the supervisory boards. Their principal activity is the protection and security of business premises. Transactions with associates are disclosed in Note 33. In 2022 Group has recognized share of profit of equity-accounted investees in the amount of HRK 91 thousand (2021: HRK 22 thousand)

Luka Šped d.o.o. together with Luka d.d., Split participated in a 49% equity stake in Portus Šped d.o.o., Split. The Company is registered as a limited liability company for international forwarding. During 2021, the funds from the investment was repaid to the Group.

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

	Lučka sigurnost d.o.o.		Vizir d.o.o.	
(in thousands of HRK)	**2022**	**2021**	**2022**	**2021**
Assets	1,743	1,609	777	671
Liabilities	(451)	(380)	(224)	(241)
Net assets	**1,292**	**1,229**	**553**	**430**
Revenue	4,513	3,874	3,241	2,682
Profit for the year	**63**	**37**	**122**	**8**

NOTE 21 – LONG-TERM LOANS GIVEN

Loans to employees

	Luka Ploče Group		Luka Ploče d,d,	
(in thousands of HRK)	**2022**	**2021**	**2022**	**2021**
Long-term loans given				
- To employees	1,045	1,284	1,045	1,284
- Impairment of long-term loan receivables	(550)	-	(550)	-
	495	1,284	495	1,284
Current portion (Note 23)	(228)	(301)	(228)	(301)
	267	**983**	**267**	**983**

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

NOTE 21 – LONG-TERM LOANS GIVEN (continued)

Loans to employees and members of the Supervisory Board (continued)

The maturity of loans given to employees and members of the Supervisory Board is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year	228	301	228	301
Between 1 and 5 years	267	983	267	983
Total	**495**	**1,284**	**495**	**1,284**

Loans to subsidiaries

Short-term loans granted to subsidiaries as at 31 December 2022 amount to HRK 2,146 thousand (31 December 2021: 2,146). These loans are denominated in HRK, are contracted at a fixed interest rate of 2.68% and are not secured.

NOTE 22 – INVENTORIES

	Luka Ploče Group		Luka Ploče d,d,	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Raw materials	6,339	3,330	6,206	3,171
Spare parts	645	618	645	619
Advances for inventories	19	9	13	5
Trade goods	13	20	-	-
	7,016	**3,977**	**6,864**	**3,795**

NOTE 23 – TRADE AND OTHER RECEIVABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Receivables from domestic customers	2,844	4,001	1,596	3,557
Receivables from foreign customers	46,580	42,566	44,834	39,800
Unvoiced receivables	141,028	27,489	141,028	27,489
Impairment allowance	(6,801)	(6,035)	(6,691)	(5,844)
Trade receivables	**183,651**	**68,021**	**180,767**	**65,002**
Current portion of long-term loans given (Note 21)	228	301	228	301
Receivables from the state	3,924	1,642	3,590	1,334
Advances	197	41	146	7
Guarantees	17	12	17	12
Other receivables	950	991	907	959
	188,967	**71,008**	**185,655**	**67,615**

NOTE 23 – TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2022, the Group's trade receivables past due but not impaired amounted to HRK 17,767 thousand (2021: HRK 12,018 thousand), while the Company's trade receivables past due amounted to HRK 15,939 thousand (2021: HRK 10,015 thousand). The ageing of trade receivables is based on the days outstanding after the maturity date as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 30 days	9,515	2,973	9,220	1,884
Up to 60 days	788	903	428	519
Up to 90 days	726	548	646	465
Over 90 days	6,738	7,594	5,645	7,147
	17,767	**12,018**	**15,939**	**10,015**

The fair value of trade receivables approximates their carrying amount.

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

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
At 1 January	6,035	4,812	5,844	4,762
Impairment	1,071	1,273	1,071	1,082
Collection of receivables previously written-off	(31)	(12)	(31)	-
Write-off	(274)	(38)	(193)	-
At 31 December	**6,801**	**6,035**	**6,691**	**5,844**

During 2022, the group generated income from previously written-off receivables in the amount of HRK 31 thousand (2021: HRK 0 thousand).

Expected credit losses model

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

As at 31 December 2022, the Group's and Company's probabilities of defaults were as follows: overdue receivables: 0.11% (2021: 0.52%), 1-30 days: 1.97% (2021: 3.10%), 31-90 days: 11.80% (2021: 6.62%), 91 to 180 days: 31.56% (2021.:16.15%), 181 to 365 days: 71.60% (2021: 28.36%) and over 365 days: 90.86% (2021: 44.54%).

NOTE 23 – TRADE AND OTHER RECEIVABLES (continued)

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

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	179,307	60,955	177,581	58,224
USD	1,703	3,882	1,684	3,847
HRK	2,108	3,196	969	2,943
	183,118	**68,033**	**180,234**	**65,014**

NOTE 24 – DEPOSITS

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Bank deposits	4,523	6,517	3,420	5,729
Total deposits	**4,523**	**6,517**	**3,420**	**5,729**
Short-term	3,420	5,729	3,420	5,729
Long-term	1,103	788	-	-
	4,523	**6,517**	**3,420**	**5,729**

Deposits are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	3,420	5,729	3,420	5,729
HRK	1,103	788	-	-
	4,523	**6,517**	**3,420**	**5,729**

Interest rates amount up to 0.001% (2021: 0.001%).

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

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
At beginning of year	265	237	265	237
Far value gains / (losses) (Note 12)	(20)	28	(20)	28
At end of year	**245**	**265**	**245**	**265**

As at 31 December 2022, the amount of HRK 245 thousand (2021: HRK 265 thousand) relates to investments in listed companies where the Group's holding does not exceed 20% of ownership. The estimate of fair value is described in Note 5. Financial assets at fair value through profit or loss are denominated in HRK.

NOTE 26 – LETTERS OF CREDIT

As at 31 December 2022, letters of credit in the amount of HRK 105,094 thousand (2021: -) relate to the letter of credit for an advance payment for the purchase of a new mobile port crane in the amount of HRK 2,594 thousand (2021: -) which is due for delivery in July 2023 and the letter of credit for the purchase of trading goods in the amount of HRK 102,500 thousand (2021: -) due for delivery in February 2023.

Letters of credit are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2022.	**2021.**	**2022.**	**2021.**
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	2,594	-	2,594	-
USD	102,500	-	102,500	-
	105,094	**-**	**105,094**	**-**

The Group and the Company were not in a position to readily convert the foreign currency letters of credit as at 31 December 2022, given these relate to irrevocable facilities that cannot be unconditionally used for everyday transactions (readily convertible), and as such do not meet the definition of cash equivalents according to IAS 7.

NOTE 27 – CASH AND CASH EQUIVALENTS

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Bank account	4,179	3,832	2,976	860
Foreign currency account	40,581	118,198	30,858	111,922
	44,760	**122,030**	**33,834**	**112,782**

Cash and cash equivalents are denominated in the following currencies:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	38,756	101,524	30,195	96,281
USD	1,824	16,673	663	15,640
GBP	1	1	1	1
HRK	4,179	3,832	2,975	860
	44,760	**122,030**	**33,834**	**112,782**

NOTE 28 – CAPITAL AND RESERVES

Share capital

The ownership structure as at 31 December 2022 and 2021 was as follows:

	2022		2021	
Shareholders	**Number of shares**	**Ownership (%)**	**Number of shares**	**Ownership (%)**
Energia naturalis d.o.o.	161,865	38.27	161,865	38,27
Minority shareholders	93,363	22.07	95,651	22,61
Mandatory pension funds	102,361	24.20	102,361	24.20
Voluntary pension funds	32,416	7.66	32,416	7.66
Financial institutions	31,243	7.39	28,955	6,85
Treasury shares	1,719	0.41	1,719	0.41
Total	**422,967**	**100.00**	**422,967**	**100.00**

As at 31 December 2022 Shareholders' equity amounted to HRK 169,187 thousand (2021: HRK 169,187 thousand) and consists of 422,967 ordinary shares (31 December 2021: 422,967 shares) with a nominal value of HRK 400 (31 December 2021: HRK 400).

Share premium

The Company realized a premium of HRK 90,159 thousand on newly issued shares in 2011, which was reduced for the costs of issuing new shares of HRK 2,052 thousand, and as at 31 December 2022, share premium amounted to HRK 88,107 thousand (2021: HRK 88,107 thousand).

NOTE 28 – CAPITAL AND RESERVES (continued)

Other reserves

At 31 December 2022, the Company had other reserves in the amount of HRK 48,159 thousand (2021: HRK 48,159 thousand), and the Group of HRK 48,159 thousand (2021: HRK 48,159 thousand). Reserves for treasury shares amount to HRK 7,838 thousand (2021: 7,838 thousand) of which HRK 1,066 thousand was used to acquire treasury shares at 31 December 2022. Other reserves are distributable.

Legal reserves

Legal reserves in the amount of HRK 8,459 thousand (2021: HRK 8,459 thousand) were formed in line with Croatian law and must be built up to a minimum of 5% of the profit for the year until the total legal reserve reaches 5% of the Company's share capital. Legal reserves are not distributable.

Treasury shares

In 2011, the Company purchased 380 treasury shares at a price between HRK 680 and HRK 770 per share. In 2012, the Company purchased 626 treasury shares at a price between HRK 550 and HRK 611 per share. In 2013, the Company purchased 713 treasury shares at a price between HRK 569 and HRK 597 per share.

NOTE 29 – EARNINGS PER SHARE

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

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
Net profit attributable to shareholders from continuing operations *(in thousands of HRK)*	52,618	30,580	49,802	27,581
Weighted average number of ordinary shares	421,248	421,248	421,248	421,248
Basic/diluted earnings per share from continuing operations *(in HRK)*	**124,91**	**72,59**	**118,22**	**65,47**

NOTE 30 – BORROWINGS

	Luka Ploče Group		Luka Ploče d,d,	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Lease Liabilities	34,724	36,583	34,724	36,568
Bank borrowings	167,056	95,934	164,916	95,340
State borrowings	688	842	688	842
	202,468	**133,359**	**200,328**	**132,750**
Current portion	(87,211)	(10,147)	(86,590)	(9,770)
Total long-term borrowings	**115,257**	**123,212**	**113,738**	**122,980**

	Luka Ploče Group		Luka Ploče d,d,	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
Current portion	87,211	10,147	86,590	9,770
Total short-term borrowings	**87,211**	**10,147**	**86,590**	**9,770**

Currency structure of borrowings is as follows:

	Luka Ploče Group		Luka Ploče d,d,	
	2022	2021	2022	2021
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	200,197	130,016	198,057	129,422
HRK	2,271	3,343	2,271	3,328
	202,468	**133,359**	**200,328**	**132,750**

Currency risk is explained in Note 4.

NOTE 30 – BORROWINGS (continued)

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

Luka Ploče Group	**2022**	**2021**
	(in thousands of HRK)	
At 1 January	**133,359**	**144,149**
Changes in financing cash flows		
Loans received	188,917	461
Repayment of loans	(117,719)	(9,770)
Repayment of leases	(3,007)	(2,992)
Total changes in financing cash flows	**68,191**	**(12,301)**
Other changes		
Exchange rate effect	365	732
Other	553	1,239
Total other changes	**918**	**1,511**
At 31 December	**202,468**	**133,359**

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

Luka Ploče d.d.	**2022**	**2021**
	(in thousands of HRK)	
At 1 January	**132,750**	**142,907**
Changes in financing cash flows		
Receipts by loan	186,680	661
Repayment of loans	(116,991)	(9,154)
Repayment of leases	(3,007)	(3,742)
Total changes in financing cash flows	**66,682**	**(12,235)**
Other changes		
Exchange rate effect	358	839
Other	538	1,239
Total other changes	**896**	**2,078**
At 31 December	**200,328**	**132,750**

NOTE 30 – BORROWINGS (continued)

Bank and state borrowings

The contractual maturity bank and state borrowings at the reporting date is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year (current portion)	85,119	8,077	84,498	7,674
Between 1 and 5 years	32,034	38,225	30,515	38,034
Over 5 years	50,591	50,474	50,591	50,474
	167,744	**96,776**	**165,604**	**96,182**

As at 31 December 2022 bank borrowings in the amount of HRK 88,065 thousand (31 December 2021: HRK 95,340 thousand) relate to a loan from HBOR that is denominated in EUR, bears fixed interest rate of 3% and is secured by the Company's equipment.

The remaining portion of the Group's bank borrowings is denominated in EUR, contracted at variable interest rate between 2.5% and 2.8%, linked to EURIBOR and secured by the Group's movable assets.

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

Leases

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

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year (current portion)	2,090	2,110	2,090	2,096
Between 1 and 5 years	4,591	5,464	4,591	5,464
Over 5 years	28,043	29,009	28,043	29,008
	34,724	**36,583**	**34,724**	**36,568**

Equipment leases

Leases of equipment from the Port Authority in the amount of HRK 1,583 thousand are denominated in HRK. This lease was agreed in 2008, repaid in equal monthly instalments and secured by promissory notes. The remaining portion of lease liabilities of the Group is denominated in HRK and contracted with a fixed interest rate of 5.20%. These leases are secured by leased assets whereby its net carrying amount as at 31 December 2022 is disclosed in Note 16 as well as promissory notes, bills of exchange, insurance policies and short-term deposits.

Leases arising from concession agreements

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

NOTE 30 – BORROWINGS (continued)

Leases (continued)

Leases arising from concession agreements (continued)

The Company's and the Group's leases arising from concession agreements in the amount of HRK 33,140 thousand are denominated in EUR. As at 31 December 2022 and as at 31 December 2021, the average incremental borrowing rate applied was 3%.

Amounts recognized in profit or loss

	Luka Ploče Group		**Luka Ploče d.d.**	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Interest on lease liabilities	983	1,014	983	1,010
Variable lease payments related to concession agreements not included in the calculation of lease liabilities	6,200	5,173	6,200	5,131
Depreciation (Note 16)	2,385	2,317	2,292	2,223
Total	**9,568**	**8,504**	**9,475**	**8,364**

NOTE 31 – PROVISIONS

Group	**Legal cases**	**Employee benefits**	**Total**
(in thousands of HRK)			
At 1 January 2022	**2,090**	**4,898**	**6,988**
Increase	-	4,759	4,759
Decrease	(450)	(2,817)	(3,267)
At 31 December 2022	**1,640**	**6,840**	**8,480**
Maturity analysis			
Non-current	1,640	1,949	3,589
Current	-	4,891	4,891
	1,640	**6,840**	**8,480**

Company	**Legal disputes**	**Employee benefits**	**Total**
(in thousands of HRK)			
At 1 January 2022	**2,090**	**4,491**	**6,581**
Increase	-	4,533	4,533
Decrease	(450)	(2,671)	(3,121)
At 31 December 2022	**1,640**	**6,353**	**7,993**
Maturity analysis			
Non-current	1,640	1,639	3,279
Current	-	4,714	4,714
	1,640	**6,353**	**7,993**

Provision relate to legal disputes, long and short-term employee benefits as defined by the collective agreement. Non-current provisions relate to legal disputes, jubilee awards and retirement benefits, while current provisions relate to the current portion of termination benefits, jubilee awards and unused holiday days as at 31 December 2022.

NOTE 32 – TRADE AND OTHER PAYABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
Domestic trade payables	12,828	9,535	11,824	9,271
Foreign trade payables	374	53	365	89
Total trade payables	**13,202**	**9,588**	**12,189**	**9,360**
Net salaries payable	4,414	3,924	3,928	3,512
Taxes/contributions from and on salaries	2,429	2,145	2,160	1,920
Payables to the state	924	631	457	190
Other	23	48	23	26
	20,992	**16,336**	**18,757**	**15,008**

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

	Luka Ploče Group		Luka Ploče d.d.	
	2022	**2021**	**2022**	**2021**
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	374	76	365	89
HRK	12,828	9,512	11,824	9,271
	13,202	**9,588**	**12,189**	**9,360**

NOTE 33 – RELATED PARTY TRANSACTIONS

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

Related parties which were not included in consolidation are the Port Authority as a state institution (entity with influence on the Group's operations in accordance with the Concession agreement) and the associates Vizir d.o.o. Ploče, Lučka Sigurnost d.o.o., Ploče (see Note 20) and companies owned by the members of the Management Board and the Supervisory Board.

Items resulting from transactions and balances with the above mentioned related parties as at 31 December 2022 and 2021 are as follows:

	Luka Ploče Group		**Luka Ploče d.d.**	
	2022	**2021**	**2022**	**2021**
	(thousands of HRK)		*(thousands of HRK)*	
Receivables				
Port Authority	9	3	9	2
Companies related to or owned by a member of the Supervisory Board	148,729	32,710	148,729	32,710
Associates	-	-	-	-
Total	**148,738**	**32,713**	**148,738**	**32,712**
Liabilities				
Port Authority	1,772	1,494	1,704	1,407
Companies related to or owned by a member of the Supervisory Board	28	420	28	420
Associates	327	280	327	280
Total	**2,127**	**2,194**	**2,059**	**2,107**
Revenues				
Port Authority	65	28	53	20
Companies related to or owned by a member of the Supervisory Board	495,431	217,443	495,431	217,443
Associates	28	40	28	40
Total	**495,524**	**217,511**	**495,512**	**217,503**
Expenses				
Port Authority	8,893	6,247	8,389	5,937
Companies related to or owned by a member of the Supervisory Board	2,904	1,215	2,904	1,215
Associates	3,824	2,995	3,824	2,995
Total	**15,621**	**10,457**	**15,117**	**10,147**

The nature of services with the Port Authority is utilities, with associates security of business premises and with entities under common control insurance, electricity and transport. Costs to the Port Authority include variable concession fees in the amount of HRK 6,200 thousand (2021: HRK 5,131 thousand). lease liabilities related to the Port Authority as at 31 December 2022 amounted to HRK 34,724 thousand (31 December 2021: HRK 36,569 thousand).

Transactions with subsidiaries

During 2022, the Company purchased goods and services from subsidiaries in the amount of HRK 2,086 thousand (2021: HRK 1,326 thousand) and on 31 December 2022 the amount owed to subsidiaries was HRK 227 thousand (2021: HRK 183 thousand). During 2022, the Company sold goods and services to its subsidiaries in the amount of HRK 6,193 thousand (2021: HRK 6,196 thousand) and on 31 December 2022 claimed HRK 0 thousand from subsidiaries (2021: HRK 591 thousand).

NOTE 33 – RELATED PARTY TRANSACTIONS (continued)

Key management personnel compensation

Key management personnel consists of 2 members of the Management Board of the Company (2021: 2) and 4 directors of the Group companies (2021: 4). Key management compensation of the Group in 2022 amounted to HRK 3,733 thousand (2021: HRK 3,725 thousand), while for the Company it amounted to HRK 2,444 thousand (2021: HRK 2,592 thousand).

Pension contributions for key management that the Group and the Company paid to mandatory pension funds for 2022 amounted to HRK 589 thousand (2021: HRK: 613 thousand).

NOTE 34 – CONTINGENCIES AND COMMITMENTS

Legal disputes

The Group and the Company are the defendant and the plaintiff in several court proceedings arising from regular business. In the financial statements for the year ended 31 December 2022, provisions were made for litigation for which the Group and the Company estimate an outflow of HRK 1,640 thousand.

Commitments

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

Scheduled investments in transshipment equipment for the bulk cargo terminal was planned in two phases. Sub-phase A of the first phase was completed during 2019, while sub-phase B of the first phase in the amount of EUR 13 million depends on the level of cargo throughput, i.e. when it reaches 3 million tons. Second phase of investment in the amount of EUR 7 million is planned when cargo throughput reaches eighty percent (80%) of maximum annual capacity of 6.2 million metric tons. Source of financing for the first phase is a loan from HBOR and own resources.

Capital investments in the amount of EUR 8 million in the container terminal are planned after meeting certain throughput-related conditions, i.e. when cargo throughput reaches at least 90 TEU.

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

	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	**Total**
Capital investments (old port)	678	1,582	16,802	42,675	**61,737**
	678	1,582	16,802	42,675	**61,737**

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

In addition to commitments for capital expenditures per the concession agreement, the Group and the Company have an obligation to pay variable fee which primarily depends on the cargo throughput. Fixed part of concession fee, including fixed expenditures related to infrastructure, is recognized under IFRS 16.

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, from 1 January 2023, the euro is the official monetary unit and legal tender in the Republic of Croatia. The fixed conversion rate between the Euro and the Croatian Kuna is 7.5345 Croatian Kuna for 1 Euro. The introduction of the Euro as the official currency in the Republic of Croatia results with a change in the functional currency that will be applied in the future and does not require adjustment after the balance sheet date.

Apart from the change in the functional currency, there were no other events after the balance sheet date that would have a significant impact on the Company's financial statements as at or for the period ended 31 December 2022.

ISSUER'S GENERAL DATA

Reporting period: 01.01.22 to 31.12.22

Year: 2022

Annual financial statements

Registration number (MB):	03036138	Issuer's home Member State code:	HR
Entity's registration number (MBS):	090006523		
Personal identification number (OIB):	51228874907	LEI:	74780000P0WHNTXNI633
Institution code:	2574		

Name of the issuer: **Luka Ploče d.d.**

Postcode and town: **20340** **Ploče**

Street and house number: **Trg kralja Tomislava 21**

E-mail address: financije@luka-ploce.hr

Web address: www.luka-ploce.hr

Number of employees (end of the reporting period): **476**

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

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

Names of subsidiaries (according to IFRS)	Registered office:	MB:
POMORSKI SERVIS LUKA PLOČE d.o.o.	TRG KRALJA TOMISLAVA 21	18875024938
PLOČANSKA PLOVIDBA d.o.o.	VLADIMIRA NAZORA 47 PLOČE	39778257122
LUKA ŠPED d.o.o.	LUČKA CESTA b.b	28527523504

Bookkeeping firm: **No** (Yes/No)

(name of the bookkeeping firm)

Contact person: **DANIELA MARELIĆ**

(only name and surname of the contact person)

Telephone: **020 603 223**

E-mail address: d.marelic@luka-ploce.hr

Audit firm: PricewaterhouseCoopers d.o.o.

(name of the audit firm)

Certified auditor: Tanja Babac

(name and surname)

BALANCE SHEET

balance as at 31.12.2022

in HRK

Submitter: Luka Ploče d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	395.207.203	414.306.305
I INTANGIBLE ASSETS (ADP 004 to 009)	003	272.464	161.999
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advance payments for purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	272.464	161.999
II TANGIBLE ASSETS (ADP 011 to 019)	010	391.385.358	410.241.866
1 Land	011	37.497.934	35.828.286
2 Buildings	012	8.313.800	8.112.648
3 Plant and equipment	013	313.206.986	315.204.484
4 Tools, working inventory and transportation assets	014	22.722.280	27.551.215
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	1.304.211	18.135.636
7 Tangible assets in preparation	017	4.849.276	3.283.258
8 Other tangible assets	018	0	0
9 Investment property	019	3.490.871	2.126.339
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	1.533.909	1.939.467
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	024	746.409	836.967
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	787.500	1.102.500
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	983.104	816.660
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	983.104	816.660
V. Deferred tax assets	036	1.032.368	1.146.313
C) CURRENT ASSETS (ADP 038+046+053+063)	037	203.833.698	348.029.135
I INVENTORIES (ADP 039 to 045)	038	3.977.054	7.016.065
1 Raw materials	039	3.948.510	6.983.821
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	19.527	19.242
5 Advance payments for inventories	043	9.017	13.002
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	71.525.949	187.278.781
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interest	048	720	233
3 Customer receivables	049	68.020.022	183.100.419
4 Receivables from employees and members of the undertaking	050	6.486	13.273
5 Receivables from government and other institutions	051	3.413.098	3.929.024
6 Other receivables	052	85.623	235.832
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	6.300.826	108.974.723
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interest	057	0	0
5 Investment in other securities of companies linked by virtue of participating interest	058	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	059	0	0
7 Investments in securities	060	264.660	244.610
8 Loans, deposits, etc. given	061	6.036.166	3.635.655
9 Other financial assets	062	0	105.094.458
IV CASH AT BANK AND IN HAND	063	122.029.869	44.759.566
D) PREPAID EXPENSES AND ACCRUED INCOME	064	936.775	923.436
E) TOTAL ASSETS (ADP 001+002+037+064)	065	599.977.676	763.258.876
OFF-BALANCE SHEET ITEMS	066	0	0

LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	067	438.150.781	490.768.951
I. INITIAL (SUBSCRIBED) CAPITAL	068	169.186.800	169.186.800
II CAPITAL RESERVES	069	88.107.087	88.107.087
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	39.187.370	39.187.370
1 Legal reserves	071	8.459.340	8.459.340
2 Reserves for treasury shares	072	8.904.560	8.904.560
3 Treasury shares and holdings (deductible item)	073	-1.066.316	-1.066.316
4 Statutory reserves	074	0	0
5 Other reserves	075	22.889.786	22.889.786
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	111.089.123	141.669.524
1 Retained profit	084	111.089.123	141.669.524
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	30.580.401	52.618.170
1 Profit for the business year	087	30.580.401	52.618.170
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	5.549.274	6.966.330
1 Provisions for pensions, termination benefits and similar obligations	091	3.395.775	5.249.417
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	2.090.431	1.640.431
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	63.068	76.482
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	123.192.345	115.258.144
1 Liabilities towards undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	099	0	0
3 Liabilities towards companies linked by virtue of participating interest	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities towards banks and other financial institutions	103	88.074.249	82.089.672
7 Liabilities for advance payments	104	0	0
8 Liabilities towards suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	35.118.096	33.168.472
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	32.453.127	149.657.599
1 Liabilities towards undertakings within the group	110	0	0
2 Liabilities for loans, deposits, etc. to companies within the group	111	0	0
3 Liabilities towards companies linked by virtue of participating interest	112	375.178	415.876
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interest	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities towards banks and other financial institutions	115	7.917.793	84.968.138
7 Liabilities for advance payments	116	200.462	1.029.593
8 Liabilities towards suppliers	117	7.177.136	9.467.683
9 Liabilities for securities	118	0	0
10 Liabilities towards employees	119	4.036.267	4.594.921
11 Taxes, contributions and similar liabilities	120	7.607.927	43.720.796
12 Liabilities arising from the share in the result	121	0	0
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	5.138.364	5.460.592
E) ACCRUALS AND DEFERRED INCOME	124	632.149	607.852
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	599.977.676	763.258.876
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2022 to 31.12.2022

in HRK

Submitter: Luka Ploče d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
I OPERATING INCOME (AOP 002 do 006)	001	382.005.271	732.409.915
1 Income from sales with undertakings within the group	002	0	0
2 Income from sales (outside group)	003	378.573.138	728.551.791
3 Income from the use of own products, goods and services	004	871.450	1.064.564
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	2.560.683	2.793.560
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	342.261.986	629.834.071
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (AOP 010 do 011)	009	245.130.028	520.641.905
a) Costs of raw material	010	20.693.764	37.943.060
b) Costs of goods sold	011	202.605.194	439.440.145
c) Other external costs	012	21.831.070	43.258.700
3 Staff costs (AOP 014 do 016)	013	66.275.182	74.326.272
a) Net salaries and wages	014	41.947.765	47.950.369
b) Tax and contributions from salaries expenses	015	15.438.191	17.018.984
c) Contributions on salaries	016	8.889.226	9.356.919
4 Depreciation	017	16.406.046	17.247.898
5 Other expenses	018	10.567.866	13.182.895
6 Value adjustments (AOP 020+021)	019	1.409.578	2.148.286
a) fixed assets other than financial assets	020	259.310	520.272
b) current assets other than financial assets	021	1.150.268	1.628.014
7 Provisions (AOP 023 do 028)	022	2.470.786	2.280.315
a) Provisions for pensions, termination benefits and similar obligations	023	1.890.367	2.266.901
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	542.242	0
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	38.177	13.414
8 Other operating expenses	029	2.500	6.500
III FINANCIAL INCOME (AOP 031 do 040)	030	3.269.142	2.069.090
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interest	032	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0
4 Other interest income from operations with undertakings within the group	034	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0
6 Income from other long-term financial investments and loans	036	0	0
7 Other interest income	037	8.467	43.742
8 Exchange rate differences and other financial income	038	3.182.197	1.923.826
9 Unrealised gains (income) from financial assets	039	78.478	101.522
10 Other financial income	040	0	0
IV FINANCIAL EXPENDITURE (AOP 042 do 048)	041	5.465.528	8.117.931
1 Interest expenses and similar expenses with undertakings within the group	042	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0
3 Interest expenses and similar expenses	044	4.084.474	4.598.541
4 Exchange rate differences and other expenses	045	1.361.013	3.469.859
5 Unrealised losses (expenses) from financial assets	046	20.041	49.531
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	0	0
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	21.909	90.558
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (AOP 001+030+049 +050)	053	385.296.322	734.569.563
X TOTAL EXPENDITURE (AOP 007+041+051 + 052)	054	347.727.514	637.952.002
XI PRE-TAX PROFIT OR LOSS (AOP 053-054)	055	37.568.808	96.617.561
1 Pre-tax profit (AOP 053-054)	056	37.568.808	96.617.561
2 Pre-tax loss (AOP 054-053)	057	0	0
XII INCOME TAX	058	6.988.407	43.999.391
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	30.580.401	52.618.170
1 Profit for the period (AOP 055-059)	060	30.580.401	52.618.170
2 Loss for the period (AOP 059-055)	061	0	0

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (AOP 063-064)	**062**	0	0
1 Pre-tax profit from discontinued operations	**063**	0	0
2 Pre-tax loss on discontinued operations	**064**	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	**065**	0	0
1 Discontinued operations profit for the period (AOP 062-065)	**066**	0	0
2 Discontinued operations loss for the period (AOP 065-062)	**067**	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (AOP 055+062)	**068**	0	0
1 Pre-tax profit (AOP 068)	**069**	0	0
2 Pre-tax loss (AOP 068)	**070**	0	0
XVII INCOME TAX (AOP 058+065)	**071**	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068-071)	**072**	0	0
1 Profit for the period (AOP 068-071)	**073**	0	0
2 Loss for the period (AOP 071-068)	**074**	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (AOP 076+077)	**075**	30.580.401	52.618.170
1 Attributable to owners of the parent	**076**	30.580.401	52.618.170
2 Attributable to minority (non-controlling) interest	**077**	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**078**	0	0
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (AOP 80 + 87)	**079**	0	0
III Items that will not be reclassified to profit or loss (AOP 081 do 085)	**080**	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	**081**	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	**082**	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	**083**	0	0
4 Actuarial gains/losses on the defined benefit obligation	**084**	0	0
5 Other items that will not be reclassified	**085**	0	0
6 Income tax relating to items that will not be reclassified	**086**	0	0
IV Items that may be reclassified to profit or loss (AOP 088 do 095)	**087**	0	0
1 Exchange rate differences from translation of foreign operations	**088**	0	0
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	**089**	0	0
3 Profit or loss arising from effective cash flow hedging	**090**	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	**091**	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	**092**	0	0
6 Changes in fair value of the time value of option	**093**	0	0
7 Changes in fair value of forward elements of forward contracts	**094**	0	0
8 Other items that may be reclassified to profit or loss	**095**	0	0
9 Income tax relating to items that may be reclassified to profit or loss	**096**	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (AOP 080+087 - 086 - 096)	**097**	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 078+097)	**098**	0	0
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	**099**	30.580.401	52.618.170
1 Attributable to owners of the parent	**100**	30.580.401	52.618.170
2 Attributable to minority (non-controlling) interest	**101**	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2022 . To 31.12.2022

in HRK

Submitter: Luka Ploče d.d.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	37.568.808	96.617.561
2 Adjustments (ADP 003 to 010):	002	20.276.982	25.421.858
a) Depreciation	003	16.406.046	17.247.898
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-1.006.962	-33.377
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	1.123.000	1.677.545
d) Interest and dividend income	006	-8.467	-43.742
e) Interest expenses	007	4.084.474	4.598.541
f) Provisions	008	1.457.592	1.543.918
g) Exchange rate differences (unrealised)	009	-1.778.701	521.633
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	-90.558
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	57.845.790	122.039.419
3 Changes in the working capital (ADP 013 to 016)	012	21.359.367	-109.305.398
a) Increase or decrease in short-term liabilities	013	-18.350	6.413.012
b) Increase or decrease in short-term receivables	014	21.864.113	-115.079.910
c) Increase or decrease in inventories	015	2.485.708	-3.039.011
d) Other increase or decrease in the working capital	016	-2.972.104	2.400.511
II Cash from operations (ADP 011+012)	017	79.205.157	12.734.021
4 Interest paid	018	-4.084.474	-4.598.541
5 Income tax paid	019	-834.661	-6.946.253
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	74.286.022	1.189.227
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	2.069.245	2.083.216
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	8.467	43.742
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	2.077.712	2.126.958
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-22.703.842	-43.683.794
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	-105.094.458
IV Total cash payments from investment activities (ADP 028 to 032)	033	-22.703.842	-148.778.252
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-20.626.130	-146.651.294
Cash flow from financing activities			
1 Cash receipts from the increase of initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	460.907	0
4 Other cash receipts from financing activities	038	0	188.917.407
V Total cash receipts from financing activities (ADP 035 to 038)	039	460.907	188.917.407
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-9.770.117	-117.718.539
2 Dividends paid	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease of initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	-2.991.824	-3.007.104
VI Total cash payments from financing activities (ADP 040 to 044)	045	-12.761.941	-120.725.643
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-12.301.034	68.191.764
1 Unrealised exchange rate differences in cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE OF CASH FLOWS (ADP 020+034+046+047)	048	41.358.858	-77.270.303
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	80.671.011	122.029.869
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	122.029.869	44.759.566

STATEMENT OF CHANGES IN EQUITY

for the period from 01.01.22 to 31.12.22

in HRK

Item	ADP code	Attributable to owners of the parent: Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 do 6 - 7 + 8 do 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	0	0	120.486.444	-9.396.166	407.571.535	0	407.571.535
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	-1.155	0	-1.155	0	-1.155
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	0	0	120.485.289	-9.396.166	407.570.380	0	407.570.380
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0			0	30.580.401	30.580.401	0	30.580.401
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	09	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined benefit plans	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0	0	0	-9.396.166	9.396.166	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	0	0	111.089.123	30.580.401	438.150.781	0	438.150.781
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30.580.401	30.580.401	0	30.580.401
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	0	0	0	0	0	0	0	0	0	-9.396.166	9.396.166	0	0	0
Current period																			
1 Balance on the first day of the current business year	28	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	0	0	111.089.123	30.580.401	438.150.781	0	438.150.781
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	0	0	111.089.123	30.580.401	438.150.781	0	438.150.781
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0			0	52.618.170	52.618.170	0	52.618.170
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
9 Gains or losses on efficient cash flow hedging	36	0	0	0	0	0	0	0	0	0	0	0			0	0	0	0	0
10 Gains or losses arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interest	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on defined remuneration plans	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase of initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	30.580.401	-30.580.401	0	0	0
22 Carryforward per annual plan	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	169.186.800	88.107.087	8.459.340	8.904.560	1.066.316	0	22.889.786	0	0	0	0	0	0	141.669.524	52.618.170	490.768.951	0	490.768.951
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	52.618.170	52.618.170	0	52.618.170
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	0	0	0	0	0	0	0	30.580.401	-30.580.401	0	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: Luka Ploče d.d.

Personal identification number (OIB): 51228874907

Reporting period:01.01.2022.-31.12.2022.

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

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

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

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

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

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

2. adopted accounting policies

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

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

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

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

7. average number of employees during the financial year

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (EU).
A summary of significant accounting policies is presented in Note 3 to the audited financial statements.
The Company has also prepared consolidated financial statements as at 31 December 2022 and for the year then ended, in accordance with IFRS as approved by the EU for the Company and its subsidiaries (Group) which are approved by the Management Board.
The stand alone and consolidated financial statements including the detailed notes to the financial statements are published on the Company's website, on the Zagreb Stock Exchange website and in the Official Register of Prescribed Information (HANFA). Information that is required to be presented in accordance with IFRS and which is not presented in the financial position statement, statement of comprehensive income, statement of cash flows and statement of changes in equity, is disclosed in Notes 7 to 35 to the audited financial statements.
The name, registered office (address) of the issuer, legal form of the issuer, country of establishment, identification number of the entity and personal identification number are published on the "General Data" tab within this document and in Note 1 to the audited financial statements.
The adopted accounting policies are explained in Note 3 to the audited financial statements.
The Group does not have financial liabilities relating to issued guarantees or contingencies that are not included in the balance sheet. The Group has no pension liabilities.
The Group has no advance payments or loans issued to members of the administrative, management and supervisory bodies nor obligations agreed in their favour through any guarantees.
Liabilities maturing after more than five years are explained in Note 30 to the audited financial statements.
Lease liabilities arising from the application of IFRS 16 are disclosed in AOP 107 and AOP 123 and are explained in Note 30 and Note 34 to the audited financial statements.
In 2022, the Group employed an average of 476 employees. The Group monitors employees by category. No salaries capitalization occurred in 2022. A new collective agreement for employees of the Company was signed in March 2022. In 2022, members of the Management Board and 4 Directors in the Group received a gross amount of 3.746 thousand kuna on the basis of salary and annual bonus. Members of the Supervisory Board are entitled to remuneration and during 2022 a total gross amount of 420 thousand kuna was incurred.
Provisions for deferred tax, deferred tax balances at the end of the financial year and movements in these balances during the financial year are presented in Note 14 to the financial statements.
The Company has business relations with associates: Lučka sigurnost d.o.o. Trg kralja Tomislava 21, 20340 Ploče and Vizir d.o.o. Trg kralja Tomislava 21, 20340 Ploče. The Company has an ownership interest of 49% in each respectively.
Investments in subsidiaries and Investments in associates which are accounted for using the equity method, are explained in Note 19 and Note 20 to the audited financial statements, respectively.
There were no share subscriptions or equities transacted during the year relating to authorized capital. There are no multiple categories of shares. The Group has no certificates of participation, convertible debentures, guarantees, options or similar securities or rights.
The Group has no ownership stake in any companies with unlimited liability.
The consolidated financial statements of the Company (the Issuer) represent the largest group of companies. The Issuer is not a controlled member of any other group of companies.
The audited stand alone and consolidated financial statements for 2022 have been approved by the Supervisory Board. The proposal for distribution of profits has also been shared with the Supervisory Board.
Transactions with other related parties are disclosed in Note 33 to the audited financial statements.
Post balance sheet events have been disclosed in Note 35 to the financial statements.
The Group's revenue is disclosed in Notes 7 and 8 to the audited financial statements.
Audit fees for the Group amounted to 243 thousand kuna.
Lease liabilities arising from the application of IFRS 16 are disclosed in AOP 107 and AOP 123 and are explained in Note 30 and Note 34 to the audited financial statements. The right-of-use assets are disclosed in AOP 011 and explained in Note 16- PROPERTY, PLANT AND EQUIPMENT to the audited financial statements.
In order to reconcile the amounts presented in the standard form GFI-POD and the audited financial statements of the Group, the following should be taken into account:
Balance Sheet positions:
1. AOP 004-009; 011-018; 019 reconciles to the audited financial statements Note 15 - INTANGIBLE ASSETS, Note 16 - PROPERTY, PLANT AND EQUIPMENT, Note 17 - ADVANCES FOR TANGIBLE ASSETS and Note 18 - INVESTMENT PROPERTY.
2. AOP 024; 028 reconciles to the audited financial statements Note 19- INVESTMENTS IN SUBSIDIARIES and Note 24 - DEPOSITS.
3. AOP 032-035 reconciles to the audited financial statements Note 21 - LONG-TERM LOANS GIVEN.
4. AOP 036 reconciles to the audited financial statements Note 14 - INCOME TAX.
5. AOP 039-045 reconciles to the audited financial statements Note 22 – INVENTORIES.
6. AOP 048-052 reconciles to the audited financial statements Note 23 - TRADE AND OTHER RECEIVABLES.
7. AOP 060; 061; 062; 063 reconciles to the audited financial statements Note 25 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, Note 24 - DEPOSITS, Note 26 – LETTERS OF CREDIT and Note 27 - CASH AND CASH EQUIVALENTS.
8. AOP 068-076 reconciles to the audited financial statements Note 28 - CAPITAL AND RESERVES.
9. AOP 084 reconciles to the audited financial statements Note 14 - INCOME TAX.
10. AOP 091-096 reconciles to the audited financial statements Note 31 – PROVISIONS.
11. AOP 103, AOP 107, AOP 115 i AOP 123 reconciles to the audited financial statements Note 30 - BORROWINGS.
12. AOP 112; 116; 117; 119; 120; 124 reconciles to the audited financial statements Note 32 - TRADE AND OTHER PAYABLES
The differences that are noted in the positions of the Balance Sheet in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 kuna).
Income statement positions:
1. AOP 002 and 006 reconciles to the audited financial statements Note 8 – REVENUE.
2. AOP 010-012 reconciles to the audited financial statements Note 9 - MATERIALS, ENERGY COSTS AND SERVICES.
3. AOP 014-016 reconciles to the audited financial statements Note 10 - PERSONNEL EXPENSES.
4. AOP 017 reconciles to the audited financial statements Note 15 - INTANGIBLE ASSETS, Note 16 - PROPERTY, PLANT AND EQUIPMENT, Note 17 – ADVANCES FOR TANGIBLE ASSETS and Note 18 - INVESTMENT PROPERTY.
5. AOP 018 reconciles to the audited financial statements Note 11 - OTHER OPERATING EXPENSES.
6. AOP 020-021 reconciles to the audited financial statements Note 16 - PROPERTY, PLANT AND EQUIPMENT and Note 23 - TRADE AND OTHER RECEIVABLES.
7. AOP 023-029 reconciles to the audited financial statements Note 10 – PERSONNEL EXPENSES and Note 11 - OTHER OPERATING EXPENSES.
8. AOP 031-050 reconciles to the audited financial statements Note 12 – OTHER (LOSSES)/ GAINS – NET and Note 13 - FINANCE INCOME / (EXPENSES) – NET. The Group presents the effect of exchange rate differences and interest rates in the standard form. The exact amount of exchange rate differences and interest is disclosed in the note.
9. AOP 058 reconciles to the audited financial statements Note 14 - INCOME TAX.
The differences that are noted in the positions of the Income Statement in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 kuna).

Cash flow positions:
Refer to Notes 8, 12, 13, 15-18, 23, 26, 30 and 31 to the audited financial statements of the Group.
The differences that are noted in the XLS format when compared to those in the audited financial statements are a result of mapping variances and rounding (i.e.