LUKA PLOČE d.d.

ANNUAL REPORT

FOR THE COMPANY AND THE GROUP LUKA PLOČE
FOR THE YEAR ENDED 31.12.2021

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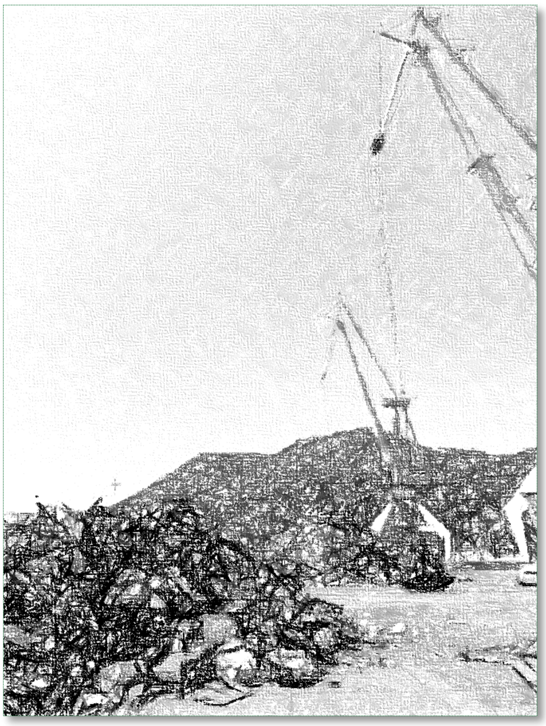
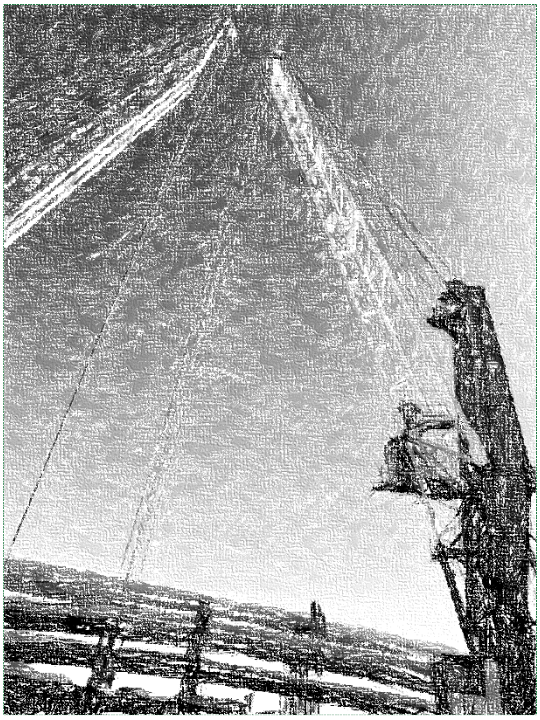




Our mission

The mission of the Port of Ploče 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.

The continuous reorganization of the Company and the Group, investment in the renovation of equipment and human resources have laid a strong foundation for future growth and development.

Our vision

The Port of Ploče, as a company with a business tradition of more than 70 years, bases its vision on a policy of strengthening and securing its position in the market.

The vision of the Port of Ploče includes the principles of providing quality service, expanding into new markets and concluding new deals.

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 2021, 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 29 April 2022.

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 2021;
- the consolidated and separate statements of financial position as at 31 December 2021;
- 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.

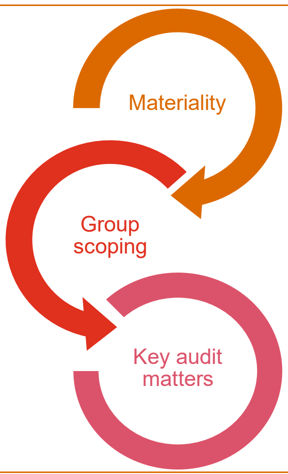
Independence

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 2021 to 31 December 2021.

Our audit approach

Overview



- Overall Group materiality: HRK 3,700 thousand, which represents 10% of profit before tax.
- Overall Company materiality: HRK 3,400 thousand, which represents 10% of profit before tax.

- We conducted audit work at the Company and 3 reporting units.
- Our audit scope addressed 94% of the Group's revenues and 91% 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 3,700 thousand The Company: HRK 3,400 thousand
How we determined it	The Group: 10 % of profit before tax The Company: 10 % of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the key benchmark for monitoring the Group's and the Company's performance and it is the benchmark against which the performance of the Group and the Company is most commonly measured by shareholders. We chose the percentage which, in our judgement, is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
The Group and the Company – Recoverable amounts of property, plant and equipment *See Note 3.5 and 3.9 (Significant accounting policies), Note 6b (Critical accounting estimates) and Note 16 (Property, plant and equipment).* As at 31 December 2021, the Group and the Company recorded property, plant and equipment with a carrying amount of HRK 386,443 thousand and HRK 378,435 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 a challenging business environment and financial difficulties of some key customers, underutilisation of property, plant and equipment and the carrying amount of the Group's net assets exceeding its market capitalisation. As a result, management has calculated the recoverable amount of property, plant and equipment, which is generally considered to be its value in use, using discounted cash flows for the item that generates cash or the cash-generating unit (CGU). We have focused on this area because estimating the recoverable amount of property, plant and equipment relies on important judgments and assumptions that are subject to significant variability due to changing market conditions.	We considered the appropriateness of the Group's and the Company's accounting policies for identifying impairment, and measuring and recognising impairment losses on property, plant and equipment in relation to the requirements of IFRS. We obtained the value-in-use calculation used by management in determining the recoverable amount of property, plant and equipment as at 31 December 2021. We tested the mathematical accuracy of the value-in-use calculation and compared the input data to the financial information and business plans for the next years. We assessed the appropriateness of determination of CGU based on our understanding of the Group's and the Company's operations and business units. We critically assessed the assumptions and estimates used by the Group and the Company to determine the recoverable amount: • For the discount rate used in the value-in-use calculation, we have engaged our valuation experts to assist us in assessing it's reasonableness by comparison to the entities with similar risk profiles and market information. • For the remaining key assumptions used in the value-in-use calculation (such as cargo throughput, port tariffs, operating costs, capital expenditures and working capital), we have assessed the reasonableness of these assumptions by comparing them with internal Group's and Company's reports such as approved plans, concession contracts and sales reports. We have assessed the adequacy and completeness of the relevant disclosures in the financial statements in accordance with the requirements of the IFRS.

Key audit matter	How our audit addressed the key audit matter
The Group and the Company – Recognition of revenue from the sale of goods *See Note 3.25 (Significant accounting policies), Note 7 (Segmental reporting) and Note 8 (Revenues).* During 2021, 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 205,959 thousand and HRK 205,959 thousand, respectively. Revenues from the sale of goods in 2021 account for 54% of the total sales revenues of the Group and 57% 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 2021 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 2021 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 1 year.

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 "74780000P0WHNTXNI633-2021-12-31-en.zip", (hereinafter: the financial statements) of the Group and the Company for the year ended 31 December 2021 (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 2021 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
29 April 2022

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 2021

Ploče, April 2022

AT FIRST GLANCE

KEY PERFORMANCE INDICATORS FOR THE COMPANY LUKA PLOČE

3.912't tona
THROUGHPUT

27.581't kn
NET PROFIT

112.783't kn
CASH

374
#EMPLOYEES

51.863't kn
EBITDA

161.712't kn
WORKING CAPITAL

Financial performance indicators

	REALIZED 2021.	REALIZED 2020.	INDEX
EBITDA ('t HRK)	51.863	8,40	617t%
EBITDA margin	14,37%	3,93%	263%
EBIT ('t HRK)	36.415	(5,26)	689t%
EBIT margin	10,06%	(2,46%)	505%
Net profit/(loss) ('m HRK)	27,58	(9,82)	381%

- The turnover through the port of Ploče amounts to 3,914,085 tons of goods; which is an **increase of 47%** compared to the same period last year (2020: 2,667,981 tons). The increase in turnover was mostly influenced by the recovery of industrial production in BiH..
- Revenues from the sale of port services amount to HRK 155,701 thousand, which is an **increase of 42%** compared to the same period last year (2020: HRK 109,648 thousand), while revenues from the sale of goods amount to HRK 205,959 thousand and are 100% higher compared to the same period previous year (2020: HRK 102,860 thousand).
- The largest share in the total structure of cargo refers to bulk cargo, which accounts for 65% of total traffic, 13% refers to general cargo traffic, while the share of current cargo traffic is 22%. The structure of cargo shows an increase in the turnover of coal of 73% and scrap iron of 88% compared to the same period last year
- Operating expenses without depreciation amount to HRK 310,060 thousand (2020: HRK 205,310 thousand). Of this, HRK 202,503 thousand relates to the cost of goods sold (2020: HRK 99,503 thousand). Operating costs excluding costs of goods sold were 3% higher than in the same period last year.
- EBITDA margin without trade for the period I-XII is 31%, while in 2020. for the same period amounted to 5%.

The key financial indicators of the Company's operations in relation to the previous year are presented below.

Key financial indicators			
	REALIZED 2021.	REALIZED 2020.	INDEX
Liquidity indicators			
Working capital ('t HRK)	**161,712**	147,237	11%
Current liquidity	**6,26**	6,11	2%
Working capital turnover	**2,24**	1,45	54%
Working capital days	**163,01**	251,47	(35%)
Days in the period	**365**	365	-
Indebtedness indicators			
Current liabilities / equity	**0,08**	0,07	-
Long - term liabilities / equity	**0,30**	0,34	(12%)
Loan liabilities / equity	**0,22**	0,26	(15%)

Financial performance indicators (continued...)

Key financial indicators	REALIZED 2021.	REALIZED 2020.	INDEX
Indebtedness indicators (continued)			
Total liabilities / equity	**0,37**	0,41	(10%)
Total liabilities / assets	**0,27**	0,29	(7%)
Profitability indicators			
EBITDA margin	**14,37%**	3,93%	263%
EBIT margin	**10,06%**	(2,46%)	505%
Net margin	**7,62%**	(4,59%)	265%
Productivity indicators			
Number of employees	**374**	432	(13%)
Income per employee ('t HRK)	**968**	495	97%

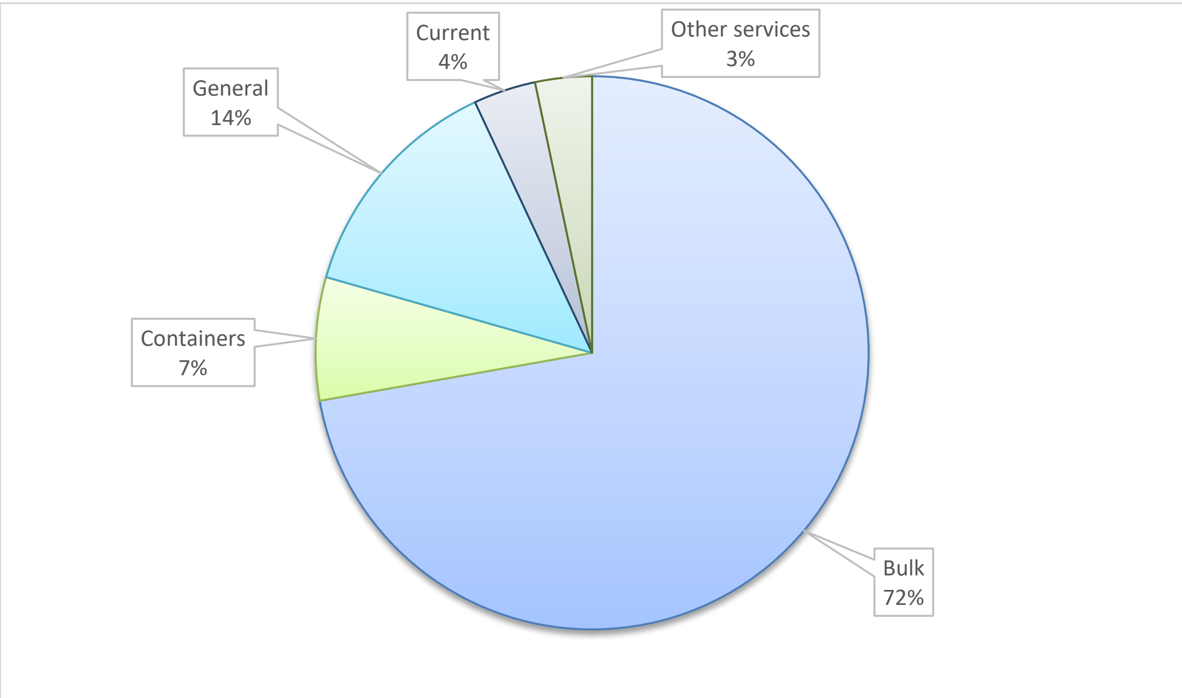
Sales revenue

The most important contributions are services:

- 87% **manipulations**: 135,6 million HRK
- 10% **rental and storage** : 14,9 million HRK
- 3% **other services:** 5,2 million HRK

155.701't kuna

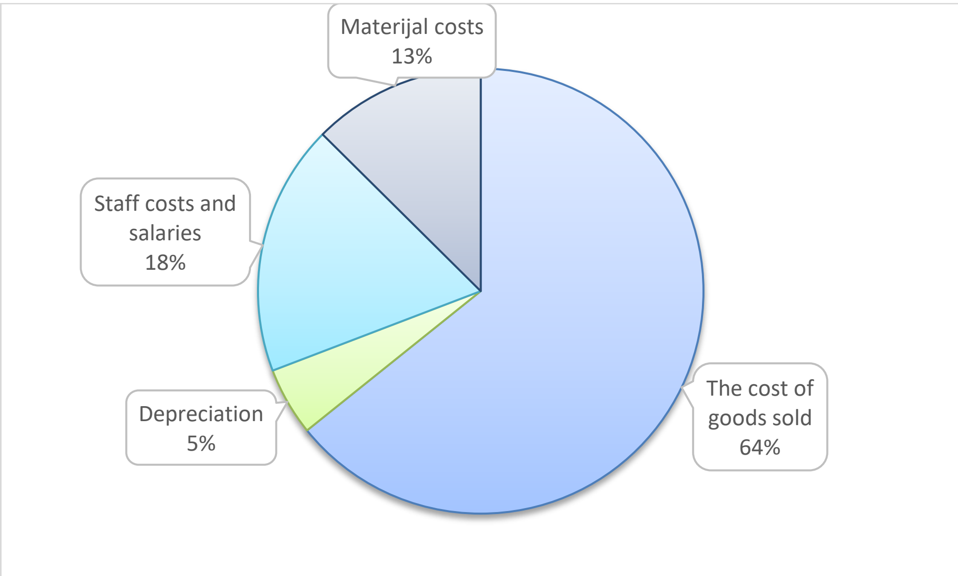
Source of sales revenue (in HRK) by type of cargo for 2021



Financial performance indicators (continued...)

Operating expenses (including depreciation)

327.526’ t HRK



- The most significant increase in costs relates to the cost of goods sold (an increase of 103%) and the cost of raw materials (an increase of 42%) and the right to use the concession (an increase of 28%) in material costs.

Trade receivables and liquidity of the Company

- Trade receivables as at 31 December 2021 amounted to **HRK 65 million**, which indicates a **decrease of 27%** compared to the previous year. Of the total amount of trade receivables, **93% relates to overdue receivables**.
- Cash and cash equivalents **increased by 56%** from HRK 72,192 thousand as at 31 December 2020 to HRK 112,782 thousand as at 31 December 2021. The Company still has satisfactory liquidity sufficient to meet all due liabilities.

Human resources

The process of disposing of collective redundancies that began in Q4 2020 was successfully completed during the first and second quarters of 2021. The severance pay paid amounted to HRK 3.5 million.

Despite the decrease in the number of employees in 2021 by 13%, an increase in the cost of employees of 7% in the observed period is visible due to a significant increase in the volume of work and turnover of 47%. The result is an increase in the average gross salary of HRK 12,800 in the observed period, and in the same period last year it amounted to HRK 10,400.

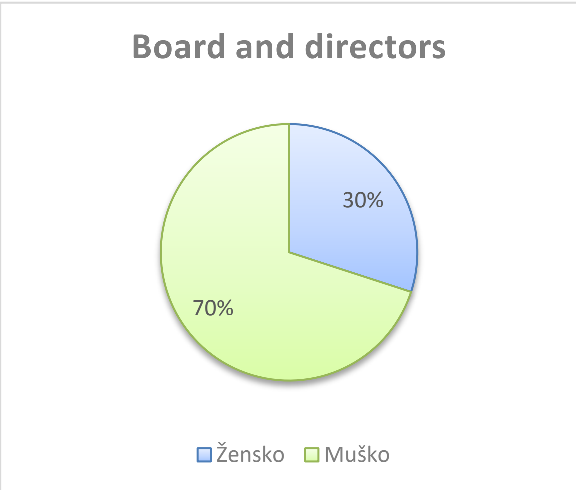
Human resources (continued...)

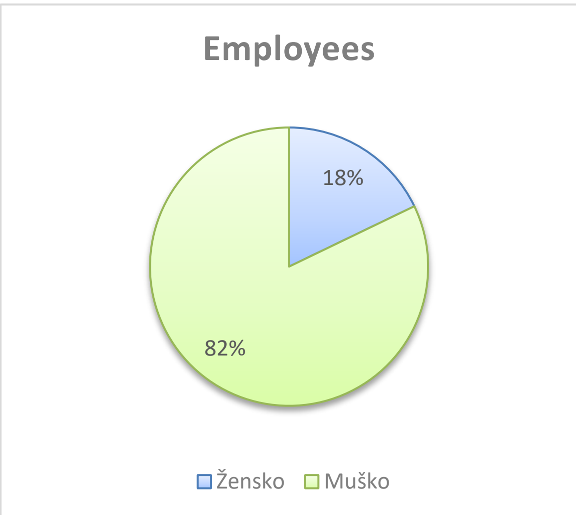
In accordance with our mission, special attention is paid to employee education and training. The company is aware that the overall experience and knowledge that employees have is invaluable capital, and their sharing is extremely useful and necessary in the quality of work.

Given the type of activity, in the Port of Ploče d.d. great attention is paid to safety at work, working conditions and the means used by employees at work. The company meets all its obligations in terms of training, certification and education of employees. In addition to these constant training and education of employees, the Company provides employees with training in terms of raising the level of their own competencies and personal development.

Structure of employees by sex on 31.12.2021.

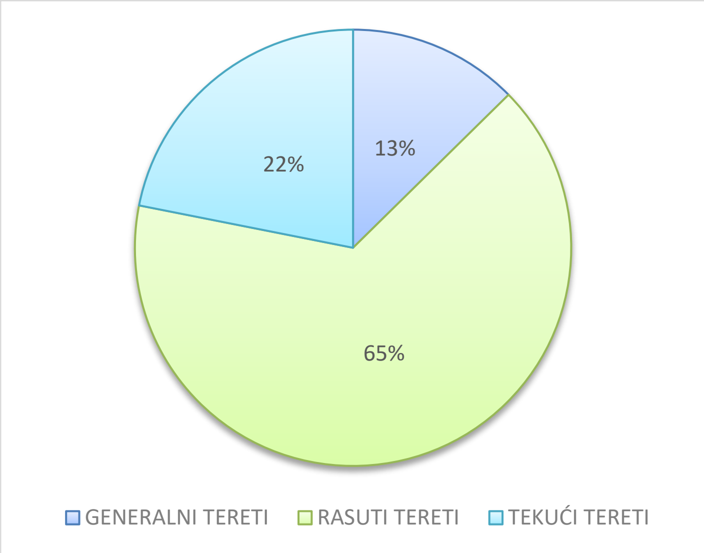
	Woman	Man
Luka Ploče d.d.		
Board	50%	50%
Directors	25%	75%
Employees	18%	82%
Total	**18%**	**82%**





Nature of business indicators

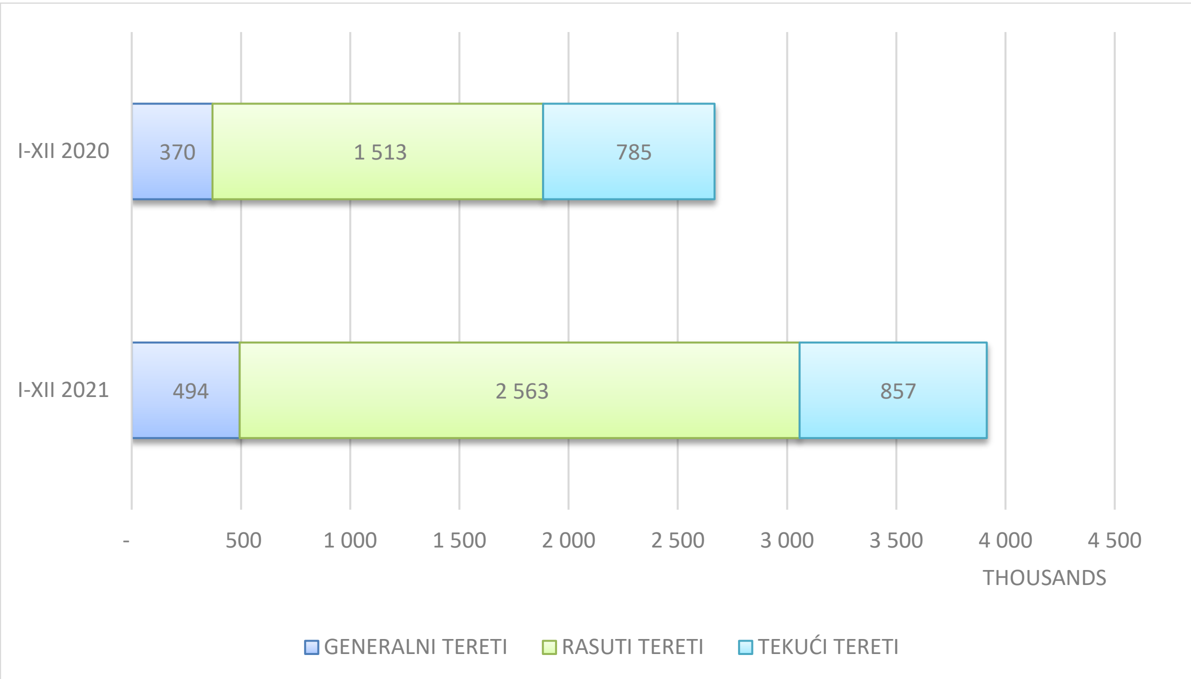
Structure by type of cargo for 2021 (in tons)



A total of 366 ships sailed into the port of Ploče during 2021 (2020: 318)

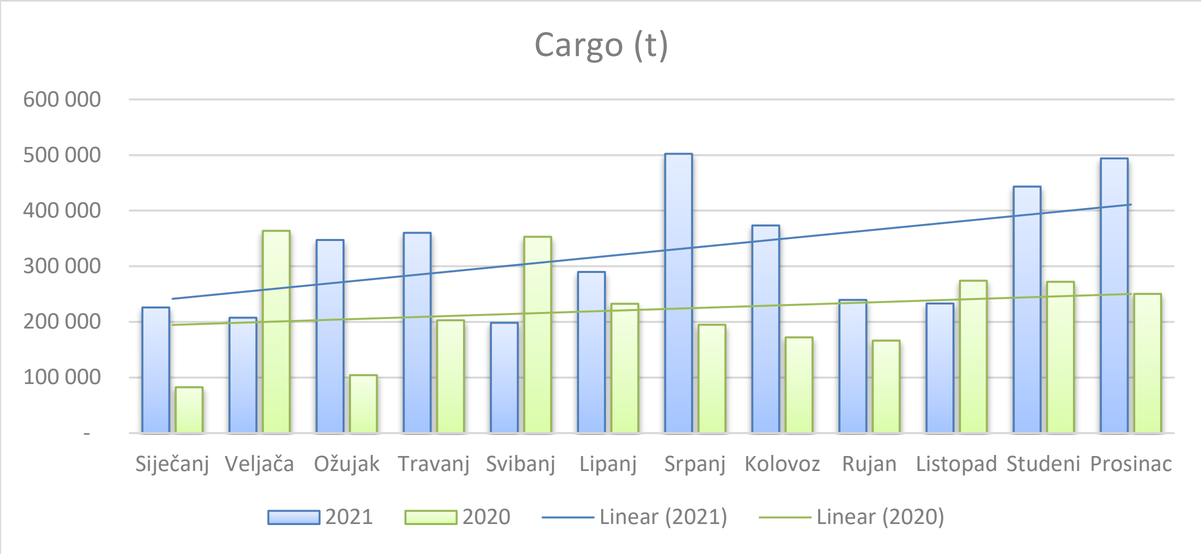
The unloading service accounts for 82% of the total traffic as in the previous year.

	2021.	2020.	Index
General cargo (t)	494.242	369.739	34%
Bulk cargo (t)	2.563.143	1.513.452	69%
Liquid cargo (t)	856.700	784.790	9%
Total cargo (t)	**3.914.085**	**2.667.981**	**47%**



Nature of business indicators (continued...)

Structure of turnover per month (in tons)

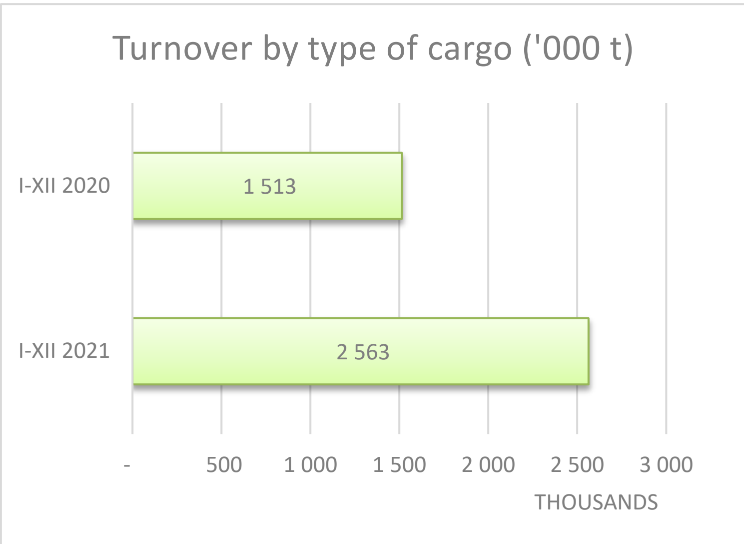


Bulk cargo

- Bulk cargo prevails in the structure of transhipment of all goods in 2021 and recorded an **increase of 67%** of turnover compared to 2020

- The structure of cargo is dominated by metallurgical and energy coal.

- The increase in turnover in the bulk transhipment segment is a result of increased coal turnover, both from regular customers and the re-transhipment of coal for Italy and scrap iron, and the re-transhipment of iron ore and clinker that has not been reloaded for many years.



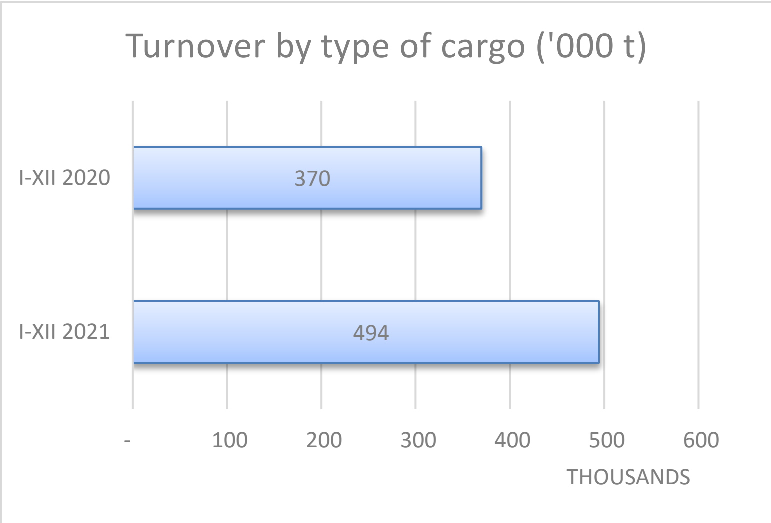
Nature of business indicators (continued...)

General cargo

- General cargo increased by 34% in 2021 compared to 2020.

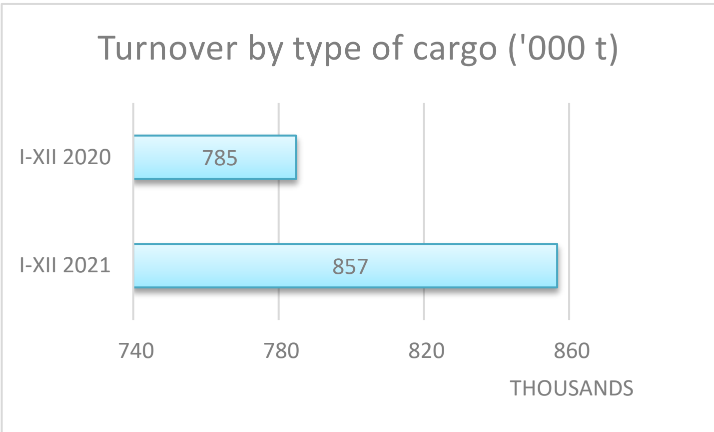
- Container traffic accounts for almost half of the traffic in the structure. In 2021, **21,526 TEUs** were transhipped, while in 2020, 25,717 TEUs were transhipped, which is a decrease of 16%.

- A significant increase in traffic in 2021 is recorded in the transhipment of aluminum products, iron billets, sheets and equipment.



Current loads

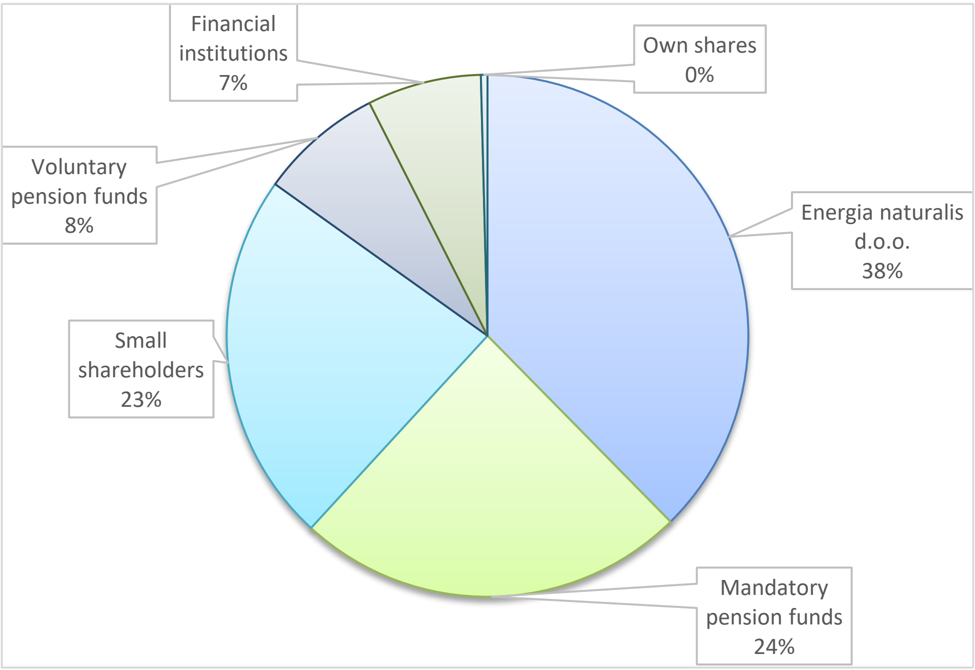
- Current cargo transhipment increased by 46% in 2021 compared to 2020.



Ownership structure

Review of key shareholders and ownership structure of the Company as at 31.12.2021. years:

Shareholders	2021.		2020.	
	Number of shares	Ownership (%)	Number of shares	Ownership (%)
Energia naturalis d.o.o.	161.865	38,27	159.137	37,62
Small shareholders	95.651	22,61	97.444	23,04
Mandatory pension funds	102.361	24,20	102.361	24,20
Voluntary pension funds	32.416	7,66	32.416	7,66
Financial institutions	28.955	6,85	29.890	7,07
Own shares (#)	1.719	0,41	1.719	0,41
TOTAL	**422.967**	**100,00**	**422.967**	**100,00**



(#) *The Company acquired 1,719 treasury shares in 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 on the basis of the authorization of the General Assembly under the conditions determined by it, and for the purpose of rewarding employees. The company has not bought its own shares since February 2013. The company has a repurchase program. There is no employee share program in the Company.*

Relationship with subsidiaries and associates

Luka Ploče Group consists of: Luka Ploče d.d. (Parent company); Maritime service Luka Ploče d.o.o., Luka šped d.o.o. and Pločanska plovidba d.o.o.

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

- Cargo handling (loading, unloading, transfer, processing, weighing of general, bulk and current cargo) and represents the parent company.
- Freight forwarding and maritime services (mooring, unloading of cargo and passenger ships)
- Ancillary activities (catering and similar activities).

Transactions with affiliated companies within the Group are conducted under normal commercial conditions using market prices.

Connected society	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.	Ship and ancillary services	100%	Consolidated
Vizir d.o.o.	Fire department	49%	RDG is attributed by the equity method
Lučka sigurnost d.o.o.	Private protection	49%	RDG is attributed by the equity method

More about subsidiaries and associates is described in Notes 18 and 19.

AT FIRST GLANCE

KEY PERFORMANCE INDICATORS FOR THE GROUP LUKA PLOČE

173.314't kn
REVENUES FROM SALES

30.580't kn
NET PROFIT

122.030't kn
CASH

451
#EMPLOYEES

56.372't kn
EBITDA

170.386't kn
WORKING CAPITAL

Financial performance indicators

	REALIZED 2021.	REALIZED 2020.	INDEX
EBITDA ('t HRK)	**56.372**	9,67	580t%
EBITDA margin	**14,80%**	4,24%	247%
EBIT ('t HRK)	**39.966**	-4,67	851t%
EBIT margin	**10,49%**	(2,05%)	607%
Net profit/(loss) ('m HRK)	**30,58**	(9,39)	426%

- Revenues from sales of port forwarding services, maritime services and shipping services amounted to HRK 173,314 thousand, which is an increase of 39% compared to the same period last year (2020: HRK 124,547 thousand), while revenues from sales of goods amounted to HRK 206,100 thousand and is 100% higher compared to the same period last year (2020: HRK 102,860 thousand).

- Operating expenses without depreciation amount to HRK 324,597 thousand (2020: HRK 218,284 thousand). Of this, HRK 202,605 thousand relates to the cost of goods sold (2020: HRK 99,614 thousand). Operating expenses excluding costs of goods sold were 4% higher than in the same period last year.

- EBITDA margin without trade for the period I-XII is 30%, while in 2020. for the same period amounted to 5%.

- Trade receivables as at 31 December 2021 amounted to HRK 68 million, which indicates a decrease of 24% compared to the previous year. Of the total amount of trade receivables, 90% relates to overdue receivables.

- Cash and cash equivalents increased by 51% from HRK 80,671 thousand as at 31 December 2020 to HRK 122,052 thousand as at 31 December 2021. The Group continues to have satisfactory liquidity sufficient to meet all due liabilities.

The key financial indicators of the Group's operations compared to the previous year are presented below.

Key financial indicators			
	REALIZED 2021.	REALIZED 2020.	INDEX
Liquidity indicators			
Working capital ('t HRK)	**170,386**	153.252	12%
Current liquidity	**5,96**	5,92	5%
Working capital turnover	**2,24**	1,49	49%
Working capital days	**163,24**	245,38	(33%)
Days in the period	**365**	365	-
Indebtedness indicators			
Current liabilities / equity	**0,08**	0,08	-
Long - term liabilities / equity	**0,29**	0,34	(15%)
Loan liabilities / equity	**0,22**	0,27	(19%)

Financial performance indicators (continued...)

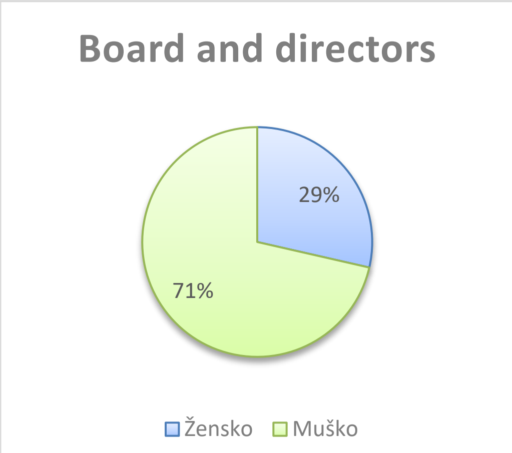
Key financial indicators			
	REALIZED 2021.	REALIZED 2020.	INDEX
Indebtedness indicators (continued)			
Total liabilities / equity	**0,37**	0,41	(10%)
Total liabilities / assets	**0,27**	0,29	(7%)
Profitability indicators			
EBITDA margin	**14,80%**	4,24%	247%
EBIT magin	**10,49%**	(2,05%)	607%
Net margin	**8,03%**	(4,12%)	294%
Productivity indicators			
Number of employees	**451**	501	(10%)
Income per employee ('t kuna)	**845**	455	86%

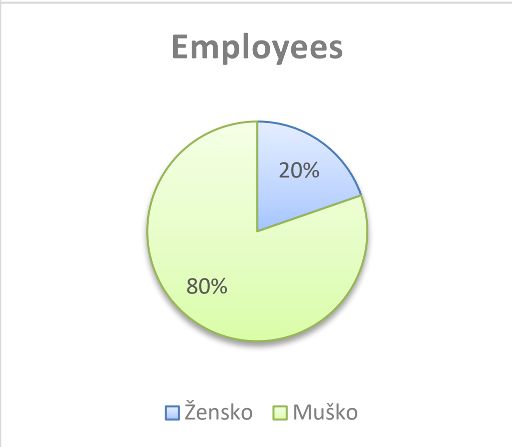
Human resources

Despite the decrease in the number of employees of 10% during the year, an increase in the cost of employees of 7% in the observed period is visible due to a significant increase in the volume of work of 39%. As a result, the average gross salary increased by HRK 11,200 in the observed period, and in the same period last year it amounted to HRK 10,250.

Structure of employees by sex on 31.12.2021.

	Woman	Man
Luka Ploče d.d.		
Board	50%	50%
Directors	25%	75%
Employees	18%	82%
Total	**18%**	**82%**
Luka Šped d.o.o.		
Directors	100%	0%
Employees	45%	55%
Total	**50%**	**50%**
Pomorski servis Luka Ploče d.o.o.		
Directors	0%	100%
Employees	19%	81%
Total	**18%**	**82%**
Pločanska plovidba d.o.o.		
Directors	0%	100%
Employees	33%	67%
Total	**31%**	**69%**
Total for Group	**20%**	**80%**





Events after the balance sheet date

Impact of the Russian-Ukrainian conflict on the business operations

The crisis that arose at the back-end of February 2022 as a result of the Russian-Ukrainian conflict has caused a high level of volatility across global markets, the result of which has contributed to sizeable challenges across a wide range of factors: shifts in geopolitical and economic stability, volatility in the global supply chain and a negative impact on general humanitarian factors. The significant impact of the sanctions on Russia has already been recorded globally by means of significant increases in commodity prices and pronounced capital market volatility, which will continue to affect the global supply chain and purchasing power of legal and natural entities (e.g. through rising costs, supply/demand cycle challenges, rising inflation, etc...).

The Company does not conduct financial transactions through any Russian financial institution and has no financial exposure to same.

The throughput of Russian coal in the trading segment in FY21 amounted to 62.693 tons. This amounts to 33% of the total throughput in the trading segment and 1.60% of the total throughput of the Company. The impact of Russian coal on total revenues amounted to less than 20% for FY21. The Company does not have access to customer information regarding customers' business activities with Russia and as such is unable to assess the effect of same on the business.

The throughput relating to Russian coal as per the Company's FY22 plan was anticipated to amount to less than 2% of the total planned throughput of the Company for the financial year. Despite this, the Company still expects an overall increase in throughput in FY22 as compared to FY21. No throughput relating to Russian goods has occurred to date in FY22.

The Company has assessed the associated risks as follows:

- Potential decline in the trading segment activities due to the imposed sanctions on the import of Russian coal/commodities. The Company intends to replace its planned quantities of Russian coal with other sources to the extent possible. The effect of such is very likely to lead to increased global demand for coal/commodities from non-Russian sources and as such will result in price increases for same.

- The overall impact on the total revenues and throughput of the Company cannot be assessed at this stage. The Company does not have access to customer information relating to customers' business activities with Russia and as such is unable to assess the effect of same on the business.

- An increase in the prices of transport, raw materials, energy, which is passed on to other costs.

The Company is in the process of establishing a risk management plan in connection with the impact of the Russian-Ukrainian conflict on the business operations of the Company. Management is actively assessing the market in order to better position itself in light of these new circumstances.

Risk management

The Company implements appropriate policies and procedures for managing individual risks, and the manner of managing and managing risks is specifically prescribed and documented by rules and procedures. The Company accepts that these risks are a normal occurrence and that it is necessary to react to them in a timely and appropriate manner in order to make quality decisions for the preservation and development of business.

The Company defines the following types of the most important risks:

MARKET RISK

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

Destination market

BiH is an important market in relation to the Company's operations, and political instability and negative macroeconomic factors of the state can significantly and negatively affect (or vice versa) the Company's and the Group's operations.

Market competition

Competitive risk is pronounced in the Adriatic area (Koper, Rijeka, Bar, Italian port cluster). The prices of the Company's services are in line with the prices of other ports on the Adriatic, although it is important to emphasize that the prices of the Company's services are not sufficient to keep this route competitive. Competitiveness also depends on the price of lighting, port taxes and rail transport. Increases in these prices may adversely affect the traffic route through the port of Ploče. The Company's Management Board focuses on minimizing risk through active monitoring and proactive adjustment of tariff prices, continuous investment in technology and digitalization in the direction of capacity development and increasing labor productivity.

Risk management (continued...)

CREDIT RISK

Assets of the Group and the Company that may give rise to credit risk consist mainly of cash and cash equivalents, trade receivables, employee receivables and other receivables. The Company's management focuses on minimizing risk through proactive monitoring of receivables collection from customers. As additional insurance, the Group and the Company are insured with goods and through the management of shipment limits for obsolete receivables, while receivables from employees are secured by suspension from salary. In addition, the Group actively monitors the individual exposures of the most significant customers and assesses their credit risk.

CURRENCY RISK

The Port of Ploče is exposed to risk in EUR and USD. Most of the services were agreed and charged in EUR, so the loan from HBOR is linked by a currency clause in EUR.
The risk exists because most of the Company's material costs are collected in HRK and the Company's functional currency is HRK. Thus, variability in the EUR and USD exchange rates affects realized and unrealized exchange rate differences.

The risk of the exchange rate of the kuna against the EUR is moderate because the Croatian National Bank has a relatively strong peg of the kuna to the euro. The Company proactively monitors the exchange rate and the structure of expected kuna payments, with the aim of minimizing the realized exchange rate differences. In January 2023, the Republic of Croatia will introduce the Euro as its formal currency, and this event will reduce the exchange rate risk of the Company and the Group to its exposure to the USD.

INTEREST RATE RISK

The company monitors the movement of interest rates on the market and if it estimates that there will be significant increases, it will try to refinance the existing loan with HBOR.

Risk management (continued...)

LIQUIDITY RISK AND CASH FLOW RISK

Prudent liquidity risk management involves maintaining a sufficient amount of money, ensuring the availability of funds with an adequate amount of contracted credit lines and the ability to meet all obligations. The goal of the Group and the Company is to maintain the flexibility of financing by making the agreed credit lines available. The Company regularly and proactively monitors the level of available sources of funds and the structure of overdue receivables of 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.

LIQUIDITY RISK AND CASH FLOW RISK (continued...)

Also, the control mechanism is recorded through detailed planning and management of expected cash inflows and outflows in order for the Company and the Group to provide adequate amounts of liquid assets to meet liabilities according to current maturities.

TECHNOLOGICAL RISK

Technological risk is related to the obsolescence of existing port technology and mechanization. Without timely investment in the existing dynamics of work, there is a risk of increasing operating costs with a decrease in the efficiency of port manipulations, which is related to the overall profitability of the whole process and success, ie competitiveness. The company controls risk through active research and implementation of capital investment in existing infrastructure, superstructure, new equipment and digitalization, and its strategy is recorded in the implementation of the investment plan in 2021. The company continuously monitors and adjusts work processes and implementation of changes through written work procedures and formalized workflow.

Risk management (continued...)

HUMAN RESOURCES RISK

Port activity is directly related to the need for human resources and the fact of the same is recorded in the number of employees of 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 takes care of professional education and legal regulations of medical examinations that train employees to work in the field. Occupational safety monitors in detail the attestation of machines and the general safety of workers in the workplace. Workers are allowed to join the trade union and an employee of the Employee Relations Association is in charge.

ECOLOGICAL RISK

Considering the structure of the cargo, the most pronounced environmental risk occurs during the handling of bulk cargo, ie coal. 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 one of the important factors in the long-term sustainability of the Company's operations. The company plans further investments in 2022 in equipment and green areas and energy efficiency projects through existing and new infrastructure with a focus on renewable energy sources. The “net zero” mission is a key goal in our business and the Management Board is focused on implementing the necessary sustainable measures in order for the Company to reduce the exposure to associated risk more efficiently and effectively.

Future business development

Global disruptions in supply chains are certainly a major challenge, but the Port of Ploče does not expect negative major business impacts. Namely, during 2021, all industrial production indices show significant growth, which increased the need and price of goods logistics. In addition, the state of the BiH economy where it registered a significant recovery compared to 2020. As we are continuously improving the capacity, efficiency and quality of providing port services in order to meet the requirements of existing and potential customers, we have recently recorded new customers from new markets.

The operations of the Port of Ploče certainly depend on trends in the global market, especially with the movement of prices of exchange goods that the Port of Ploče reloads for its customers, but we are ready to respond to all upcoming challenges. Although the closure of some Chinese container ports has affected the congestion of other container ports around the world, which has affected the distribution of goods to end consumers, the business of Ploce is not threatened because it is categorized as a universal port and serves to transship almost all cargo. in international maritime transport, not just containers.

We see society in the future as a smart green port. We plan further investment in the development and digitalization of the Port of Ploče as well as increasing the capacity of the container terminal. We expect that the next business year will be on the trail of the previous one, unless there are some new global disruptions, and the same is marked according to available data for the first quarter of 2022.

Hrvoje Livaja
Chairman of the Board

Daniela Marelić
Member of the Management Board

Luka Ploče d.d.
Trg kralja Tomislava 21
20340 Ploče
Ploče, 29. April 2022.

LUKA PLOČE d.d.
3
PLOČE

Statement on the application of the corporate governance code

General information

Luka Ploče d.d. as well as the Luka Ploče Group is continuously developing and operating in accordance with defined corporate governance standards.

This especially refers to the manner of work of the Company's bodies, work with shareholders and employees, ensuring business transparency, and towards third parties. The company is still 16.06.2008. adopted its own Code of Corporate Governance with the aim of further strengthening and establishing high standards of corporate governance. The Management Board fully complies with the provisions of its own Code and the Code of the Zagreb Stock Exchange d.d. from the date of listing of shares on the Official Market. The company applies the measures of corporate governance prescribed by law and the same is stated 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 Luka Ploče d.d.

This Code has the force of a recommendation that obliges the Company's bodies and employees in the Company to comply with the principles prescribed and elaborated by this Code when making all types of decisions. The aim of the Code is to establish high standards of corporate governance and transparency of the operations of the Port of Ploče d.d. (hereinafter: the Company) and its related majority-owned companies.

The Code defines the corporate governance procedure in order to protect shareholders, employees, elected and appointed holders of responsible positions in the Company as well as all other stakeholders through good and responsible management and supervision of the Company's business and management functions. The basic principles of this Code are: transparency of operations, clearly defined procedures for the work of the Supervisory Board, Management Board and other bodies and structures that make important decisions, avoidance of conflicts of interest, effective internal control and effective accountability system.

Any interpretation of the provisions of this Code should primarily be guided by respect for the aforementioned principles and the achievement of the stated objectives.

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

According to the Central Depository and Clearing Company, the largest shareholders are listed in the table "Ownership structure" in the Management Report and in note 26 to the Annual Financial Report and are listed in the Share Book of Luka Ploče d.d. acquisition or disposal of shares and other securities of the Company by each individual member of the Management Board and Supervisory Board, and employees of the Company who have access to price-sensitive / privileged information of the Company and related persons.

Statement on the application of the corporate governance code (continued...)

General information (continued)

Competences, convening procedure and quorum, as well as the manner of making decisions of the General Assembly are regulated by the Articles of Association. When convening the General Assembly, the Management Board is obliged to determine the date according to which the situation in the register of shares will be determined, which will be relevant for exercising the right to vote at the General Assembly. This 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 belonging to them in the General Assembly is equal to the number of their shares they hold, regardless of the type of shares. In the event that the company issues shares without voting rights, ie with limited voting rights, it is obliged to publicly and timely publish all relevant information on the content of all rights arising from such shares to enable investors to make the right decision to purchase these securities. The Company is obliged to treat all shareholders in the same way and under the same conditions, regardless of the number of shares they have, the country of their origin and their other characteristics. This applies in particular 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 Articles of Association of the joint stock company Luka Ploče d.d. There are no restrictions based on gender, age, education, profession, etc. The Companies Act provides for any amendments to the Company's Articles of Association.

The basic medium for public disclosure of data are the Official Gazette of the Republic of Croatia and the Company's website www.luka-ploce.hr.

Corporate governance structure

Pursuant to the Companies Act and the Company's Articles of Association, the Company's bodies are the General Assembly, the Supervisory Board and the Management Board, and the above-mentioned acts regulate their duties and responsibilities..

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, are made exclusively at the General Assembly of the Company by a majority vote. The company's management is obliged, as soon as possible, to make public the decisions of the General Assembly as well as information on possible lawsuits against these decisions. In 2021, the regular annual General Assembly was held on July 9, 2021.

Statement on the application of the corporate governance code (continued...)

Corporate governance structure (continued...)

Supervisory Board of the Company
The tasks and responsibilities of the Supervisory Board of the Company are regulated by the Articles of Association of the joint stock company Luka Ploče d.d. The Supervisory Board is obliged to make an evaluation of its work in the past period every year. Such an assessment includes, in particular, an assessment of the work of the committees established by the Supervisory Board, and an assessment of the achievements in relation to the set goals of the Company. The Supervisory Board of the Company consists of five members.

The President of the Supervisory Board is in charge of 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 - president
- Jeni Krstičević - vice president
- 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 meetings attended by all members of the Supervisory Board.

Audit Committee
Pursuant to the Company's Articles of Association, 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 effective execution of corporate governance, financial reporting and control obligations of the Company.

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

The Audit Committee worked as a member on the day of the annual report and during the reporting period:

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

Statement on the application of the corporate governance code (continued...)

Corporate governance structure (continued...)

During 2021, three sessions of the Audit Committee were held, attended by all members of the Audit Committee.

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

Administration
The Management Board manages the Company's affairs in accordance with the Company's Articles of Association and legal regulations. The Company is represented by the Management Board, the President or a member of the Management Board individually and independently. The Management Board monitored that business and other books 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
- Daniela Marelić – member of the finance board

Key elements of the Internal Control and Risk Management system related to the financial reporting of the Company and the Group

The Company is obliged to prepare its financial statements in accordance with International Financial Reporting Standards and publish them within the prescribed deadlines defined by the legislation of the Republic of Croatia. The financial statements prepared by the Company's Management Board and 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 on the Company's organization, such as data on compliance with financial, business and legal obligations that may pose a significant risk to the Company. The internal auditor should review and review the effectiveness of such a system at least annually.
The Company is required to have independent external auditors as an important instrument of corporate governance, so their primary function is to ensure that the financial statements adequately reflect the actual situation of the Company as a whole.

Statement on the application of the corporate governance code (continued...)

Key elements of the Internal Control and Risk Management system related to the financial reporting of the Company and the Group (continued...)

An independent external auditor will be considered an auditor who is not owned or interested in the Company and does not provide, alone or through related parties, any other services to the Company.

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

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

In its annual report as well as on its website, the Company is obliged to state on the prescribed form (annual questionnaire) whether it has complied with the recommendations set out in this Code. This Code and its recommendations are based on the principle of "act or explain", ie if the Company deviates or does not apply any 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.

Hrvoje Livaja
Chairman of the Board

Daniela Marelić
Member of the Management Board

Luka Ploče d.d.
Trg kralja Tomislava 21
20340 Ploče
Ploče, 29. April 2022.

LUKA PLOČE d.d. 3 PLOČE

Statement of responsibility of the Management Board

Pursuant to the current Croatian Accounting Act, the Management Board is obliged to ensure that the unconsolidated and consolidated financial statements for each financial year are prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU IFRS"), so as to give a true and fair view. position and business results of the company Luka Ploče d.d. and subsidiaries (the “Group”) for that period.

The Management Board has a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to accept the going concern basis in preparing the unconsolidated and consolidated financial statements.

The responsibilities of the Management Board in preparing the unconsolidated and consolidated financial statements include ensuring:

- selecting and consistently applying appropriate accounting policies;
- reasonable and prudent judgments and estimates;
- application of applicable accounting standards;
- preparation of non-consolidated and consolidated financial statements on a going concern basis, unless it is inappropriate to presume whether the Company or the Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and the Group and must also ensure that the financial statements comply with the applicable Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, in accordance with the Accounting Act, the Management Board is obliged to compile an Annual Report which includes financial statements, a management report and a statement on the application of the corporate governance code. The management report was prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act, and the statement on the application of the Corporate Governance Code in accordance with the requirements of Article 22 of the 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.

Statement of responsibility of the Management Board (continued...)

The annual report was approved by the Management Board 29. April 2022 for submission to the Supervisory Board and were 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, 29. April 2022.

LUKA PLOČE d.d., Ploče

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021.

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**Note**	**2021**	**2020**	**2021**	**2020**
Revenue	7, 8	379,273	225,589	361,660	212,508
Other income	8	1,696	2,368	429	1,200
Materials and energy costs	9	(222,256)	(113,956)	(218,918)	(111,069)
Services	9	(22,255)	(17,584)	(21,898)	(17,764)
Personnel expenses	10	(72,474)	(77,704)	(62,946)	(68,259)
Depreciation and amortisation	15,16,17	(16,406)	(14,351)	(15,614)	(13,656)
Other operating expenses	11	(7,708)	(7,427)	(6,568)	(6,646)
Impairment loss on receivables – net	22	(1,148)	(1,109)	(957)	(1,060)
Impairment of property, plant and equipment – net		(259)	(799)	(259)	(799)
Other (losses) / gains – net	12	1,503	295	1,486	287
Operating profit / (loss)		**39,966**	**(4,678)**	**36,415**	**(5,258)**
Finance income / (expenses) – net	13	(2,420)	(6,651)	(2,361)	(6,550)
Share of profit of equity-accounted investees	19	22	66	-	-
Profit / (loss) before tax		**37,568**	**(11,263)**	**34,054**	**(11,808)**
Income tax	14	(6,988)	1,868	(6,473)	1,991
Net profit / (loss)		**30,580**	**(9,395)**	**27,581**	**(9,817)**
Other comprehensive income		-	-	-	-
Total comprehensive income		**30,580**	**(9,395)**	**27,581**	**(9,817)**
Earnings / (loss) per share (in HRK) basic and diluted	**27**	**72.59**	**(22.30)**	**65.47**	**(23.30)**

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

LUKA PLOČE d.d., Ploče

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(in thousands of HRK)	Note	Luka Ploče Group 31 December 2021	Luka Ploče Group 31 December 2020	Luka Ploče d.d. 31 December 2021	Luka Ploče d.d. 31 December 2020
ASSETS					
Non-current assets					
Intangible assets	15	419	565	419	562
Property, plant and equipment	16	386,443	379,099	378,435	370,871
Advances for tangible assets		1,304	1,587	1,154	1,587
Investment property	17	3,491	4,386	3,491	4,386
Investments in subsidiaries	18	-	-	7,502	7,502
Investments in equity-accounted investees	19	747	725	80	80
Long-term loans given	20	983	1,183	983	1,183
Deferred tax assets	14	1,032	2,732	1,032	2,732
Long-term deposits	23	788	788	-	-
Total non-current assets		**395,207**	**391,065**	**393,096**	**388,903**
Current assets					
Inventories	21	3,977	6,463	3,795	6,324
Trade and other receivables	22	71,008	92,437	67,615	91,272
Short-term deposits	23	5,729	3,392	5,729	3,392
Short-term loans given to subsidiaries	20	-	-	2,146	1,596
Financial assets at fair value through profit or loss	24	265	237	265	237
Income tax receivable		1,762	1,184	1,571	1,034
Cash and cash equivalents	25	122,030	80,671	112,782	72,192
Total current assets		**204,771**	**184,384**	**193,903**	**176,047**
Total assets		**599,978**	**575,449**	**586,999**	**564,950**
SHAREHOLDERS' EQUITY					
Share capital	26	169,187	169,187	169,187	169,187
Share premium	26	88,107	88,107	88,107	88,107
Legal reserves	26	8,459	8,459	8,459	8,459
Other reserves	26	48,159	48,159	48,159	48,159
Retained earnings		124,239	93,659	113,974	86,393
Total shareholders' equity		**438,151**	**407,571**	**427,886**	**400,305**
LIABILITIES					
Non-current liabilities					
Borrowings	28	123,212	132,075	122,980	131,436
Provisions	29	4,230	4,671	3,942	4,399
Total non-current liabilities		**127,442**	**136,746**	**126,922**	**135,835**
Current liabilities					
Borrowings	28	10,147	12,074	9,770	11.471
Trade and other payables	30	16,336	18,037	15,008	16.391
Income tax liability		5,144	73	4,774	-
Provisions	29	2,758	948	2,639	948
Total current liabilities		**34,385**	**31,132**	**32,191**	**28,810**
Total liabilities		**161,827**	**167,878**	**159,113**	**164,645**
Total shareholders' equity and liabilities		**599,978**	**575,449**	**586,999**	**564,950**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Luka Ploče Group

(in thousands of HRK)	Share capital	Share premium	Legal reserves	Other reserves	Treasury shares	Retained earnings	Total
Balance at 1 January 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**103,054**	**416,966**
Net profit for the year	-	-	-	-	-	(9,395)	(9,395)
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**93,659**	**407,571**
Balance at 1 January 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**93,659**	**407,571**
Net gain for the year	-	-	-	-	-	30,580	30.580
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**124,239**	**438,151**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**96,210**	**410,122**
Net profit for the year	-	-	-	-	-	(9,817)	(9,817)
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2020	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**86,393**	**400,305**
Balance at 1 January 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**86,393**	**400,305**
Net loss for the year	-	-	-	-	-	27,581	27,581
Other comprehensive income	-	-	-	-	-	-	-
Balance at 31 December 2021	**169,187**	**88,107**	**8,459**	**49,225**	**(1,066)**	**113,974**	**427,886**

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

LUKA PLOČE d.d., Ploče

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**Note**	**2021**	**2020**	**2021**	**2020**
Profit / (loss) before tax		**37,568**	**(11,263)**	**34,055**	**(11,808)**
Depreciation and amortisation	15,16,17	16,406	14,351	15,614	13,656
Impairment losses on receivables	22	1,273	1,109	1,082	1,089
Gains/(losses) on changes in fair value	12	(28)	76	(28)	76
Gain on sale of property, plant and equipment and intangible assets	12	(1,266)	(1)	(1,266)	(1)
Share of net profit of equity-accounted investees	19	(22)	(66)	-	-
Finance expenses – net	13	2,420	6,651	2,361	6,550
Net change in provisions	29	1,369	1,156	1,234	1,278
Impairment of property, plant and equipment and inventories		259	799	259	799
Interest income	8	(8)	(32)	(69)	(65)
Total items that do not affect cash		**20,403**	**24,043**	**19,187**	**23,382**
Changes in working capital:					
Increase of trade and other receivables		21,739	(52,195)	23,832	(52,467)
(Increase) / decrease of inventories		2,486	27,911	2,529	27,893
Decrease / (increase) of trade and other payables		(2,990)	(3,836)	(2,758)	(5,171)
		21,235	**(28,120)**	**23,603**	**(29,745)**
Interest paid		(4,084)	(2,599)	(4,051)	(2,547)
Interest collected		8	33	69	65
Income tax paid		(835)	(1,885)	(537)	(1,312)
Net cash used in operations		**74,295**	**(19,791)**	**72,326**	**(21,965)**
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(22,704)	(39,976)	(21,569)	(38,527)
Outflows for loans given		-	-	-	(1,596)
Proceeds from loans given		-	379	-	379
Proceeds from disposal of property, plant and equipment		2,069	1	2,069	1
Proceeds from return of cash from investments in associates		-	29	-	-
Net cash used in investing activities		**(20,635)**	**(39,567)**	**(19,500)**	**(39,743)**
Cash flows from financing activities					
Proceeds from borrowings	28	461	-	661	-
Repayment of borrowings	28	(9,770)	(4,523)	(9,154)	(4,294)
Repayment of leases	28	(2,992)	(6,931)	(3,742)	(6,649)
Net cash used in financing activities		**(12,301)**	**(11,454)**	**(12,235)**	**(10,943)**
Net decrease in cash and cash equivalents		**41,359**	**(70,812)**	**40,591**	**(72,651)**
Cash and cash equivalents at beginning of year		80,671	151,483	72,192	144,843
Foreign exchange (losses) / gains on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at end of year	25	**122,030**	**80,671**	**112,783**	**72,192**

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 (manipulation of goods), warehousing and wholesale and retail services in domestic and foreign trade. Other activities of the Group include construction, maintenance, freight, commerce and other services.

As at 31 December 2021, LUKA PLOČE Group (the "Group") consists of the parent company LUKA PLOČE d.d., its three subsidiaries (2020: three subsidiaries) based in Ploče, Croatia (Note 18) and equity-accounted investees (Note 19).

As at 31 December 2021, the Company's shares were listed on the official listing of the Zagreb Stock Exchange.

Management and the Supervisory Board of the Company

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

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

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

Name	Surname	Function
Pavao	Vujnovac	President of the Supervisory Board
Jeni	Krstičević	Deputy president of the Supervisory Board
Ivan	Ostojić	Member
Damir	Spudić	Member
Ana	Marinović	Member
Tonka	Lovrinov	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 equity-accounted investees (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 2022.

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. New accounting standards and interpretations of published standards that have been adopted

The following amended standards are effective from 1 January 2021, but have not had a significant impact on the Group and the Company:

- Rental benefits in the context of the COVID-19 disease pandemic - Amendments to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020

- Reform of Reference Interest Rates (IBOR) - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (published on 27 August 2020 and on effective for annual periods beginning on or after 1 January 2021)

2.5. New accounting standards and interpretations not yet adopted

Several new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2022 and not previously adopted by the Group and the Company.

- Sale or entry 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 the date determined by the IASB)).

- Classification of liabilities into short-term or long-term - Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).

- Classification of liabilities as short-term or long-term, deferral of effective date - Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).

- Revenue before intended use, Harmful contracts - costs of fulfilling contracts, Reference to the Conceptual Framework - Additions to the narrow scope of IAS 16, IAS 37 and IFRS 3 and Annual Improvements to IFRSs for the 2018-2020 cycle. - Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

- Amendments to IAS 1 and 2 of the IFRS Practice Statement 2: Publication of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023 . years).

- 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).

- Rental benefits in the context of the COVID-19 disease pandemic - Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

- 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).

The new standards and interpretations are not expected to have a material effect on the consolidated and non-consolidated financial statements of the Group and the Company.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and companies over which the Company has control (subsidiaries) as of and for the years ended 31 December 2021. 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 recognises 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 recognised 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 recognised in the income statement and its share of post-acquisition movements in reserves is recognised 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 recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

NOTE 3 – 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. Unrealised 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. Unrealised gains arising from transactions with associates are eliminated against the. Unrealised 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 recognised 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, licences 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 capitalised intangible assets is capitalised only if it is probable that it increases the future economic benefits embodied in the specific asset to which it relates and those benefits will flow to the Company. All other expenditure is recognised in the profit or loss as an expense as incurred.

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

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment

i) Owned Assets

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

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.

	2021/2020
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 port of 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 – 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 capitalised 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 – 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 – 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 – 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 realisable 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if significant, if not at nominal value less provision for impairment.

The amount of the provision is recognised in the 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 – SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial assets

(i) Recognition and Initial Measurement

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

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

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

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 - 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 at fixed interest rates and cash and cash equivalents. This facilitates and minimizes the complexity of the assessment of whether or not the financial assets meets the basic criterion of representing 'solely payments of principal and interest'. In addition, the Group does not have any separate business models for financial asset management, and because of its simplicity, it manages its through regular business operations.

Subsequent measurement and gains and losses

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

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

(iii) Derecognition

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

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

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

(iii) Derecognition

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

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

NOTE 3 - 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 realise the asset and settle the liability simultaneously.

3.15 Impairment of non-derivative financial assets

Recognition of loss allowances

The Group recognises loss allowances for ECLs on:

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the 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 recognised as an expense.

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

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 - 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 recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognised 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 recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised.

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 realised 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 recognised 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 - 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 recognise a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability includes assumptions of the 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 recognise a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. In addition, the Group and the Company recognise a liability for 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 recognise 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 recognised when: the Group or the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the 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 recognised as interest expense.

3.22 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised 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 recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

NOTE 3 - 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 recognised, the Group identifies both the contract and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. Specific criteria for revenue recognition for the Group's and the Company's activities is described below.

(a) Revenue from port services

The Company and Group's primary activity is providing port services: loading, unloading, 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 tonnes off or on loaded compared to total shipment size; or number of storage days elapsed compared to the total number of storage days contracted). 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 recognised 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 recognised 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 recognised 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 recognised 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** 31 December 2021	31 December 2020	**Luka Ploče d.d.** 31 December 2021	31 December 2020
Financial assets				
Loans given	1.284	1,547	3.430	3,143
Financial assets at fair value through profit or loss	265	237	265	237
Trade receivables	68.021	89,723	65.002	89,015
Deposits	6.517	4,180	5.729	3,392
Cash and cash equivalents	122.030	80,671	112.782	72,192
Total	**198.117**	**176,358**	**187.208**	**167,979**
Financial liabilities				
Borrowings	133.359	144,149	132.750	142,907
Trade payables	9.588	8,388	9.360	7,782
Total	**142.947**	**152,537**	**142.110**	**150,689**

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 2021, the carrying amounts of cash, short-term deposits, receivables, short-term liabilities, accrued expenses, borrowings and other financial instruments approximate their fair values due to the short term nature of these assets and liabilities and because most of current assets and current liabilities 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 programme, 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 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

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	160.234	(129.511)	30.723	1,00%	307
USD	19.487	-	19.487	3,00%	585

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	110,784	(143,935)	(33,151)	1.00%	(332)
USD	37,774	(47)	37,727	3.00%	1,132

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	104,108	(141,790)	(37,682)	1.00%	(377)
USD	36,831	-	36,831	3.00%	1,105

The effect on profit after tax is mainly results from foreign exchange gains/losses on translation of EUR-denominated borrowings, as well as EUR and USD-denominated trade payables, 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 Grupa		**Luka Ploče d.d.**	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Borrowings at variable interest rates	593	1,054	-	-

As at December 31, 2021, most loans carry fixed interest rates, as a result of the Group and the Company are not significantly exposed to the interest rate risk.

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

The Group and the Company continuously monitor the interest rate changes. Different situations are being simulated by considering refinancing, restoring the current state as well as alternative financing. Based on these situations, the Group and the Company calculate the impact of interest rate changes on the income statement.

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(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 operations relates to cooperation with known customers, while only a smaller part of operations relates to new customers. As at 31 December 2021, receivables from three customers accounted for 40%, 15% and 10% (2020: receivables from two customers accounted for 30%, 28% and 19%) of the total receivables from the Group's customers, i.e. 43%, 16 % and 11% (2020: 31%, 28 % and 19%) of the total receivables from the Company's customers.

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.

The Company mainly deposits its cash and deposits with financial institutions in Croatia which do not have 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.

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 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	196	646	-	-
Trade payables	9.588	9.588	9.588	-	-
Total	**142.947**	**173..547**	**24.038**	**48.207**	**101.752**
31 December 2020					
Finance leases	37,322	52,456	3,250	8,752	40,454
Bank borrowings	105,815	130,518	15,317	40,560	74,641
State borrowings	1,012	238	774	-	-
Trade payables	8,388	8,398	8,398	-	-
Total	**152,537**	**191,610**	**27,739**	**49,312**	**115,095**

NOTE 4 – FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Principal	Contractual cash flows	Up to 1 year	1 - 5 years	Over 5 years
Luka Ploče d.d.					
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	196	646	-	-
Trade payables	9.360	9.360	9.360	-	-
Total	**142.110**	**172.692**	**23.381**	**48.009**	**101.752**
31 December 2020					
Finance leases	37,149	52,279	3,090	8,735	40,454
Bank borrowings	104,746	129,417	14,835	39,941	74,641
State borrowings	1,012	238	774	-	-
Trade payables	7,782	7,782	7,782	-	-
Total	**150,689**	**189,716**	**26,481**	**48,676**	**115,095**

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 28. The Company's and the Group's financial assets in the amount of HRK 198,117 thousand and HRK 185,062 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.

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 maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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 2021 and 2020:

(in thousands of HRK)	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2021	265	-	-	265
Listed companies	-	-	-	-
Unlisted companies	265	-	-	265
Total	265	-	-	265
31 December 2020				
Listed companies	237	-	-	237
Unlisted companies	-	-	-	-
Total	237	-	-	237

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 the Port of 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 transhipped 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 32 - 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 2021, property, plant and equipment of the Group and the Company amounted to HRK 386,443 thousand and HRK 378,435 thousand, respectively.

Management conducts a test of impairment of property, plant and equipment for impairment when indications of impairment exist. Taking into account the challenging business environment and financial difficulties of some of the Company's key customers, potential underutilization of the port assets and the fact that the carrying amount of the Group's net assets does not exceed its market capitalization, the Management Board has arrived at conclusion that impairment indicators were identified at 31 December 2021 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 1% and 1%, respectively;
- growth of general cargo volume in the old port and at the container terminal at a rate at an average annual rate of 1.6% and 2%, respectively;
- growth of liquid cargo volume at an average annual rate of 1%;
- price growth at an average annual rate of 1%.

These estimated cash flows are discounted to their present value using a pre-tax discount rate of 10.39% (2020: 9.60%) which reflects the risk specific to the assets.

Management estimates that the carrying amount of property, plant and equipment as at 31 December 2021 is recoverable.

The sensitivity analysis indicates that an increase of weighted average cost of capital by 0.5% would not result in an impairment of property, plant and equipment (with other variables remaining the same). On the other hand, the decrease of cargo volume during concession period by 5% (with other variables remaining the same) would result in an impairment of property, plant and equipment in the amount of HRK 48,530 thousand.

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 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 amortisation	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 / (loss)	**32,960**	**2,704**	**3,456**	**846**	**39,966**
Capital expenditures	22,950	40	-	551	23,541

The segment results for the year ended 31 December 2020 are as follows:

(in thousands of HRK)	**Port services**	**Marine services**	**Trading segment**	**Other segments**	**Total Group**
Revenue	104,643	11,475	102,860	6,611	225,589
Operating profit before depreciation and amortisation	5,152	943	3,212	366	9,673
Depreciation and amortization and write-off of fixed assets	(13,656)	(264)	-	(431)	(14,351)
Operating profit	**(8,504)**	**679**	**3,212**	**(65)**	**(4,678)**
Capital expenditures	38,503	205	-	1,275	39,983

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.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Croatia	82,117	67,314	74,108	59,916
Bosnia and Herzegovina	47,631	54,317	40,502	50,522
European Union countries	241,366	94,916	239,854	93,831
Other	8,159	9,042	7,196	8,239
Total	**379,273**	**225,589**	**361,660**	**212,508**

Concentration risk sales

The Group generates 21.7% (2020: 29,8%) of revenue from sales to domestic customers while 78.3% (2020: 70,2%) 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 12.6% of revenue (2020: 24,1%). 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 75.2% of revenue (2020: 76,7%), out of which the strongest impact have the two largest customers that generated 60.2% of revenue in 2021 (2020: 50,4%). 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.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Revenue				
Sale of services	173,314	122,729	155,701	109,648
Revenue from sale of goods	205,959	102,860	205,959	102,860
	379,273	**225,589**	**361,660**	**212,508**
Other income				
Interest income	8	32	8	65
Other income	1,688	2,336	421	1,135
	1,696	**2,368**	**429**	**1,200**
	380,969	**227,957**	**362,089**	**213,708**

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.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Bulk cargo	112,669	77,887	112,669	77,887
General cargo	32,411	25,203	32,411	25,203
Liquid cargo	5,677	5,487	5,677	5,487
Other port services	22,557	14,152	4,944	1,071
	173,314	**122,729**	**155,701**	**109,648**
Revenue from sale of goods	205,959	102,860	205,959	102,860
	379,273	**225,589**	**361,660**	**212,508**

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

Revenue segmentation by type of service is as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Port manipulation	135,647	85,139	135,647	85,139
Rent and warehousing	14,499	20,188	14,900	20,188
Other services	23,168	17,402	5,154	4,321
	173,314	**122,729**	**155,701**	**109,648**
Revenue from sale of goods	205,959	102,860	205,959	102,860
	379,273	**225,589**	**361,660**	**212,508**

NOTE 9 – MATERIALS, ENERGY COSTS AND SERVICES

Costs of materials and energy are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Cost of goods sold	202,604	99,614	202,503	99,503
Fuel costs	4,793	2,806	4,562	2,632
Consumption of raw materials and supplies	8,045	5,863	5,579	3,885
Electricity	6,068	4,484	6,068	4,484
Small inventory, spare parts and office supplies	756	857	216	233
Other material costs	(10)	332	(10)	332
	222,256	**113,956**	**218,918**	**111,069**

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

Service costs are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Utilities	8,402	7,639	8,237	7,488
Repairs and maintenance	3,355	1,983	4,081	2,772
Security costs	3,163	2,846	2,995	2,846
Intellectual services	916	1,214	914	1,181
Advertising and entertainment expenses	769	435	753	480
Transport and telecommunication services	1,865	840	1,579	593
Other services	3,785	2,627	3,339	2,404
	22,255	**17,584**	**21,898**	**17,764**

NOTE 10 – PERSONNEL EXPENSES

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Salaries and taxes	46,179	43,129	39,594	37,051
Contributions from and on salaries /i/	20,096	18,627	17,940	16,637
Termination benefits and jubilee awards/ii/	1,644	10,022	1,626	10,152
Other employee benefits /iii/	4,555	5,926	3,786	4,419
	72,474	**77,704**	**62,946**	**68,259**

/i/ Defined pension contributions paid by the Group and the Company to mandatory pension funds for 2021 amounted to HRK 10,713 thousand and HRK 9,745 thousand (2020: HRK 10,592 thousand and HRK 9,064 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 111 thousand.

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

At 31 December 2021 the Group had 451 employees (2020: 501), and the Company 374 employees (2020: 432).

NOTE 11 – OTHER OPERATING EXPENSES

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Insurance premiums	1,409	1,560	1,194	1,431
Damages, penalties and demurrage	348	800	234	719
Contributions and membership fees	846	763	749	740
Bank charges	544	482	427	393
Daily allowances and travel expenses	189	232	132	193
Supervisory Board fees	420	392	420	392
Other staff costs	176	153	63	58
Donations	251	289	251	289
Write-off of safety clothing and footwear	153	237	153	237
Provisions for court cases	2,014	1,500	1,905	1,500
Other operating expenses	1,358	1,019	1,039	694
	7,708	**7,427**	**6,567**	**6,646**

NOTE 12 – OTHER (LOSSESS)/ GAINS – NET

	Luka Ploče Group		Luka Ploče d.d.	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Gain/(loss) from change in fair value of financial assets through profit or loss (Note 24)	28	(76)	28	(76)
Gain on disposal and write-off of property, plant and equipment /i/	1,266	1	1,266	1
Net foreign exchange differences	209	370	192	362
	1,503	**295**	**1,486**	**287**

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

(in thousands of HRK)	Luka Ploče Group		Luka Ploče d.d.	
	2021	2020	2021	2020
Net carrying amount	(8)	-	(8)	-
Proceeds on sale of tangible assets	1,274	1	1,274	1
Gain on disposal of property, plant and equipment	**1,266**	**1**	**1,266**	**1**

NOTE 13 – FINANCE INCOME / (EXPENSES) - NET

	Luka Ploče Group		Luka Ploče d.d.	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Foreign exchange gains / (losses) – net	1,664	(2,225)	1,629	(2,177)
Interest expense	(4,084)	(4,426)	(3,990)	(4,373)
Finance expenses – net	**(2,420)**	**(6,651)**	**(2,361)**	**(6,550)**

NOTE 14 – INCOME TAX

	Luka Ploče Group		Luka Ploče d.d.	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Current income tax	5,289	123	4,773	-
Deferred tax income	1,699	(1,991)	1,700	(1,991)
	6,988	**(1,868)**	**6,473**	**(1,991)**

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.	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Profit before tax	**37,568**	**(11,263)**	**34,055**	**(11,808)**
Income tax 18% (2020: 18%)	6,762	(2,027)	6,130	(2,125)
Non-taxable income	-	(109)	-	-
Non-deductible expenses	388	153	343	112
The effect of temporary differences for which no deferred tax asset is recognised	-	81	-	82
Current-year losses for which no deferred tax asset is recognised	(96)	103	-	-
The effect of recognition of previously unrecognized deductible temporary differences	-	(60)	-	(60)
Effect of different tax rates	(66)	(9)	-	-
Income tax expense / (benefit)	**6,988**	**(1,868)**	**6,473**	**(1,991)**

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**

The Company's tax losses in the amount of HRK 9,743 thousand for which the Company and the Group recognized deferred tax assets in the amount of HRK 1,754 thousand were used as a reduction of the income tax liability in 2021.

NOTE 15 – INTANGIBLE ASSETS

Luka Ploče Group *(in thousands of HRK)*	**Intangible assets**
At 1 January 2020	
Cost	2,891
Accumulated amortisation	(2,135)
Net carrying amount	**756**
For the year ended 31 December 2020	
Opening net carrying amount	756
Transfer from assets under construction	26
Amortisation	(217)
Net carrying amount at the end of the year	**565**
At 31 December 2020	
Cost	2,916
Accumulated amortisation	(2,351)
Net carrying amount	**565**
For the year ended 31 December 2021	
Opening net carrying amount	565
Additions	64
Amortisation	(210)
Net carrying amount at the end of the year	**419**
At 31 December 2021	
Cost	2,977
Accumulated amortisation	(2,558)
Net carrying amount	**419**

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 2020	
Cost	2,877
Accumulated amortisation	(2,124)
Net carrying amount	**753**
For the year ended 31 December 2020	
Opening net carrying amount	753
Transfer from assets under construction	25
Amortisation	(216)
Net carrying amount at the end of the year	**562**
At 31 December 2020	
Cost	2,902
Accumulated amortisation	(2,340)
Net carrying amount	**562**
For the year ended 31 December 2021	
Opening net carrying amount	562
Additions	67
Amortisation	(210)
Net carrying amount at the end of the year	**419**
At 31 December 2021	
Cost	2,969
Accumulated amortisation	(2,550)
Net carrying amount	**419**

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 2020					
Cost	54,303	405,569	768	16,272	476,912
Accumulated depreciation	(5,406)	(106,525)	-	(10,308)	(122,239)
Net carrying amount	**48,897**	**299,044**	**768**	**5,964**	**354,673**
For the year ended 31 December 2020					
Opening net carrying amount	**48,897**	**299,044**	**768**	**5,964**	**354,673**
Additions	-	31	38,487	-	38,518
Transfer from assets under construction	-	35,358	(35,358)	-	-
Lease modification	322	-	-	-	322
Disposals and write-offs	-	(330)	-	(46)	(376)
Depreciation	(1,849)	(11,610)	-	(579)	(14,038)
Net carrying amount at the end of the year	**47,370**	**322,493**	**3,897**	**5,339**	**379,099**
At 31 December 2020					
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	-
Lease modification	-	-	-	-	-
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**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Luka Ploče d.d.	**Land and buildings**	**Equipment**	**Assets under construction**	**Leasehold improvements**	**Total**
(in thousands of HRK)					
At 31 December 2020					
Cost	53,899	388,890	138	15,584	458,511
Accumulated depreciation	(5,194)	(96,180)	-	(9,938)	(111,312)
Net carrying amount	**48,705**	**292,710**	**138**	**5,646**	**347,199**
For the year ended 31 December 2020					
Opening net carrying amount	**48,705**	**292,710**	**138**	**5,646**	**347,199**
Additions	-	-	37,038	-	37,038
Transfer from assets under construction	-	34,115	(34,115)	-	-
Lease modification	322	-	-	-	322
Disposals and write-offs	-	(301)	-	(44)	(345)
Depreciation	(1,844)	(10,953)	-	(546)	(13,343)
Closing net carrying amount	**47,183**	**315,571**	**3,061**	**5,056**	**370,871**
At 31 December 2020					
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**

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment of the Group and the Company in the net carrying amount of HRK 220,929 thousand (2020: HRK 215.474 thousand) were pledged as a loan collateral.

As at 31 December 2021 the Group's equipment in the net carrying amount of HRK 909 thousand were pledged as security for the lease payments (31 December 2020: HRK 1.002 thousand).

As at 31 December 2021, right-of-use assets in the amount of HRK 41,963 thousand and 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**	**Equipmen t**	**Area under concession**	**Total**
	(in thousands of HRK)			*(in thousands of HRK)*		
At 1 January 2020	**7,037**	**38,372**	**45,409**	**5,941**	**38,372**	**44,313**
Additions	-	322	322	-	322	322
Depreciation charge for the year	(646)	(1,666)	(2,312)	(553)	(1,666)	(2,219)
At 31 December 2020	**6,391**	**37,028**	**43.419**	**5,388**	**37,028**	**42,416**
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**

NOTE 17 – INVESTMENT PROPERTY

	Luka Ploče Group		Luka Ploče d,d,	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Cost	5,210	6,404	5,210	6,404
Accumulated depreciation	(1,719)	(2,018)	(1,719)	(2,018)
Net carrying amount	**3,491**	**4,386**	**3,491**	**4,386**

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 recognised by the Group and the Company in 2021 was HRK 98 thousand (2020: HRK 101 thousand) included in other income, and a depreciation charge of HRK 93 thousand (2020: HRK 96 thousand).

Future minimum lease payments are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year	77	101	77	101
From 1 to 5 years	308	404	308	404
Over 5 years	616	808	616	808
Total	**1,001**	**1,313**	**1,001**	**1,313**

NOTE 18 – INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at 31 December 2021 and 31 December 2020 are as follows:

Subsidiaries	Amount of share *(in thousands of HRK)*		Ownership %		Principal activity
	2021	2020	2021	2020	
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 19 – INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

	Luka Ploče Group		Luka Ploče d.d.	
(in thousands of HRK)	**2021**	**2020**	**2021**	**2020**
Lučka sigurnost d.o.o. (associate)	552	534	55	55
Vizir d.o.o. (associate)	195	191	25	25
Total	**747**	**725**	**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 31. In 2021 Group has recognised share of profit of equity-accounted investees in the amount of HRK 22 thousand (2020: HRK 66 thousand)

Luka Šped d.o.o. together with Luka d.d., Split participates with 49% equity stake in Portus Šped d.o.o., Split. The Company is registered as a limited liability company for international forwarding. During 2020, the money from the investment in the mentioned associate was returned 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)	**2021**	**2020**	**2021**	**2020**
Assets	1,609	1,566	671	624
Liabilities	(380)	(374)	(241)	(201)
Net assets	**1,229**	**1,192**	**430**	**423**
Revenue	3,874	3,908	2,682	2,557
Profit for the year	**37**	**126**	**8**	**6**

NOTE 20 – LONG-TERM LOANS GIVEN

Loans to employees and members of the Supervisory Board

	Luka Ploče Group		Luka Ploče d,d,	
(in thousands of HRK)	**2021**	**2020**	**2021**	**2020**
Long-term loans given				
- To employees	1,284	1,547	1,284	1,547
- To members of the Supervisory Board	-	-	-	-
	1,284	1,547	1,284	1,547
Current portion (Note 22)	(301)	(364)	(301)	(364)
	983	**1,183**	**983**	**1,183**

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 20 – 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.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year	301	364	301	364
Between 1 and 5 years	983	1,183	983	1,183
Total	**1,284**	**1,547**	**1,284**	**1,547**

Loans to subsidiaries

Short-term loans granted to subsidiaries as at 31 December 2021 amount to HRK 2,146 thousand (31 December 2020: 1.596). These loans are denominated in HRK, are contracted at a fixed interest rate of 3.42% and are not secured.

NOTE 21 – INVENTORIES

	Luka Ploče Group		Luka Ploče d,d,	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Raw materials	3,330	3,028	3,171	2,930
Spare parts	618	499	619	499
Advances for inventories	9	7	5	3
Trade goods	20	2,929	-	2,892
	3,977	**6,463**	**3,795**	**6,324**

NOTE 22 – TRADE AND OTHER RECEIVABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Receivables from domestic customers	4,001	19,789	3,557	20,188
Receivables from foreign customers	42,566	74,746	39,800	73,589
Uninvoiced receivables	27,489	16,384	27,489	16,384
Impairment allowance	(6,035)	(4,812)	(5,844)	(4,762)
Trade receivables	**68,021**	**89,723**	**65,002**	**89,015**
Current portion of long-term loans given (Note 20)	301	364	301	364
Receivables from the state	1,642	1,150	1,334	745
Advances	41	30	7	8
Guarantees	12	250	12	250
Other receivables	991	920	959	890
	71,008	**92,437**	**67,615**	**91,272**

As at 31 December 2021, receivables from three customers accounted for 40%, 15% and 10% (2020 receivables from three customers accounted for 30%, 28% and 19%) of total Group's receivables and 43%, 16% and 11% (2020: 31%, 28% and 19%) of total Company's receivables.

NOTE 22 – TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2021, the Group’s trade receivables past due but not impaired amounted to HRK 12,018 thousand (2020: HRK 47,039 thousand), while the Company’s trade receivables past due amounted to HRK 10,015 thousand (2020: HRK 4,563 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.	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 30 days	2,973	25,305	1,884	24,968
Up to 60 days	903	1,362	519	1,226
Up to 90 days	548	90	465	62
Over 90 days	7,594	20,282	7,147	20,307
	12,018	**47,039**	**10,015**	**46,563**

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.	
	2021	2020	2021	2020
	(in thousands of HRK)		*(in thousands of HRK)*	
At 1 January	4,812	3,725	4,762	3,673
Impairment	1,273	1,139	1,082	1,089
Collection of receivables previously written-off	(12)	(20)	-	-
Write-off	(38)	(32)	-	-
At 31 December	**6,035**	**4,812**	**5,844**	**4,762**

During 2021, the Group did not generate revenue from previously written-off receivables (2020: HRK 30 thousand of net revenue from previously written-off receivables for the Group).

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 2021, the Group's and Company's probabilities of defaults were as follows: overdue receivables: 0.52% (2020: 0.53%), 1-30 days: 3.10% (2020: 2,44%), 31-90 days: 6.62% (2020: 5,62%), 91 to 180 days: 16.15% (2020.:17,43%), 181 to 365 days: 28.36% (2020: 32,46%) and over 365 days: 44.54% (2020: 75,87%).

NOTE 22 – TRADE AND OTHER RECEIVABLES (continued)

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

	Luka Ploče Group 2021	Luka Ploče Group 2020	Luka Ploče d.d. 2021	Luka Ploče d.d. 2020
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	60,955	65,727	58,224	64,371
USD	3,882	5,081	3,847	5,081
HRK	3,196	19,165	2,943	19,813
	68,033	**89,973**	**65,014**	**89,265**

NOTE 23 – DEPOSITS

(in thousands of HRK)	Luka Ploče Group 2021	Luka Ploče Group 2020	Luka Ploče d.d. 2021	Luka Ploče d.d. 2020
Bank deposits	6,517	4,180	5,729	3,392
Total deposits	**6,517**	**4,180**	**5,729**	**3,392**
Short-term	5,729	3,392	5,729	3,392
Long-term	788	788	-	-
	6,517	**4,180**	**5,729**	**3,392**

Deposits are denominated in the following currencies:

	Luka Ploče Group 2021	Luka Ploče Group 2020	Luka Ploče d.d. 2021	Luka Ploče d.d. 2020
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	5,729	3,392	5,729	3,392
HRK	788	788	-	-
	6,517	**4,180**	**5,729**	**3,392**

Interest rates amount up to 0.001% (2020: 0.001%).

NOTE 24 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Luka Ploče Group 2021	Luka Ploče Group 2020	Luka Ploče d.d. 2021	Luka Ploče d.d. 2020
	(in thousands of HRK)		*(in thousands of HRK)*	
At beginning of year	237	313	237	313
Far value gains / (losses) (Note 12)	28	(76)	28	(76)
At end of year	**265**	**237**	**265**	**237**

As at 31 December 2021, the amount of HRK 265 thousand (2020: HRK 237 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 25 – CASH AND CASH EQUIVALENTS

	Luka Ploče Group 2021	Luka Ploče Group 2020	Luka Ploče d.d. 2021	Luka Ploče d.d. 2020
	(in thousands of HRK)		*(in thousands of HRK)*	
Giro account	3,832	6,313	860	4,097
Foreign currency account	118,198	43,902	111,922	37,639
Foreign letter of credit	-	30,456	-	30,456
	122,030	**80,671**	**112,782**	**72,192**

Foreign currency letter of credit as at 31 December 2021 is restricted i.e. it is not available for the Company's or Group's immediate use.

Cash and cash equivalents are denominated in the following currencies:

	Luka Ploče Group 2021	Luka Ploče Group 2020	Luka Ploče d.d. 2021	Luka Ploče d.d. 2020
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	101,524	41,665	96,281	36,345
USD	16,673	32,693	15,640	31,750
GBP	1	-	1	-
HRK	3,832	6,313	860	4,097
	122,030	**80,671**	**112,782**	**72,192**

NOTE 26 – CAPITAL AND RESERVES

Share capital

The ownership structure as at 31 December 2021 and 2020 was as follows:

Shareholders	2021 Number of shares	2021 Ownership (%)	2020 Number of shares	2020 Ownership (%)
Energija naturalis d.o.o.	161,865	38.27	159,137	37.62
Minority shareholders	95,651	22.61	97,444	23.04
Mandatory pension funds	102,361	24.20	102,361	24.20
Voluntary pension funds	32,416	7.66	32,416	7.66
Financial institutions	28,955	6.85	29,890	7.07
Treasury shares	1,719	0.41	1,719	0.41
Total	**422,967**	**100.00**	**422,967**	**100.00**

As at 31 December 2021 Shareholders' equity amounted to HRK 169.187 thousand (2020: HRK 169.187 thousand) and consists of 422.967 ordinary shares (31 December 2020: 422.967 shares) with a nominal value of HRK 400 (31 December 2020: HRK 400).

Share premium

The Company realised a premium of HRK 90.159 thousand on newly issued shares in 2011, which was decreased by the costs of issuing new shares of HRK 2.052 thousand, and as at 31 December 2021, share premium amounted to HRK 88.107 thousand (2020: HRK 88.107 thousand).

Other reserves

At 31 December 2021, the Company had other reserves in the amount of HRK 48,159 thousand (2020: HRK 48,159 thousand), and the Group of HRK 48,159 thousand (2020: HRK 48,159 thousand). Reserves for treasury shares amount to HRK 7,838 thousand (2020: 7,838 thousand) of which HRK 1,066 thousand was used to acquire treasury shares at 31 December 2021. Other reserves are distributable.

Legal reserves

Legal reserves in the amount of HRK 8,459 thousand (2020: 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 27 – 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.**	
	2021	**2020**	**2021**	**2020**
Net profit /(loss) attributable to shareholders from continuing operations *(in thousands of HRK)*	30,558	(9,395)	27,582	(9,817)
Weighted average number of ordinary shares	421,248	421,248	421,248	421,248
Basic/diluted earnings / (loss) per share from continuing operations *(in HRK)*	**72,54**	**(22,30)**	**65,47**	**(23,30)**

NOTE 28 – BORROWINGS

	Luka Ploče Group		**Luka Ploče d,d,**	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Leases	36,583	37,322	36,568	37,149
Bank borrowings	95,934	105,815	95,340	104,746
State borrowings (Note 20)	842	1,012	842	1,012
	133,359	**144,149**	**132,750**	**142,907**
Current portion	(10,147)	(12,074)	(9,770)	(11,471)
Total long-term borrowings	**123,212**	**132,075**	**122,980**	**131,436**

	Luka Ploče Group		**Luka Ploče d,d,**	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Current portion	10,147	12,074	9,770	11,471
Total short-term borrowings	**10,147**	**12,074**	**9,770**	**11,471**

NOTE 28 – BORROWINGS (continued)

Currency structure of borrowings is as follows:

	Luka Ploče Group		Luka Ploče d,d,	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	130,016	140,901	129,422	139,752
HRK	3,343	3,248	3,328	3,155
	133,359	**144,149**	**132,750**	**142,907**

Currency risk is explained in Note 4.

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

Luka Ploče Group	**2021**	**2020**
	(in thousands of HRK)	
At 1 January	**144,149**	**153,360**
Changes in financing cash flows		
Loans received	-	-
Repayment of loans	(9,770)	(4,523)
Repayment of leases	(2,992)	(6,931)
Total changes in financing cash flows	**(12,762)**	**(11,454)**
Other changes		
Exchange rate effect	733	1,918
Other	1,239	325
Total other changes	**1,972**	**2,243**
At 31 December	**133,359**	**144,149**

NOTE 28 – BORROWINGS (continued)

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

Luka Ploče d.d.	**2021**	**2020**
	(in thousands of HRK)	
At 1 January	**142,907**	**151,611**
Changes in financing cash flows		
Repayment of loans	(9,154)	(4,294)
Repayment of leases	(2,992)	(6,649)
Total changes in financing cash flows	**(12,146)**	**(10,943)**
Other changes		
Exchange rate effect	750	1,914
Other	1,239	325
Total other changes	**1,989**	**2,239**
At 31 December	**132,750**	**142,907**

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.**	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Up to 1 year (current portion)	8,077	9,865	7,674	9,393
Between 1 and 5 years	38,225	31,358	38,034	30,763
Over 5 years	50,474	65,604	50,474	65,602
	96,776	**106,827**	**96,182**	**105,758**

As at 31 December 2021 bank borrowings in the amount of HRK 95,340 thousand (31 December 2020: HRK 104,744 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 20). These loans are denominated in HRK.

NOTE 28 – BORROWINGS (continued)

Leases

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

	Luka Ploče Group		Luka Ploče d.d.	
	2021	2020	2021	2020
	(in thousands of HRK)		(in thousands of HRK)	
Up to 1 year (current portion)	2,110	2,209	2,096	2,079
Between 1 and 5 years	5,464	5,013	5,464	4,973
Over 5 years	29,009	30,100	29,009	30,097
	36,583	**37,322**	**36,569**	**37,149**

Equipment leases

Leases of equipment from the Port Authority in the amount of HRK 2,486 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 2021 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.

The Company's and the Group's leases arising from concession agreements in the amount of HRK 34,083 thousand are denominated in EUR. As at 31 December 2021 and as at 31 December 2020, the average incremental borrowing rate applied was 3%.

Amounts recognized in profit or loss

	Luka Ploče Group		Luka Ploče d.d.	
	2021	2020	2021	2020
	(in thousands of HRK)		(in thousands of HRK)	
Interest on lease liabilities	1,014	1,140	1,010	1,124
Variable lease payments related to concession agreements not included in the calculation of lease liabilities	5,173	4,016	5,131	3,993
Depreciation	2,317	2,312	2,223	2,219
Total	**8,504**	**7,468**	**8,364**	**7,336**

NOTE 29 – PROVISIONS

Group	Legal cases	Employee benefits	Total
(in thousands of HRK)			
At 1 January 2021	**2,490**	**3,129**	**5,619**
Increase	542	1,928	2,470
Decrease	(942)	(159)	(1,101)
At 31 December 2021	**2,090**	**4,898**	**6,988**
Maturity analysis			
Non-current	2,090	2,140	4,230
Current	-	2,758	2,758
	2,090	**4,898**	**6,988**

Company	Legal disputes	Employee benefits	Total
(in thousands of HRK)			
At 1 January 2021	**2,490**	**2,857**	**5,347**
Increase	542	1,745	2,287
Decrease	(942)	(111)	(1,053)
At 31 December 2021	**2,090**	**4,491**	**6,581**
Maturity analysis			
Non-current	2,090	1,852	3,942
Current	-	2,639	2,639
	2,090	**4,491**	**6,581**

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 2021.

NOTE 30 – TRADE AND OTHER PAYABLES

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
Domestic trade payables	9,535	6,195	9,271	5,918
Foreign trade payables	53	367	89	38
Total trade payables	**9,588**	**6,562**	**9,360**	**5,956**
Net salaries payable	3,924	7,003	3,512	6,665
Taxes/contributions from and on salaries	2,145	1,893	1,920	1,688
Payables to the state	631	739	190	241
Accrued interest	-	1,826	0	1,826
Other	48	14	26	15
	16,336	**18,037**	**15,008**	**16,391**

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

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(in thousands of HRK)		*(in thousands of HRK)*	
EUR	76	3,034	89	2,038
USD	-	31	-	-
HRK	9,512	5,323	9,271	5,744
	9,588	**8,388**	**9,360**	**7,782**

NOTE 31 – 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 19) 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 2021 and 2020 are as follows:

	Luka Ploče Group		Luka Ploče d.d.	
	2021	**2020**	**2021**	**2020**
	(thousands of HRK)		*(thousands of HRK)*	
Receivables				
Port Authority	3	3	2	3
Companies related to or owned by a member of the Supervisory Board	32,710	45,333	32,710	45,333
Associates	-	-	-	-
Total	**32,713**	**45,336**	**32,712**	**45,336**
Liabilities				
Port Authority	1,494	1,308	1,407	1,214
Companies related to or owned by a member of the Supervisory Board	420	2	420	2
Associates	280	274	280	274
Total	**2,194**	**1,584**	**2,107**	**1,490**
Revenues				
Port Authority	28	53	20	35
Companies related to or owned by a member of the Supervisory Board	217,443	109,546	217,443	109,546
Associates	40	34	40	34
Total	**217,511**	**109,633**	**217,503**	**109,615**
Expenses				
Port Authority	6,247	5,226	5,937	5,082
Companies related to or owned by a member of the Supervisory Board	1,215	149	1,215	149
Associates	2,995	2,846	2,995	2,846
Total	**10,457**	**8,221**	**10,147**	**8,077**

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 5,131 thousand (2020: HRK 3,993 thousand). lease liabilities related to the Port Authority as at 31 December 2021 amounted to HRK 36,569 thousand (31 December 2020: HRK 37,148 thousand).

Transactions with subsidiaries

During 2021, the Company purchased goods and services from subsidiaries in the amount of HRK 1,326 thousand (2020: HRK 886 thousand) and on 31 December 2021 the amount owed to subsidiaries was HRK 183 thousand (2020: HRK 338 thousand). During 2021, the Company sold goods and services to its subsidiaries in the amount of HRK 6,196 thousand (2020: HRK 3,749 thousand) and on 31 December 2021 claimed HRK 591 thousand from subsidiaries (2020: HRK 1,134 thousand).

NOTE 31 – RELATED PARTY TRANSACTIONS (continued)

Transactions with members of the Supervisory Board

Key management personnel compensation

Key management personnel consists of 2 members of the Management Board of the Company (2020: 2) and 4 directors of the Group companies (2020: 4). Key management compensation of the Group in 2021 amounted to HRK 3,725 thousand (2020: HRK 3,541 thousand), while for the Company it amounted to HRK 2,590 thousand (2020: HRK 2,166 thousand).

Pension contributions for key management that the Group and the Company paid to mandatory pension funds for 2021 amounted to HRK 613 thousand (2020: HRK 427 thousand).

NOTE 32 – 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 2021, provisions were made for litigation for which the Group and the Company estimate an outflow of HRK 2,090 thousand.

Commitments

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

Scheduled investments in transhipment 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)	3,007	677	17,139	41,149	**61,972**
	3,007	**677**	**17,139**	**41,149**	**61,972**

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 the Port of 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 33 – EVENTS AFTER THE BALANCE SHEET DATE

The crisis that arose at the back-end of February 2022 as a result of the Russian-Ukrainian conflict has caused a high level of volatility across global markets, the result of which has contributed to sizeable challenges across a wide range of factors: shifts in geopolitical and economic stability, volatility in the global supply chain and a negative impact on general humanitarian factors. The significant impact of the sanctions on Russia has already been recorded globally by means of significant increases in commodity prices and pronounced capital market volatility, which will continue to affect the global supply chain and purchasing power of legal and natural entities (e.g. through rising costs, supply/demand cycle challenges, rising inflation, etc...).

The Company does not conduct financial transactions through any Russian financial institution and has no financial exposure to same.

The throughput of Russian coal in the trading segment in FY21 amounted to 62.693 tons. This amounts to 33% of the total throughput in the trading segment and 1.60% of the total throughput of the Company. The impact of Russian coal on total revenues amounted to less than 20% for FY21. The Company does not have access to customer information regarding customers' business activities with Russia and as such is unable to assess the effect of same on the business.

The throughput relating to Russian coal as per the Company's FY22 plan was anticipated to amount to less than 2% of the total planned throughput of the Company for the financial year. Despite this, the Company still expects an overall increase in throughput in FY22 as compared to FY21. No throughput relating to Russian goods has occurred to date in FY22.

The Company has assessed the associated risks as follows:

- Potential decline in the trading segment activities due to the imposed sanctions on the import of Russian coal/commodities. The Company intends to replace its planned quantities of Russian coal with other sources to the extent possible. The effect of such is very likely to lead to increased global demand for coal/commodities from non-Russian sources and as such will result in price increases for same.

- The overall impact on the total revenues and throughput of the Company cannot be assessed at this stage. The Company does not have access to customer information relating to customers' business activities with Russia and as such is unable to assess the effect of same on the business.

- An increase in the prices of transport, raw materials, energy, which is passed on to other costs.

The Company is in the process of establishing a risk management plan in connection with the impact of the Russian-Ukrainian conflict on the business operations of the Company. Management is actively assessing the market in order to better position itself in light of these new circumstances.

ISSUER'S GENERAL DATA

Reporting period:	**01.01.2021**	to	**31.12.2021**
Year:	**2021**		

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):	**374**		
Consolidated report:	**KN**	(KN-not consolidated/KD-consolidated)	
Audited:	**RD**	(RN-not audited/RD-audited)	

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

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

BALANCE SHEET
balance as at 31.12.2021

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	388.902.913	393.097.292
I INTANGIBLE ASSETS (ADP 004 to 009)	003	414.985	272.464
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	414.985	272.464
II TANGIBLE ASSETS (ADP 011 to 019)	010	376.991.491	383.227.917
1 Land	011	39.167.581	37.497.934
2 Buildings	012	8.015.664	7.841.580
3 Plant and equipment	013	301.671.223	311.017.312
4 Tools, working inventory and transportation assets	014	19.102.744	17.376.829
5 Biological assets	015	0	0
6 Advance payments for purchase of tangible assets	016	1.586.907	1.154.115
7 Tangible assets in preparation	017	3.061.015	4.849.276
8 Other tangible assets	018	0	0
9 Investment property	019	4.386.357	3.490.871
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	7.581.439	7.581.439
1 Investments in holdings (shares) of undertakings within the group	021	7.501.939	7.501.939
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	79.500	79.500
5 Investment in other securities of companies linked by virtue of participating interest	025	0	0
6 Loans, deposits etc. given to companies linked by virtue of participating interest	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	1.183.448	983.104
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	1.183.448	983.104
V. Deferred tax assets	036	2.731.550	1.032.368
C) CURRENT ASSETS (ADP 038+046+053+063)	037	175.183.919	192.988.951
I INVENTORIES (ADP 039 to 045)	038	6.323.739	3.794.946
1 Raw materials	039	3.428.185	3.789.530
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	2.891.977	0
5 Advance payments for inventories	043	3.577	5.416
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	90.828.490	67.965.532
1 Receivables from undertakings within the group	047	1.134.237	591.068
2 Receivables from companies linked by virtue of participating interest	048	0	0
3 Customer receivables	049	87.880.478	64.411.077
4 Receivables from employees and members of the undertaking	050	8.943	3.786
5 Receivables from government and other institutions	051	1.793.961	2.908.159
6 Other receivables	052	10.871	51.442
III SHORT-TERM FINANCIAL ASSETS (ADP 054 to 062)	053	5.839.324	8.446.453
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	1.595.628	2.145.627
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	237.392	264.660
8 Loans, deposits, etc. given	061	4.006.304	6.036.166
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	72.192.366	112.782.020
D) PREPAID EXPENSES AND ACCRUED INCOME	064	862.888	913.617
E) TOTAL ASSETS (ADP 001+002+037+064)	065	564.949.720	586.999.860
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			

A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+083+086+089)	**067**	400.304.726	427.886.147
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**	113.640.559	103.823.469
1 Retained profit	**084**	113.640.559	103.823.469
2 Loss brought forward	**085**	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	**086**	-9.817.090	27.581.421
1 Profit for the business year	**087**	0	27.581.421
2 Loss for the business year	**088**	9.817.090	0
VIII MINORITY (NON-CONTROLLING) INTEREST	**089**	0	0
B) PROVISIONS (ADP 091 to 096)	**090**	4.398.578	5.142.392
1 Provisions for pensions, termination benefits and similar obligations	**091**	1.908.147	3.051.961
2 Provisions for tax liabilities	**092**	0	0
3 Provisions for ongoing legal cases	**093**	2.490.431	2.090.431
4 Provisions for renewal of natural resources	**094**	0	0
5 Provisions for warranty obligations	**095**	0	0
6 Other provisions	**096**	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	**097**	131.435.164	122.980.153
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**	95.589.837	87.862.057
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**	35.845.327	35.118.096
11 Deferred tax liability	**108**	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	**109**	26.353.033	30.380.398
1 Liabilities towards undertaking within the group	**110**	338.047	183.338
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**	175.695	280.444
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**	9.154.442	7.477.622
7 Liabilities for advance payments	**116**	0	0
8 Liabilities towards suppliers	**117**	3.513.787	6.904.552
9 Liabilities for securities	**118**	0	0
10 Liabilities towards employees	**119**	6.696.028	3.569.399
11 Taxes, contributions and similar liabilities	**120**	1.891.827	6.826.679
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**	4.583.207	5.138.364
E) ACCRUALS AND DEFERRED INCOME	**124**	2.458.219	610.770
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	**125**	564.949.720	586.999.860
G) OFF-BALANCE SHEET ITEMS	**126**	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2001 to 31.12.2021

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	214.320.404	363.747.824
1 Income from sales with undertakings within the group	002	3.652.634	6.092.342
2 Income from sales (outside group)	003	209.257.558	355.036.148
3 Income from the use of own products, goods and services	004	722.946	871.450
4 Other operating income with undertakings within the group	005	0	0
5 Other operating income (outside the group)	006	687.266	1.747.884
II OPERATING EXPENSES (AOP 08+009+013+017+018+019+022+029)	007	219.928.140	327.560.197
1 Changes in inventories of work in progress and finished goods	008	0	0
2 Material costs (AOP 010 do 011)	009	129.845.384	242.108.911
a) Costs of raw material	010	12.289.562	17.455.823
b) Costs of goods sold	011	99.503.478	202.503.477
c) Other external costs	012	18.052.344	22.149.611
3 Staff costs (AOP 014 do 016)	013	53.687.587	57.533.218
a) Net salaries and wages	014	34.164.016	36.331.504
b) Tax and contributions from salaries expenses	015	12.227.039	13.466.346
c) Contributions on salaries	016	7.296.532	7.735.368
4 Depreciation	017	13.656.043	15.613.647
5 Other expenses	018	15.342.322	8.800.465
6 Value adjustments (AOP 020+021)	019	1.888.347	1.216.339
a) fixed assets other than financial assets	020	799.274	259.310
b) current assets other than financial assets	021	1.089.073	957.029
7 Provisions (AOP 023 do 028)	022	5.508.457	2.287.617
a) Provisions for pensions, termination benefits and similar obligations	023	4.008.457	1.745.375
b) Provisions for tax liabilities	024	0	0
c) Provisions for ongoing legal cases	025	1.500.000	542.242
d) Provisions for renewal of natural resources	026	0	0
e) Provisions for warranty obligations	027	0	0
f) Other provisions	028	0	0
8 Other operating expenses	029	0	0
III FINANCIAL INCOME (AOP 031 do 040)	030	2.482.408	3.226.063
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	34.297	60.802
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	30.109	8.399
8 Exchange rate differences and other financial income	038	2.418.002	3.156.862
9 Unrealised gains (income) from financial assets	039	0	0
10 Other financial income	040	0	0
IV FINANCIAL EXPENDITURE (AOP 042 do 048)	041	8.682.274	5.358.945
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	4.373.320	4.050.959
4 Exchange rate differences and other expenses	045	4.233.566	1.307.986
5 Unrealised losses (expenses) from financial assets	046	75.388	0
6 Value adjustments of financial assets (net)	047	0	0
7 Other financial expenses	048	0	0
V SHARE IN PROFIT FROM COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	049	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0
IX TOTAL INCOME (AOP 001+030+049 +050)	053	216.802.812	366.973.887
X TOTAL EXPENDITURE (AOP 007+041+051 + 052)	054	228.610.414	332.919.142
XI PRE-TAX PROFIT OR LOSS (AOP 053-054)	055	-11.807.602	34.054.745
1 Pre-tax profit (AOP 053-054)	056	0	34.054.745
2 Pre-tax loss (AOP 054-053)	057	-11.807.602	0
XII INCOME TAX	058	-1.990.512	6.473.324
XIII PROFIT OR LOSS FOR THE PERIOD (AOP 055-059)	059	-9.817.090	27.581.421
1 Profit for the period (AOP 055-059)	060	0	27.581.421
2 Loss for the period (AOP 059-055)	061	-9.817.090	0

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)			
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (AOP 063-064)	**062**	0	0
1 Pre-tax profit from discontinued operations	**063**	0	0
2 Pre-tax loss on discontinued operations	**064**	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	**065**	0	0
1 Discontinued operations profit for the period (AOP 062-065)	**066**	0	0
2 Discontinued operations loss for the period (AOP 065-062)	**067**	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)			
XVI PRE-TAX PROFIT OR LOSS (AOP 055+062)	**068**	0	0
1 Pre-tax profit (AOP 068)	**069**	0	0
2 Pre-tax loss (AOP 068)	**070**	0	0
XVII INCOME TAX (AOP 058+065)	**071**	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (AOP 068-071)	**072**	0	0
1 Profit for the period (AOP 068-071)	**073**	0	0
2 Loss for the period (AOP 071-068)	**074**	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)			
XIX PROFIT OR LOSS FOR THE PERIOD (AOP 076+077)	**075**	0	0
1 Attributable to owners of the parent	**076**	0	0
2 Attributable to minority (non-controlling) interest	**077**	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)			
I PROFIT OR LOSS FOR THE PERIOD	**078**	-9.817.090	27.581.421
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**	-9.817.090	27.581.421
APPENDIX to the Statement on comprehensive income (to be filled in by entrepreneurs who draw up consolidated statements)			
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (AOP 100+101)	**099**	0	0
1 Attributable to owners of the parent	**100**	0	0
2 Attributable to minority (non-controlling) interest	**101**	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021 . To 31.12.2021

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	-11.807.602	34.054.745
2 Adjustments (ADP 003 to 010):	002	23.382.004	19.005.260
a) Depreciation	003	13.656.043	15.613.647
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	798.074	-1.006.961
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	1.164.461	929.760
d) Interest and dividend income	006	-64.406	-69.202
e) Interest expenses	007	4.373.320	4.050.958
f) Provisions	008	1.278.001	1.227.491
g) Exchange rate differences (unrealised)	009	2.176.511	-1.740.433
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in the working capital (ADP 001+002)	011	11.574.402	53.060.005
3 Changes in the working capital (ADP 013 to 016)	012	-29.303.818	23.783.433
a) Increase or decrease in short-term liabilities	013	-5.082.837	214.175
b) Increase or decrease in short-term receivables	014	-52.120.233	24.012.569
c) Increase or decrease in inventories	015	27.899.252	2.528.793
d) Other increase or decrease in the working capital	016	0	-2.972.104
II Cash from operations (ADP 011+012)	017	-17.729.416	76.843.438
4 Interest paid	018	-2.546.529	-4.050.958
5 Income tax paid	019	-1.312.214	-536.839
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	-21.588.159	72.255.641
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	1.200	2.069.245
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	64.406	69.202
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	65.606	2.138.447
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-38.940.197	-21.569.075
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	-1.595.628	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-40.535.825	-21.569.075
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-40.470.219	-19.430.628
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	378.482	660.907
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	378.482	660.907
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-4.294.881	-9.154.442
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	-6.675.482	-3.741.824
VI Total cash payments from financing activities (ADP 040 to 044)	045	-10.970.363	-12.896.266
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-10.591.881	-12.235.359
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	-72.650.259	40.589.654
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	049	144.842.625	72.192.366
F) CASH AND CASH EQUIVALENTS AT THE END OF PERIOD(ADP 048+049)	050	72.192.366	112.782.020

STATEMENT OF CHANGES IN EQUITY

for the period from 01/01/2021 to 31/12/2021

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	113.118.696	521.863	410.121.816	0	410.121.816
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	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	113.118.696	521.863	410.121.816	0	410.121.816
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0			0	-9.817.090	-9.817.090	0	-9.817.090
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	521.863	-521.863	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	113.640.559	-9.817.090	400.304.726	0	400.304.726
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	-9.817.090	-9.817.090	0	-9.817.090
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	521.863	-521.863	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	113.640.559	-9.817.090	400.304.726	0	400.304.726
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	113.640.559	-9.817.090	400.304.726	0	400.304.726
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0			0	27.581.421	27.581.421	0	27.581.421
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	-9.817.090	9.817.090	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	103.823.469	27.581.421	427.886.147	0	427.886.147
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	27.581.421	27.581.421	0	27.581.421
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	-9.817.090	9.817.090	0	0	0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS - GFI

Name of issuer: Luka Ploče d.d.

Personal identification number (OIB): 51228874907

Reporting period: 01.01.2021.-31.12.2021.

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 Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (EU).
A summary of significant accounting policies is presented in Note 3 to the audited financial statements.
The Company also prepared consolidated financial statements as at 31 December 2021 and for the year then ended, in accordance with IFRS as approved by the EU for the Company and its subsidiaries (Group) 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 33 to the audited financial statements.
The name, registered office (address) of the issuer, legal form of the issuer, country of establishment, identification number of the entity and personal identification number are published on the „General Data“ tab within this document and in Note 1 to the audited financial statements.
The adopted accounting policies are explained in Note 3 to the audited financial statements.
The Company does not have financial liabilities relating to issued guarantees or contingencies that are not included in the balance sheet. The Company has no pension liabilities.
The Company has no advance payments or loans issued to members of the administrative, management and supervisory bodies nor obligations agreed in their favour through any guarantees.
Debts maturing after more than five years are explained in Note 28 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 28 and Note 32 to the audited financial statements.
In 2021, the Company employed an average of 389 employees. The Company monitors employees by category. There was no salaries capitalization in 2021. In 2021, members of the Management Board received a gross amount of 2.590 thousand kuna on the basis of salary and annual bonus. Members of the Supervisory Board are entitled to remuneration and during 2021 a total gross amount of 420 thousand kuna was paid.
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 associates accounted for using the equity method are explained in Note 19 to the audited financial statements.
There were no share subscriptions or equities transacted during the year relating to authorized capital. There are no multiple categories of shares. The Company has no certificates of participation, convertible debentures, guarantees, options or similar securities or rights.
The Company has no ownership stake in any companies with unlimited liability.
The consolidated financial statements of the Company (the Issuer) represent the largest group of companies. The Issuer is not a controlled member of any other group of companies.
The audited stand alone and consolidated financial statements for 2021 have been approved by the Supervisory Board. The proposal for distribution of profits to retained earnings has also been shared with the Supervisory Board.
Transactions with other related parties are disclosed in Note 31 to the audited financial statements.
Post balance sheet events have been disclosed in Note 33 to the financial statements.
The Company's revenue is presented in Notes 7 and 8 to the audited financial statements.
Audit fees for the Company amounted to 186 thousand kuna.
Lease liabilities arising from the application of IFRS 16 are disclosed in AOP 107 and AOP 123 and are explained in Note 28 and Note 32 to the audited financial statements.
The right-of-use assets are disclosed in AOP 011 and explained in Note 16 to the audited financial statements.
In order to reconcile the amounts presented in the standard form GFI-POD and the audited financial statements of the Company, we note the following:
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 and Note 17 - INVESTMENT PROPERTY.
2. AOP 021; 024 reconciles to the audited financial statements Note 18- INVESTMENTS IN SUBSIDIARIES and Note 19 - INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES.
3. AOP 032-035 reconciles to the audited financial statements Note 20 - 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 21 – INVENTORIES.
6. AOP 047-052 reconciles to the audited financial statements Note 22 - TRADE AND OTHER RECEIVABLES.
7. AOP 056 ; 060; 061; 063 reconciles to the audited financial statements Note 20 - LONG-TERM LOANS GIVEN, Note 24 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, Note 23 - DEPOSITS and Note 25 - CASH AND CASH EQUIVALENTS.
8. AOP 068-076 reconciles to the audited financial statements Note 26 - CAPITAL AND RESERVES.
9. AOP 084 reconciles to the audited financial statements Note 14 - INCOME TAX.
10. AOP od 091-096 reconciles to the audited financial statements Note 29 – PROVISIONS.
11. AOP 103, AOP 107, AOP 115 i AOP 123 reconciles to the audited financial statements Note 28 - BORROWINGS.
12. AOP 110; 112; 117; 119; 120; 124 reconciles to the audited financial statements Note 30 - 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 and Note 17 - 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 22 - TRADE AND OTHER RECEIVABLES.
7. AOP 023 - 029 reconciles to the audited financial statements Note 10 – PERSONNEL EXPENSES and Note 11 - OTHER OPERATING EXPENSES.
8. AOP 031-050 reconciles to the audited financial statements Note 12 – OTHER (LOSSES)/ GAINS – NET and Note 13 - FINANCE INCOME / (EXPENSES) – NET. The Company presents the effect of exchange rate differences and interest rates in the standard form. The exact amount of exchange rate differences and interest is disclosed in the note.
9. AOP 058 reconciles to the audited financial statements Note 14 - INCOME TAX.
The differences that are noted in the positions of the Income Statement in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 kuna).
Cash flow positions:
Refer to Notes 8, 12,13, 15-17, 22, 25, 28 and 29 to the audited financial statements of the Company.
The differences that are noted in the XLS format when compared to those in the audited financial stataments are a result of mapping variances and rounding (i.e. presentation in '000 kuna).