LUKA RIJEKA D.D.

As of 24 April 2025, Supervisory Board meeting hasn't been held, therefore, set of financial reports for Zagreb Stock Exchange couldn’t be verified by members of the Supervisory Board. The investment public will be informed in time about Supervisory Board meeting and verification of reports.

LUKA RIJEKA D.D.
RIJEKA

ANNUAL REPORT FOR
FOR THE YEAR 2024

CONTENT

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

MANAGEMENT REPORT FOR THE 2024

PORT OF RIEKA jsc.
Riva 1, HR-51 000 RIJEKA
OIB: 92590920313

Rijeka, April 2025.

Key business indicators for the company Port of Rijeka jsc for 2024

30,4
million euros
operating revenues

1,79
million euros
profit after tax

7,76
million euros
of money

15
million euros
of capital investments

4,58
million euros
EBITDA

15 %
EBITDA margin

614
employees

1.767
euros average
gross salary

33,33 %
woman in
management of
the Company

2.090
million tons of
cargo traffic

402
vessels

Basic information about the Company and the Group

PORT OF RIJEKA jsc. (the Company) was established through the privatization of a former public company registered as a joint stock company in 1994. The Company is the largest concessionaire for dry cargo transhipment in the port of Rijeka area, and the Company's core activities include the provision of maritime transport services, port services for loading, unloading, transhipment and storage of goods, and mooring and unmooring of ships. The Company is headquartered at Riva 1, Rijeka, Croatia.

As of 31 December 2024, the share capital of PORT OF RIJEKA jsc amounted to EUR 67,402,375 and was divided into 13,480,475 shares with an individual nominal value of EUR 5. All issued shares have been registered and paid in full. The Company's shares are listed on the Official Market of the Zagreb Stock Exchange under the symbol LKRI-A-A (www.zse.hr).
The Company and its subsidiaries and affiliates are collectively referred to as the Group. The Company is a 100% owner of the following subsidiaries: Stanovi d.o.o, Rijeka, Dubrovačka 4, whose main activity is real estate investment management, Luka Prijevoz d.o.o, Bakar, Kukuljanovo 460, whose main activity is road freight transport, Luka Rijeka Container Depo d.o.o, Bakar, Kukuljanovo 460, whose main activity is container terminal management. The Company/Group has no established subsidiaries.
PORT OF RIJEKA jsc owns a 49% share in the company JADRANSKA VRATA d.d., Rijeka. The profit/loss of this company is attributed to Port of Rijeka jsc using the equity method.

Shareholder structure as of December 31, 2024

PORT ACQUISITIONS A.S.	34,34%
CERP/ REPUBLIKA HRVATSKA	25,02%
OTP BANKA D.D./ AZ OMF KATEGORIJE B	15,02%
ERSTE & STEIERMARKISCHE BANK D.D./ PBZ CO OMF KATEGORIJE B	7,60%
OTP BANKA D.D./ ERSTE PLAVI OMF KATEGORIJE B	6,81%
ERSTE &STEIERMARKISCHE BANK d.d.	1,60%
OTP BANKA D.D./ ERSTE PLAVI EXPERT- DOBROVOLJNI MIROVINSKI FOND	0,91%
OTP BANKA D.D./ AZ OBVEZNI MIROVINSKI FOND KATEGORIJE A	0,85%
ZAGREBAČKA BANKA D.D./AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND	0,71%
ERSTE & STEIERMARKISCHE BANK D.D.	0,30%
OTHER SHAREHOLDERS	6,84%

The total number of issued shares is 13,480,475.

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

The share of the institutions of the Republic of Croatia: CERP, in the ownership structure of the Company as of December 31, 2024 is 25.02%.

The Company/Group does not have its own shares in its portfolio nor does it purchase or sell them.

Corporate governance structure

The Company/Group applies the Corporate Governance Code, which was jointly developed by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange d.d., and regularly publishes an annual Report on the Application of the Corporate Governance Code. The Report and the Corporate Governance Code are available on the Company's website (www.lukarijeka.hr), as well as on the websites of HANFA (www.hanfa.hr) and the Zagreb Stock Exchange (www.zse.hr).

The Port of Rijeka Group operates in accordance with good corporate governance practices, and through its business policy contributes to transparent and efficient operations, while striving to connect with the business environment and to follow global developments and trends.

The corporate governance structure is based on the dualistic principle, which includes the Supervisory Board and the Management Board of the Company, which together with the General Assembly represent the three fundamental bodies of the Company.

The General Assembly is the body in which shareholders exercise their rights, and its work is regulated by the Company's Statute, which is available on the Company's website (www.lukarijeka.hr). The General Assembly of the Company makes decisions that have a significant impact on the state of assets, financial position, business results, ownership structure and management of the Company, by the prescribed majority of votes. In 2024, the regular annual General Assembly was held on 29 August 2024. It adopted decisions on the distribution of profits to cover losses from previous years, granted letter of discharges to members of the Management Board and Supervisory Board, decisions on the election of auditors for 2024, decisions on the Remuneration Policy for members of the Management Board and Supervisory Board, and the Report on Remuneration of the Management Board and Supervisory Board for 2023, and a new member of the Supervisory Board was appointed.

The Supervisory Board of PORT OF RIJEKA jsc has 5 members. During 2024, the Supervisory Board held four meetings.

The members of the Supervisory Board during 2024 are:

Alen Jugović	President of the Supervisory Board appointed on 27 December 2017, reappointed on 10 February 2021.
Dragica Varljen	Deputy President of the Supervisory Board appointed on 28 February 2020. reappointed on 13 July 2022.
Hrvoje Pauković	Member, appointed on 28 February 2022.
Jesper Kjaedegaard	Member, appointed on 25 August 2023, dismissed on 29 August 2024.
Ondrej Jašek	Member, appointed on 25 August 2023.
Martin Vozar	Member, appointed on 29 August 2024.

The Audit Committee was established, in accordance with the Company's Articles of Association, by the Supervisory Board. The Audit Committee is a body that provides support to the Management Board and the Supervisory Board in the effective performance of the obligations of corporate governance, financial reporting and control of the Company. The Audit Committee worked in the past year with 3 members. During 2024, two sessions of the Audit Committee were held.

The members of the Audit Committee during 2024 are:

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

The Company's Management Board manages the Company's affairs in accordance with the Company's Statute and legal regulations. The Company is represented by the Company's Management Board collectively, the President with two other Management Board members. The Management Board continuously manages and supervises all business processes that take place in the company, in order to ensure business stability, enable growth in cargo traffic, enable greater business efficiency, and also responsibly approach the sustainable development strategy. The Company's Management Board is responsible for implementing the Company's development strategy and business plans, with an emphasis on the impact of the proposed activities on all stakeholders, company, sustainable business and the environment. The Company's Management Board submits reports to the Supervisory Board on important facts for the Company's business, financial position and the state of the Company's assets. In addition to the financial aspects of business, more and more attention is paid to sustainable business, the impact on the environment and company, and promotes ethical behaviour, while respecting the value system and human rights.

The members of the Management Board during 2024 are:

Duško Grabovac	President of the Management Board since May 1, 2020
Marina Cesarac Dorčić	Member since December 1, 2022
Marko Mišković	Member since November 1, 2024

The Management Board of the Company gained another member in 2024, Mr. Marko Mišković, whose primary activity is focused on commercial and operational affairs. The aforementioned position was vacant for almost two years, and in the coming period we expect better monitoring and progress in the commercial affairs part, as well as reorganization in the operational business part, which will also be reflected in better financial results of the Company.

Mission, vision and strategy of the Group and the Company

MISSION
Providing high-quality port services, which the Port constantly aligns with the demands of the world market, is the basis of the port's business policy. This is the basis for preserving the current and expanding the future position of the Port of Rijeka on the North Adriatic maritime route and its role as an important transit port for the countries of Central and Central Eastern Europe.

VISION
To be recognizable in the local, regional and global environment as a well-organized economic entity, focused on the future and business excellence.

STRATEGY

Through strategic partnerships with world leaders in shipping, secure new investment projects in order to further strengthen the market position of the Port of Rijeka. Reduce business expenses by modernizing work processes, and increase business income and maximize business effects through greater turnover. Ensure growth in share value and further development of the Port of Rijeka joint stock company through increased business profitability. The above is published on the Company's website: https://lukarijeka.hr/

Terminals of the Port of Rijeka jsc.

Rijeka basin

Rijeka Terminal

General Cargo Business Unit

Located in the western part of the port basin, belongs to Terminal Rijeka

Sea depth 12 m

Capacity for handling and storing various types of general cargo: steel and iron products, various machines and structures, marble and granite blocks, salt, cement, paper, cardboard and more

Disposes of 9 berths, numerous coastal and mobile cranes, and other handling machinery

Maximum annual capacity approx. 2,000,000 t

Rijeka Terminal

Wood Business Unit

It is located in the eastern part of the port basin, it belongs to Terminal Rijeka

Annual capacity: 80,000-100,000 m³

Preparation of sawn timber for: sorting, impregnation, packaging marking and tying

Grain terminal Silo

Located in the western part of the Rijeka basin

Transshipment and storage of cereals and oilseeds

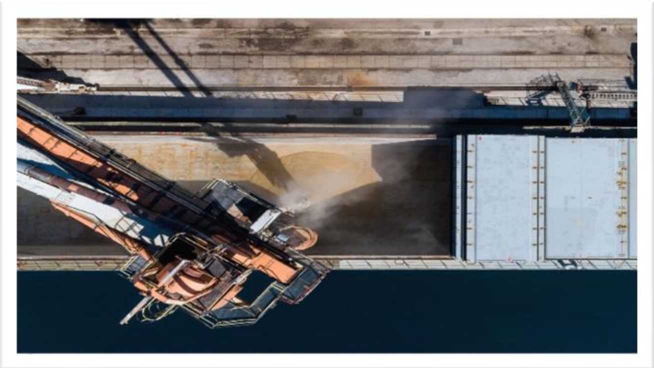
It has a railway connection

Sea depth 14 m

Maximum annual capacity 1,000,000 t

Possibility of one-time storage of approximately 56,000 tons of grain

Equipment: ship transshipment for grain loading/unloading operations



Inland storage terminal Škrljevo

Škrljevo Terminal

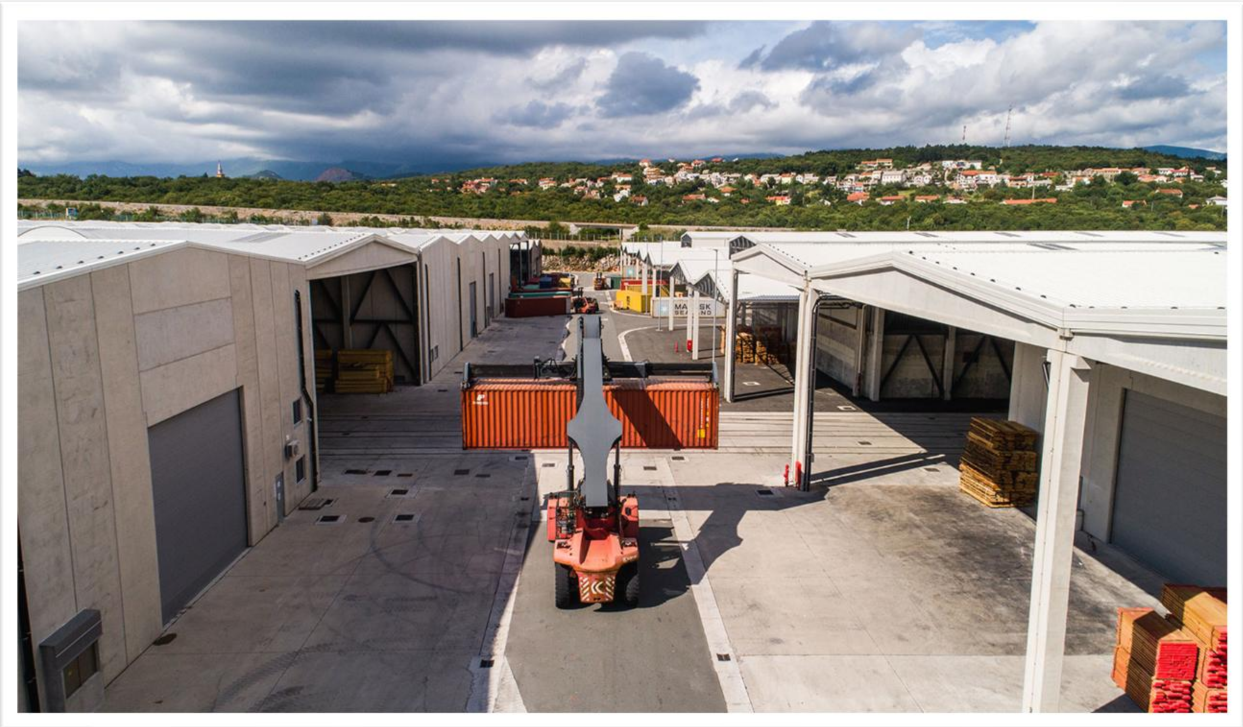
Distance from the Rijeka Basin 10 km, and from Bakar 3 km
Inland terminal - a multi-purpose logistics center intended for handling and storing containers, general and bulk cargo, and wood
Owned by Port of Rijeka, the terminal has the status of a customs-free zone
Providing value-added services for goods
Direct connection to the railway, motorway and roads on the VB corridor
Railway infrastructure: 6 tracks 3,500 m long
Total area 450,000 m2, of which:
54,965.34 m2 of closed warehouses
35,553.43 m2 of canopies
125,813 m2 of open warehouses

Frigo Business Unit

Located at the Škrljevo Terminal
Serves for the transhipment of refrigerated cargo
Total area of conditioned warehouse 4,400 m2
One-time warehouse capacity 4,000 t
Maximum annual capacity: 100,000 t

Container Depot Terminal

Located at Terminal Škrljevo
Terminal for handling and storing containers
Total area: 11,415 m2
New area under construction: 66,600 m2
One-time capacity: 8,500 TEU
Maximum annual capacity 150,000 TEU



Bakar basin

Bakar bulk cargo terminal - Podbok pier

Located in the Bakar Basin, 13 km from Rijeka
It is intended for the manipulation and storage of iron ore and coal, as well as for bulk and dry cargo
It has a railway connection to the hinterland
Sea depth 18 m (accepts Panamax and Capesize ships)
Key terminal equipment: coastal gantry crane with grab, continuous ship unloader, continuous ship loader, mobile storage bridge, conveyor belts
Annual capacity: 4,000,000 t
One-time storage capacity: fine iron ore 300,000 t; iron ore pellets 250,000 t; coal 120,000 t

Bakar general cargo terminal - Goranin pier

Located in the Bakar Basin, 13 km from Rijeka
It is intended for the manipulation and storage of general cargo
It has a railway connection to the hinterland
Sea depth 9 m
Key equipment: 2 coastal portal cranes
Wharf storage area approx. 2,500 m2

Raša basin

Bršica Terminal

Located in the Raša Por Basin, a multipurpose terminal for the accommodation and transhipment of livestock, wood, general and bulk cargo
Sea depth at the pier 8 m
Equipped with a berth for two ships, possibility of storing approx. 1,000 heads of cattle
Maximum annual capacity is 600,000 t
Continuous veterinary supervision of livestock
Special attention is paid to the preservation of the human environment
Total warehouse area: 510,383 m2
Covered area: 35,500 m2

KEY EVENTS during 2024

Port of Rijeka jsc. invested 15 million euros in capital projects during 2024.

CEF (Connecting Europe Facility) projects

The multi-year investment (2017-2024) through the CEF project at the Rijeka Terminal was completed on 29 July 2024. The total value of the funds invested in the CEF project (2017-2024) at the Rijeka Terminal is EUR 32.3 million.

In 2024, final works were carried out on the pumping station at De Franceschi Pier - North, final works at the Vienna Pier, Orlando Pier, Silos Terminal-South, Visin Pier-South, and final works at the Budapest Pier (crane runway, tracks). During the year, reinforced concrete works were carried out on the storage and handling areas, the railway tracks were reconstructed, and all underground installations on the Prague Pier, Visin Pier North and Metropolis. The value of the investment in the CEF project Rijeka in 2024 amounted to 6.93 million euros. The operating permit for the project was obtained on 31 January 2025. The renovated infrastructure will increase cargo storage capacities, preserve technical equipment and cargo, which will increase the safety of manipulations in the port, and the quality of the service provided will be improved. During 2024, the Company received a refund of part of the funds (the difference between the total subsidized funds reduced by the funds obtained through pre-financing of the project) from the European Agency for Climate, Infrastructure and the Environment - CINEA, i.e. the European Commission in the amount of 10.5 million euros. We expect the remaining amount of the refund during 2025.

Container Depot Terminal

In July 2024, work began on the project "Reconstruction of the complex port back-end warehouse building - construction of service roads and areas of the Škrljevo Container Depot". The project concerns the expansion of the container depot, and the development of a new warehouse and operational area, namely the construction of 9 additional plateaus for accommodating containers on an area of 66,615 m2, and the development of internal roads on it, with the necessary storm drainage and outdoor lighting, along with the asphalting of the warehouse areas and the construction of additional electrical connections. The total value of the project is 5.7 million euros, and by the end of 2024, works worth 1.4 million euros have been carried out. The planned completion date of the works is the end of July 2025.

Škrljevo Terminal

In accordance with the adopted business strategy, the Company/Group replaced worn-out equipment and purchased 2 new electric forklifts with a capacity of up to 4 t worth 134 thousand euros. At the Škrljevo Terminal, the reconstruction of the entrance plateau began at the end of October 2023 and was completed in the third quarter of 2024. The total value of the works carried out within two years is 132 thousand euros. In order to better control the entrance to the terminal and increase security, a ramp worth 29 thousand euros was installed at the entrance to the terminal.

Bakar Terminal

The project to renovate the loading bridge at the bulk cargo terminal in Bakar, with a total value of 1.23 million euros, was completed during the fourth quarter of 2024. In 2024, we continued to successively invest in replacing machinery, and for the needs of cargo handling at the Bakar Terminal, we purchased a loader with a capacity of up to 35 tons worth 412 thousand euros, which will enable better operational productivity. For the needs of the daily operational business of the Bakar Terminal, a truck with a capacity of up to 3.5 tons was purchased worth 45.7 thousand euros. Also, for the needs of cargo handling at the Goranin pier, used portal cranes were purchased from the Port of Split with a contractual value of 48 thousand euros.

Bršica Terminal

A contract for the purchase of a hydraulic portal crane with a capacity of up to 20 t worth 2.5 million euros was concluded at Terminal Bršica, and the crane was delivered on 8 April 2024 and, after employee training, began operating at the end of May. The purchase of the crane enabled cargo to be transhipped from two ships at the same time, thus increasing the profitability of the business.

Rijeka Terminal

At the beginning of 2024, the works on the conversion of warehouse no. 9 into workshops for various purposes for the needs of the maintenance service were completed, namely car mechanics, car electricians, tire repairers, locksmiths, mechanics and lathe workshops, which are used to maintain the means of work that we use in everyday operations to perform port activities. The total value of the works performed is 871 thousand euros. As part of the modernization of the Maintenance Service workshop, 3 bridge cranes worth 56 thousand euros were also purchased.

The process of rehabilitation and modernization of the 32 t coastal crane at the Rijeka Terminal, which was initiated in 2023, was completed by the end of 2024, and the value of the works performed is 365 thousand euros.

In order to enable faster and simpler operations, and improve and facilitate cargo handling, a working machine, a locotractor, was purchased worth 559 thousand euros.

Parking lot Srednja Delta

By obtaining a new concession for the provision of parking services at the Srednja Delta location, it was necessary to arrange the space before putting it into operation, in terms of asphalting the surfaces, marking them, fencing the space, etc. The work on arranging the aforementioned space began in early 2024 and lasted until August 2024, and the space was completely arranged and put into operation. The total value of the work performed is 672 thousand euros.

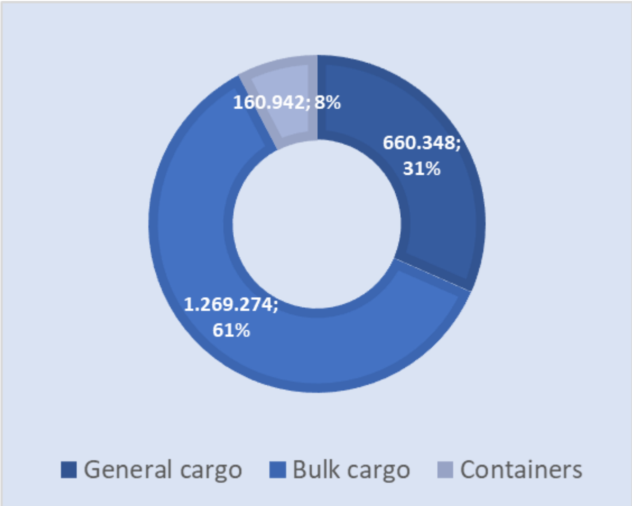
Annual cargo transhipment turnover of Port of Rijeka jsc.

Total annual turnover in 2024 amounted to 2,090,564 tons, which indicates a decrease of 14% compared to 2023 (2,423,422 tons).

Cargo Traffic (in tons)	2024.	2023.	Index
General Cargo	660.348	759.286	87
Bulk Cargo	1.269.274	1.392.682	91
Containers	160.942	271.454	59
TOTAL	**2.090.564**	**2.423.422**	**86**

Structure by type of cargo for 2024

GENERAL CARGO



- General cargo accounts for 31% of traffic, and in 2024 it decreased by 13% compared to the previous year
- The structure of general cargo is dominated by the transhipment of wood and metallurgical products
- Within general cargo, the largest decrease was recorded within metal products (steel products), due to the decrease in their production on the European market and exports to the world market

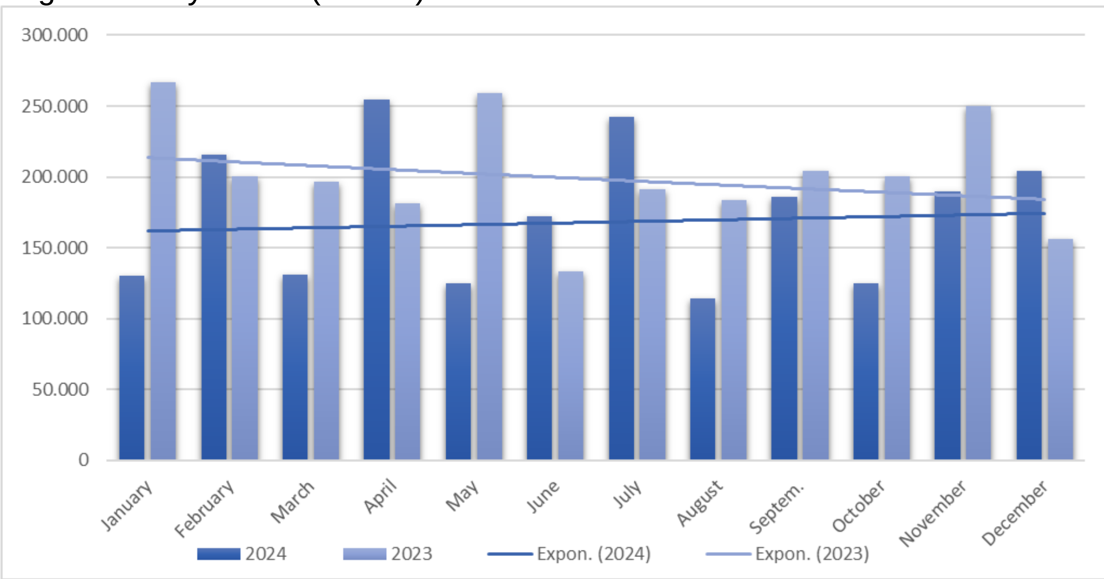
BULK CARGO

- Bulk cargo dominates the transhipment structure in 2024, accounting for 61% of total cargo
- The largest share of bulk cargo traffic is made up of coal, stone aggregate and scrap iron
- Bulk cargo traffic recorded a 9% decline in traffic compared to 2023, primarily due to a decline in grain and scrap iron traffic
- The decline in grain traffic occurred due to adverse climate change, a decrease in grain prices on world exchanges and changes in logistics routes
- The decline in scrap iron traffic was due to a decline in the price of this cargo category on the world market, and a reduced operational area for transhipment

CONTAINERS

- Container traffic accounts for 8% of total cargo transhipment

Cargo traffic by month (in tons)

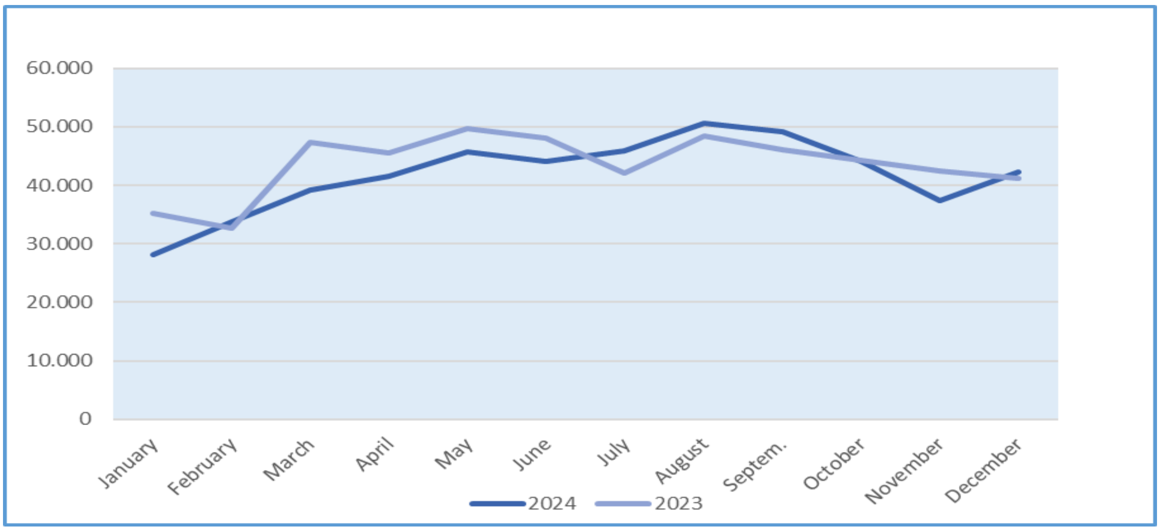


The monthly trend of cargo traffic during 2024 shows an average upward trajectory, while in 2023, despite the higher volume of traffic, transhipment had a downward trend. The trend of cargo transhipment traffic throughout the year is always very volatile, and it is influenced by many factors from the global market, from supply and demand for goods, commodity prices, geopolitical circumstances that affect the transport of individual goods, to climatic factors of weather and climate changes in the production of goods, etc.

Port of Rijeka Group, through the realization of the associated company Jadranska vrata d.d., which mainly performs container transhipment services from container ships to trucks and wagons, achieves significant container traffic.

JADRANSKA VRATA d.d.	2024.	2023.	Index
Containers (TEU)	409.415	385.794	106
Containers (tons)	4.037.336	3.816.194	106

Container traffic of the Port of Rijeka Group by month (in TEU)



Financial performance indicators

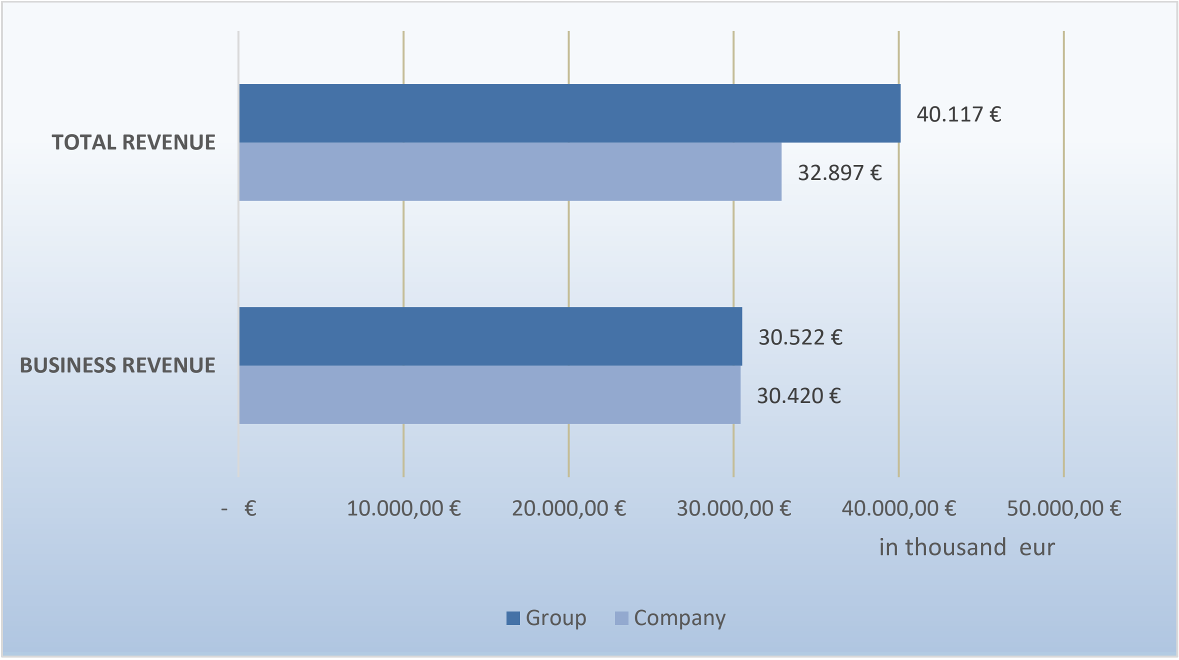
Key performance indicators of the Group and the Company Port of Rijeka jsc

Financial performance indicators	31.12. 2024. *Group*	31.12. 2023. *Group*	31.12. 2024. *Company*	31.12. 2023. *Company*
Liquidity indicators				
Working capital *(in EUR 000)*	4.282	(5.114)	3.408	(5.792)
Current liquidity	1,41	0,71	1,31	0,68
Indebtedness indicators				
Current liabilities/equity	0,13	0,24	0,20	0,35
Long-term liabilities/equity	0,39	0,42	0,59	0,59
Loan obligations/capital	0,22	0,21	0,34	0,30
Total liabilities/assets	0,27	0,34	0,35	0,40
Profitability indicators				
EBIT (in EUR 000)	1.449	4.099	1.257	3.712
EBITDA (in EUR 000)	4.880	7.313	4.577	6.834
EBITDA margin	16,0%	21,7%	15,0%	20,4%
EBIT margin	4,7%	12,0%	4,1%	10,9%
NET margin	29,7%	24,9%	5,5%	2,9%
Productivity indicators				
Average number of employees	648	655	629	635
Business income per employee (in EUR 000)	47	52	48	53

For the business year 2024, the Company achieved positive business results. The Company's EBIT in 2024 amounted to EUR 1,257 thousand (Group: EUR 1,449 thousand) while the Company's realized EBITDA amounted to EUR 4,577 thousand (Group: EUR 4,880 thousand), which represents a decrease in EBITDA of 33% (Group: 33%) compared to the previous year when EBITDA amounted to EUR 6,834 thousand (Group: EUR 7,313 thousand). Despite the aforementioned decrease, the achieved results reflect the stability of the business, given the business challenges that marked 2024, such as unstable global geopolitical conditions, higher prices of goods and services, mild GDP growth, a significant increase in personnel costs due to inflation and labour market developments.

The current liquidity of the Group and the Company has significantly improved since the Company received a return of funds invested in investment activities from non-refundable subsidized funds of the European Commission in the amount of EUR 10.5 million (85% of the money invested in CEF RIJEKA) in 2024, which will enable more efficient and productive operations in the coming period.
Also, debt indicators are better in 2024 compared to the previous year 2023, which also shows more successful and efficient operations of the Group and the Company.

Revenues of the Group and the Company Port of Rijeka jsc.



In the observed period, the Company's total revenues amounted to 32,897 thousand euros (Group: 40,117 thousand euros), which is 3.5% lower (Group: 2.4%) compared to the same period of the previous year. In the structure of total revenues, the largest share is occupied by operating revenues with 30,420 thousand euros (Group: 30,522 thousand euros), which decreased by 10.69% compared to 2023, which follows the trend of decreasing cargo transhipment in 2024 compared to 2023. Within the framework of financial revenues, there was a significant increase because during 2024 a dividend was paid by the associated company Jadranska Vrata d.d. in the amount of 2,450 thousand euros.

Natural turnover generates key operating income from the core business - income from the sale of services in the country and abroad amounting to EUR 27,414 thousand (Group: EUR 27,519 thousand), which accounts for 90% of operating income. Sales income is 6.2% lower (Group: 6.3%) compared to the sales income achieved in the previous year.

Expenses of the Group and the Company Port of Rijeka jsc.

Total expenses for the period 2024 amount to 31,097 thousand euros (Group: 31,013 thousand euros), which represents a decrease of 5.1% (Group: 4.8%) compared to 2023. Electricity expenses decreased significantly (28%) due to the decrease in prices in 2024 in the largest part, and due to the decrease in cargo transhipment in a smaller part. Expenses decreased slightly more than revenues, which is a positive trend considering the increase in product and service prices, and also an indicator that the Company is rationally managing expenses and reducing them. The company's net profit amounted to 1,796 thousand euros (Group: 9,065 thousand euros).
Operating expenses for the period amounted to 29,163 thousand euros (Group: 29,073 thousand euros), which represents a decrease of 3.9% (Group: 3.5%) compared to the previous year.

Personnel

According to the personnel records as of December 31, 2024, Port of Rijeka has 614 employees, or 24 (3.76%) fewer employees than on December 31, 2023 (638 employees). Considering that during the previous year, the Company/Group continuously employed workers, mostly technical equipment operators and port transport workers, who are in short supply, while the number of administrative workers was reduced. The reduction in the number of employees is also affected by natural attrition (retirement), which is an acceptable trend in accordance with the current trends (decrease) in cargo traffic. The average gross salary in 2024 is EUR 1,767, while in 2023 it was EUR 1,550. The Company/Group implements a personnel policy of employing its own employees, and minimally hires labour, within the framework of the Maintenance Service in the port fire department, due to the lack of qualified workers for these specific positions on the labour market. We also pay special attention to retaining the existing quality workforce. We believe that developing the professional competencies of employees, their skills and knowledge is crucial for successful business. Every employee has the right to education, training and professional development, which are carried out in accordance with the requirements of the job.

Risk Management

Market Risk
For many years, the Port of Rijeka has been an important transit port for hinterland countries, mainly countries in Central and Central Eastern Europe. In this large area, it strategically targets two groups of countries in the group of priority and secondary markets, and then third markets and the wider gravitational hinterland.
It is part of the global maritime trade network and a point of change in transport modes from maritime to land and vice versa. The complex supply chains that touch this point are very dynamic because they react to changes in the global economy, as well as the movements of the economies of individual regions. Therefore, strategic planning is important in order to assess potential risks and achieve the set plans. Business involves various risks due to the nature of the maritime industry and its dependence on global economic, environmental and regulatory factors, so it is necessary to be adaptable to the needs and changes dictated by the market.

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

Market competition
The closest competition is made up of the ports of the northern Adriatic cluster (the port of Koper and the port of Trieste), and other ports in northern Italy. The advantage of the northern Adriatic ports over the ports in the North Sea or the Baltic stems from the shortest maritime connection between Europe and the Near, Middle and Far East. Since the Adriatic Sea is the most indented part of the European continent, the northern Adriatic is the part of Europe that provides Central European countries with the closest access to the world's seas.

The Port of Rijeka is located on the strategic transport route of the EU - the Mediterranean Corridor, and its inclusion in the also strategic corridor, the Baltic-Adriatic, is important for the further development of the port, and strengthening its position, given that it passes through an important EU market for which the Port of Rijeka has been an important transit port for many years. Also, further development of the railway connection to the gravitational hinterland would significantly strengthen the market position of the port on the aforementioned corridor, and enable its growth and development. The ports of the North Adriatic cluster have strong competitors in other clusters: the strongest European cluster of North European ports (Rotterdam, Amsterdam, Antwerp, Ghent, Hamburg, Bremen, etc.) which is connected to the port of Constanza from the Black Sea cluster by the Rhine-Main-Danube canal, which passes through the heart of the gravity area of the port of Rijeka. The competitive Baltic cluster (Rostock, Gdansk, Gdynia, etc.) is also targeting this area (especially the Polish and Czech markets). There are also marginal clusters of the southern Adriatic and the Aegean Sea, which also target the southern part of the gravity area of the port of Rijeka. This is primarily the port of Ploče which is oriented towards Bosnia and Herzegovina, the port of Bar towards Montenegro and Serbia, the port of Durrës towards Albania and Kosovo, and the port of

Thessaloniki and other Aegean ports which, apart from Greece, also target the market of North Macedonia and Serbia, but this is a secondary zone of competitive interest of the port of Rijeka. After the impact suffered by the global economy due to the COVID pandemic, in early 2022 the conflict between Russia and Ukraine affects changes in some of the world's main trade flows.

The crisis in the Red Sea and its impact on business will have the greatest impact on container liner traffic due to the extension of the trade route from Asia to Europe, which causes significantly higher freight rates, and the passage through the Suez Canal will increase the price of insurance premiums.

It is difficult to predict to what extent the crisis will affect business, this will certainly depend on the duration of the navigation restrictions and the willingness of all shipowners to maintain existing lines at the ports of call. The Company's Management Board is working to minimize market risks through price-tariff adjustments, continuous investment in technology in order to accelerate the flow of goods in the supply chain and increase the attractiveness of the port, capacity development and through measures to increase labour productivity. The Company continuously monitors the situation on the global market, and accordingly plans investments and projects in order to maintain competitiveness and increase the attractiveness of the route. According to announcements and plans, the same volume of cargo transhipment within Port of Rijeka is expected to be maintained.

Credit risk

The Company/Group uses several credit risk control methods, first of all creditworthiness checks in cooperation with credit rating agencies, and additional insurance instruments. The risk is greater when contracting with new customers, where it may happen that the port service is contracted with an unreliable client (in terms of dynamic failure to fulfil the contract, in terms of non-payment of services and the like). This can cause various problems (filling of the warehouse with goods for which the storage fee has not been paid, which takes up valuable space, delays in the agreed loading of liners and other shippers or wagons and trucks, resulting in demurrage and other damages, etc.). This risk is minimized by updating the built-up database of existing clients where all their data is accumulated over the years, so that before each contract an assessment can be made as to whether and how much that customer is acceptable.

Currency risk

Exposure to currency risk in USD is reflected in the fact that service prices are expressed in USD to a negligible extent, and a smaller portion of receivables are collected in that currency, so it is estimated that there is no increased risk of collecting receivables in the specified currency, and receivables are collected regularly.

Interest rate risk

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

Liquidity risk

Liquidity risk is managed through activities to maintain an adequate maturity structure of assets and liabilities, and through planning and management of cash inflows and outflows and ensuring an - adequate amount of liquid funds to settle liabilities according to their maturity dynamics. Financial indicators of current liquidity and working capital are monitored regularly. The existing short-term cash flow deficit refers to realized capital investments in concession assets, for which 85% financing was approved by the European Commission (INEA agency), so we believe that long-term liquidity is not questionable (see note 28 of the Company's financial statements).

Technological risk

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

By increasing capacity through the Škrljevo terminal, a long-term increase in traffic was enabled and achieved, which is necessary for the business growth and development of the Company. The connection with the hinterland via the railway network is weaker, which requires restructuring and modernization, in order to enable faster and quantitatively greater railway traffic, which would increase the efficiency of cargo handling turnover.

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

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

Personnel risk

The port industry is extremely labour-intensive. In operational terms, the workforce that works on specific jobs related to loading/unloading and transhipment of cargo dominates. (technical equipment operators and port transport workers), and their service support (maintenance, cargo securing, mooring and unmooring). At a time when we are all facing a labor shortage, it is even more difficult to find quality professional staff who have work experience to work on specific port operational jobs. We are trying to solve the shortage of external professional staff within the Company, by sending existing staff for professional training. Their number alone is a significant factor in the Company's business.

Environmental risk

The basic environmental risk for the Company/Group is defined by the type of cargo itself and the method of its manipulation. This primarily refers to bulk cargo, which can emit dust during its manipulation, and thus pollute the air, sea and soil in the vicinity of the manipulation site. This risk is reduced by installing technology that reduces or prevents this. For example, at the Bakar terminal, special floating barriers have been introduced to receive each ship, which increase the safety of cargo unloading and serve to prevent the spread of potential pollution, as well as by introducing a system for creating a crust on stored cargo to prevent dust from rising.

The Company/Group has installed a water cannon spraying system at the Bakar Terminal during bulk cargo handling, which reduces and prevents air pollution. There is also a risk in the maintenance of vehicles and other handling equipment (waste oils, cleaning wastewater, old batteries, old tires, etc.), which is controlled by installing oil separators in garages and workshops, as well as standardized procedures and controls for the collection of liquid and solid waste. Environmental risks, as well as other risks, are separately considered, monitored and recorded in the Quality and Energy Management System Department as part of the introduced management systems, and are also monitored by the Internal Control and Audit Department.

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

Risk control system

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

- Quality management system according to ISO 9001:2015, which is maintained and recertified in a timely manner within defined plans and deadlines. The last external audit was in January 2024, followed by recertification at the end of the year. The company's business processes are controlled through the quality management system.
- Energy management system according to ISO 50001:2018, which is also maintained, and the new Certificate was obtained in March 2024. It is necessary to continue improving the energy consumption control system, and focus on green energy, i.e. renewable energy sources
- Control of business/financial transactions and financial reports through the accounting system and the Controlling Department.
- The Controlling Department prepares and monitors annual and multi-year business planning at the level of the Company and all its business units, as well as monthly, quarterly and annual monitoring of the plan's implementation through the Controlling Department. Monitoring the implementation of the annual plan is done internally on a monthly basis by monitoring the physical implementation by cargo categories and terminals, monitoring the financial implementation at the level of individual organizational units and the company as a whole in the format of the profit and loss account, predicting the final result by combining the current implementation and the remaining planning period (forecasting), and, if necessary, analysing the implementation according to defined criteria.
- The Internal Audit and Control Department conducts analyses and controls of the compliance of business processes with the Company's business policy objectives, positive legal regulations and set internal procedures. During 2024, three major audits were

conducted in the areas of the operational sector, warehouse operations and human resource management. The Internal Audit and Control Department also actively participated in the process of preparing, implementing and supervising the annual asset inventory for 2024. After the completion of the audits, the process of monitoring the recommendations continued

Business expectations

CEF (Connecting Europe Facility) Rijeka project

The CEF Rijeka project has completed the reconstruction of the existing roadway and storage area, tracks, crane paths and accompanying utility infrastructure (water supply, drainage and wastewater treatment systems), in accordance with the provisions of the contract concluded with the European Commission, through the European Agency for Climate, Infrastructure and the Environment - CINEA and the Port of Rijeka Authority, as partners, which has ensured the quality infrastructure necessary for operational cargo handling operations. Therefore, in the coming periods, we plan to use the entire operational area of the Rijeka Terminal, which will end the restrictions on the Group's daily operational activities due to the execution of the works, and simpler and faster cargo handling is expected, which opens up the possibility of growth and an increase in the amount of cargo handled, the full effects of which will be seen in 2025. By removing the existing dilapidated and operationally unsuitable railway infrastructure, the aim is to improve the connectivity of the entire Rijeka basin with the railway network in the hinterland and indirectly towards European corridors.

Rijeka Terminal

One of the set goals of the Company's development is that the means of work are successively changed so that their quality and quantity enable the smooth running of business processes, i.e. faster and more efficient transshipment of cargo. Therefore, during the year 2025, it is planned to begin the procurement of six new forklifts (motorized and electric) of different capacities (4,6,15 t), two loaders with a capacity of up to 3 t, one terminal tractor with a trailer, a self-propelled lifting platform, several tools for cranes, etc. in the value of 1,460 thousand euros. It is also planned to purchase one truck with a capacity of up to 3.5 tons, as well as the purchase of one cargo van and one passenger van.

As part of construction investments in the Rijeka Terminal area, it is planned to renovate the floor in the existing warehouse no. 9. for the purpose of accommodating cargo that requires a closed space.

Within the Mooring and unmooring Service, the acquisition of two engines for barges and two vehicles is planned, in order to enable the further expansion of the department and the taking on of new jobs.

Container Depot Terminal

The investment in the expansion of the Container Depot in Škrljevo, with a total value of 5.7 million euros, is planned to be completed by the end of July 2025. The project relates to the expansion of the container depot, and the arrangement of a new storage and operational area, namely the construction of 7-9 additional plateaus for accommodating containers on an area of 66,615 m2, and the arrangement of internal roads on the same, with the necessary storm drainage and outdoor lighting, then the asphalting of the storage areas and the construction of additional electrical connections. The implementation of the project is expected to increase traffic, in the part of the manipulation and storage of empty containers, and it also opens up the possibility of providing a new service, the manipulation of full containers, which is currently taking place on a very modest scale. Also, during January 2025, we applied for the invitation to tender announced by the European Commission for grant financing of multimodal freight terminals under the name "CEF 2 Transport -Projects on the Core Network -Cohesion envelope" in order to try to finance the second phase of the Container Depot Terminal development project, which is the construction of a railway track from the railway entrance to Škrljevo to the Container Depot. Furthermore, for the purposes of moving and stacking full and empty containers, we plan to purchase two terminal tractors with trailers worth 300 thousand euros.

Škrljevo Terminal

As part of the investment in IT equipment and software, it is planned to invest in IT equipment and automatic recognition software at the control booth and ramp at the entrance to the Container Depot Terminal, as well as the installation of video surveillance, which will enable better control of external users entering the terminal, increase security, and prevent the possibility of unauthorized entry to the terminal. It is also planned to develop a PCM system for monitoring the movement and placement of full containers, as well as integration with all users of the PCM system. Integration with the EEIR Maersk system, which is our largest container shipping company, is planned, which will allow the client to have an overview of their containers at our terminal, which is necessary for the establishment of a modern business system.

The planned investments from 2024 continue, namely the reconstruction of existing bathrooms for our employees in order to improve their working conditions, and within the same project, a separate sanitary area will be designated for use by clients. We have started to prepare project documentation for the construction of a photovoltaic power plant, as one of the imperatives of the green transition in the field of energy, and of course, to reduce electricity costs in this way.

Bršica Terminal

In 2025, investments will continue at Terminal Bršica to increase the productivity of wood handling, by purchasing a 6-ton forklift. Also, the works planned in the previous year on the construction of a bathroom with a dressing room to improve working conditions for employees, as well as the construction of a mechanical workshop, because the existing workshop is worn out and dislocated, and the purchase of a 6-ton forklift are being postponed to 2025.

Bakar Terminal

In 2025, for Terminal Bakar, it is planned to purchase two forklifts, one with a capacity of up to 4 tons and one with a capacity of up to 6 tons, which are needed to perform daily operational cargo handling activities on the Goranin pier.

Port of Rijeka has made significant investments during 2024, and plans to implement them in future periods as well. The investments will enable better competitiveness of the Company in the market, achieve better business efficiency and increase cargo handling both in the short term and in the longer term. Negotiations are underway to extend the duration of the concession agreement, which was concluded until 2042, in order to make the aforementioned investments, as well as those planned in the coming period, economically justified and profitable.

Responsibility for the consolidated Sustainability statement

According to the provisions of Articles 32 and 36 of the Accounting Act (NN 135/24), the Management Board is responsible for the preparation of the consolidated Sustainability statement in accordance with the European Sustainability Reporting Standards (ESRS) and for:

- preparation of disclosures in consolidated Sustainability statement in accordance with the reporting requirements of Article 8 of EU Regulation 2020/852 (EU Taxonomy Regulation);
- design, implementation, and maintenance of internal control systems that the Management Board deems necessary to enable the preparation of the consolidated Sustainability statement, free from material misstatements due to fraud or error, and
- selection and application of appropriate sustainability reporting methods, as well as making reasonable judgments and estimates regarding individual sustainability disclosures, considering the circumstances.

The Management Board is also responsible for the design and implementation of the process for identifying information disclosed in the consolidated Sustainability statement in accordance with the ESRS, and for disclosing this process in the section ESRS 2; IRO-1 in the consolidated Sustainability statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and understanding the affected stakeholders;
- identification of actual and potential impacts (both negative and positive) related to sustainability issues, as well as risks and opportunities that affect, or could reasonably be expected to affect the Group's financial position, financial performance, cash flows, access to financing or cost of capital in the short, medium, or long term;
- assessment of the significance of the identified impacts, risks, and opportunities related to sustainability issues by selecting and applying appropriate materiality thresholds, and
- making assumptions that are reasonable under the circumstances.

The consolidated Sustainability statement was approved by the Management Board on 24 April 2025

Duško Grabovac	**Marina Cesarac Dorčić**	**Marko Mišković**	**24 April 2025**
President of the Management Bord	*Member of the Management Bord*	*Member of the Management Bord*	Riva 1 51000 Rijeka Hrvatska
DUŠKO GRABOVAC Digitally signed by DUŠKO GRABOVAC Date: 2025.04.25 17:26:49 +02'00'	MARINA CESARAC DORČIĆ Digitally signed by MARINA CESARAC DORČIĆ Date: 2025.04.25 17:32:42 +02'00'	MARKO MIŠKOVIĆ Digitally signed by MARKO MIŠKOVIĆ DN: c=HR, o=LUKA RIJEKA D.D., 2.5.4.97=HR92590920313, l=RIJEKA, sn=MIŠKOVIĆ, givenName=MARKO, cn=MARKO MIŠKOVIĆ, serialNumber=HR25805531588.2.21 Date: 2025.04.28 15:10:13 +02'00'	

SUSTAINABILITY STATEMENT FOR 2024 YEAR

The Sustainability Statement is aligned with the Corporate Sustainability Reporting Directive (CSRD) and follows the guidance set out in the European Sustainability Reporting Standards (ESRS) and the Taxonomy Regulation. It includes relevant information on impacts, risks, and opportunities considered material from both the impact materiality and financial materiality perspectives.

Luka Rijeka d.d. */TN: Port of Rijeka, joint-stock company/* will become subject to mandatory Sustainability Reporting in 2025, covering the financial year 2024. In the interest of business transparency, Luka Rijeka d.d. has, in previous years, disclosed information through the publication of Non-Financial Reports.

The Sustainability Statement for Luka Rijeka d.d. has been prepared on a consolidated basis, with the same scope as the financial report. It contains relevant information relating to the sustainability strategy and business model, the value chain, and the methods used to identify impacts, risks, and opportunities. It also includes the results of the double materiality assessment, and ultimately, information on individual Environmental (E), Social (S), and Governance (G) topics.

The Sustainability Statement for the 2024 reporting year covers the period from 1 January 2024 to 31 December 2024 and applies to the Luka Rijeka Group. The report addresses the assessment of actual and potential impacts of port operations on people and the environment, as well as the risks and opportunities arising externally and affecting Luka Rijeka's business.

The information presented in the Sustainability Report is faithfully represented, neutral, complete, and accurate. It is clear, concise, and understandable. The information is comparable to data previously published and may also be compared with disclosures made by other companies, especially those operating in the same sector.

This Statement sets out Luka Rijeka d.d.'s Sustainable Development Strategy and the objectives it plans to achieve in the future. The goals and planned activities are based on current knowledge of market conditions, taking into account the existing regulatory framework, available technical solutions, and sustainability trends in the port sector. Deviations from the planned outcomes may occur due to uncertainties or unknown factors beyond Luka Rijeka's control or due to potentially incorrect assumptions. In the event of such deviations, future statements will include corrections to the goals and metrics.

Sustainability is considered a long-term objective of Luka Rijeka's business development and is embedded into all business processes and activities of the Group. Given that port operations rely on the interaction of numerous stakeholders, there is room for improvement across all ESG topics, which can be achieved through collaborative efforts. Therefore, an analysis of impacts, risks, and opportunities across the value chain has been conducted, and activities in the area of sustainable and responsible business operations have been described.

ESRS 2 - GENERAL DISCLOSURES

Basic Information

Address:
Riva 1, 51000 Rijeka, Croatia

Phone:
+385 51 496 000

E-mail:
info@lukarijeka.hr

Personal/Company ID No.

OIB (Tax Identification No.):
92590920313

MB (Company Registration No.):
3330494

MBS (Court Registration No.):
040141664

Number of Employees

632

Share Capital

EUR 67,402,375.00

Subsidiaries

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

Associated Company

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

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

Shares

Stock Symbol LKRI-R-A
Zagreb Stock Exchange – Official Market
Number of issued and listed ordinary shares: 13,480,475

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

Located in the Kvarner Bay, a protected natural asset, Luka Rijeka has strategic access via the Kupa River valley to Zagreb and the Pannonian Plain, as well as to the Danube region and Central Europe.

The advantage of North Adriatic ports over Northern European or Baltic ports lies in the shortest maritime connection between Europe and the Near, Middle, and Far East. As the Adriatic Sea forms the deepest penetration into the European mainland, the North Adriatic region offers Central European countries the closest access to international waters.

Luka Rijeka holds an exceptional geo-transport position. A draft depth exceeding 16 metres (up to 18 m) allows access to the world's largest vessels, and with the construction of new facilities, this depth will increase to 20 m.

Luka Rijeka d.d., a joint stock company (hereinafter Company/Port of Rijeka) for maritime transport services, port operations, goods storage, and freight forwarding, is the largest concessionaire for dry cargo handling in the Republic of Croatia. The company operates within the Port of Rijeka across specialised terminals in three port basins: Rijeka, Bakar, and Raša.

The company specialises in the dispatch and transshipment of dry cargo, with its core activities including the loading, unloading, warehousing, and transportation of general cargo, timber, bulk cargo, livestock, tropical and other fruits, cereals, and oilseeds. It holds a concession valid until the year 2042 and owns the inland port terminal Škrljevo.

Management Board Members

Duško Grabovac

PRESIDENT OF THE MANAGEMENT BOARD

Marina Cesarac Dorčić

MEMBER OF THE MANAGEMENT BOARD

Marko Mišković

MEMBER OF THE MANAGEMENT BOARD

Supervisory Board Members

Dr. Alen Jugović

CHAIRMAN OF THE SUPERVISORY BORD

Dragica Varljen

DEPUTY CHAIRWOMAN OF THE SUPERVISORY BORD

Hrvoje Pauković

MEMBER OF THE SUPERVISORY BORD

Martin Vozar

MEMBER OF THE SUPERVISORY BORD

Jašek Ondřej

MEMBER OF THE SUPERVISORY BOARD

Corporate Governance and Governance Structure

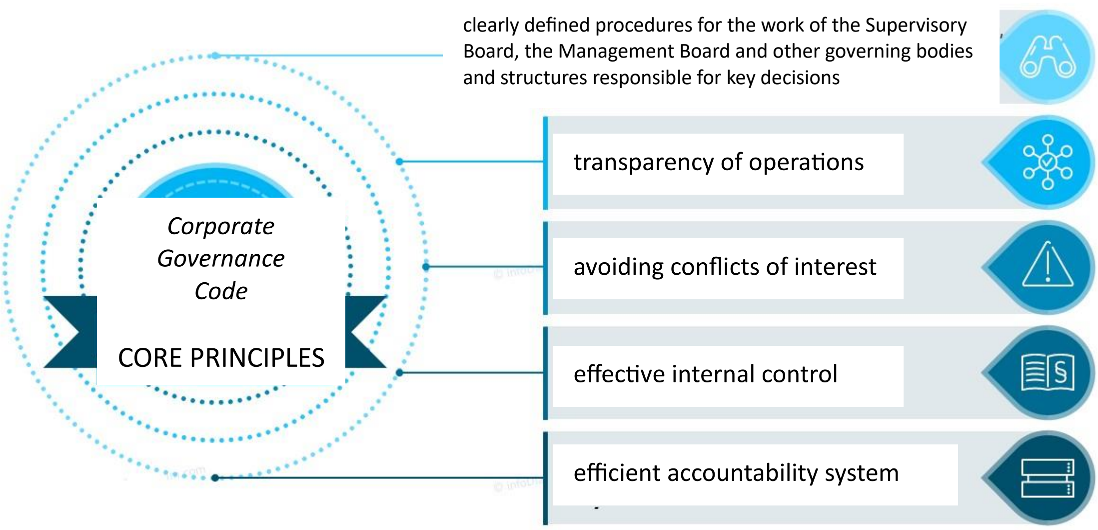
Luka Rijeka d.d. is a share issuer on the domestic capital market and applies the corporate governance measures prescribed by law. Full disclosure on this matter is provided in the annual questionnaire, which, in accordance with regulations, is published on the website of the Zagreb Stock Exchange and is available at: https://zse.hr

Luka Rijeka d.d. is developing and operating in accordance with high corporate governance standards. In line with the rights and obligations arising from the Companies Act, the Statute of the joint stock company Luka Rijeka, and the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA), the Supervisory Board of Luka Rijeka has adopted an internal Corporate Governance Code. This Code serves as a set of recommendations binding upon the Company's governing bodies and employees to adhere to the defined and elaborated principles when making all types of decisions.

The objective of the Code is to establish high standards of corporate governance and ensure transparency in business operations. It defines corporate governance procedures based on recognised international standards, in order to protect shareholders, employees, elected and appointed officeholders within the Company, as well as all other stakeholders, through responsible management and oversight of the Company's business and governance functions.

The principles of corporate governance derive from the commitment to operate in accordance with applicable legislation, business standards, and recognised international best practices, and to incorporate these into the Company's operational procedures and practices.

Subsidiary companies do not have their own individual governance codes but instead apply the principles set out in the Corporate Governance Code of the Company.



The procedure for reporting and handling irregularities in operations, breaches of the Code, and unethical conduct is regulated by the Rulebook on the Internal Reporting Procedure for Irregularities and the Appointment of a Confidential Person. During the 2024 business year, no reports or proceedings were initiated in relation to violations of the Code or unethical behaviour.

GOV-1	Role of Administrative, Management and Supervisory Bodies

The corporate governance structure is defined by the Companies Act and the Statute of Luka Rijeka Joint Stock Company. The governing bodies of the Company are the General Assembly, the Supervisory Board, the Management Board, and the Audit Committee. The subsidiary companies are managed by their respective directors, whose work is overseen by the Management Board of the Company.

General Assembly	*Powers and Responsibilities:*
The General Assembly of the Company is the body through which shareholders exercise their governance rights within the Company. A shareholder has the right to participate in the work of the General Assembly and may exercise this right personally, through a proxy, or by granting a power of attorney. The General Assembly convenes at least once a year (within the first eight months of the financial year), in accordance with legal provisions, the Company Statute, and whenever required in the interest of the Company. The General Assembly is convened by the Management Board in the manner prescribed by law and the Rules of Procedure of the General Assembly. The Supervisory Board is also authorised to convene the General Assembly and is obligated to do so when required for the benefit of the Company. The General Assembly is held in Rijeka at a location specified in the invitation by the convening authority.	→ *deciding on the election and dismissal of members of the Supervisory Board,* → *deciding on the allocation of profit,* → *granting discharge to members of the Management Board and the Supervisory Board,* → *appointing the Company's auditor,* → *amending and supplementing the Company Statute,* → *increasing and decreasing the share capital of the Company,* → *dissolution of the Company,* → *adopting the Rules of Procedure of the General Assembly,* → *issuing a new share issue,* → *deciding on the Company's structural changes.* → *may decide on the management of the Company's affairs only upon request by the Management Board.*

Supervisory Board	*Powers:*
The Supervisory Board oversees the management of the Company and is composed of five members, including a Chairperson and a Deputy Chairperson. Members are appointed for a term of four years and may be re-elected and reappointed. Three members are elected by the General Assembly by a simple majority of votes cast, one member is appointed by the Republic of Croatia, and one member is elected by the employees of Luka Rijeka d.d. in accordance with the Labour Act. A member of the Supervisory Board may not simultaneously be a member of the Company's Management Board. The Supervisory Board adopts decisions at its meetings, with each member having one vote. A minimum of three members must be present for the meeting to be valid, and decisions are	→ *appointing and dismissing the Company's Management Board,* → *proposing candidates to the General Assembly for the appointment of Supervisory Board members,* → *adopting independent decisions that limit the Management Board in its operations,* → *setting the criteria for determining Management Board remuneration,* → *granting approval to the Management Board for specific business operations,* → *representing the Company in disputes with the Management Board,* → *submitting a written report to the General Assembly on its supervisory activities,* → *examining the annual financial statements,*

adopted by a simple majority of votes. In the event of a tie, the Chairperson of the Supervisory Board has the casting vote.	→ *requesting reports from the Management Board on all matters relevant to business operations,* → *adopting the Rules of Procedure for the Management Board,* → *performing all tasks assigned by law and the Company Statute.*

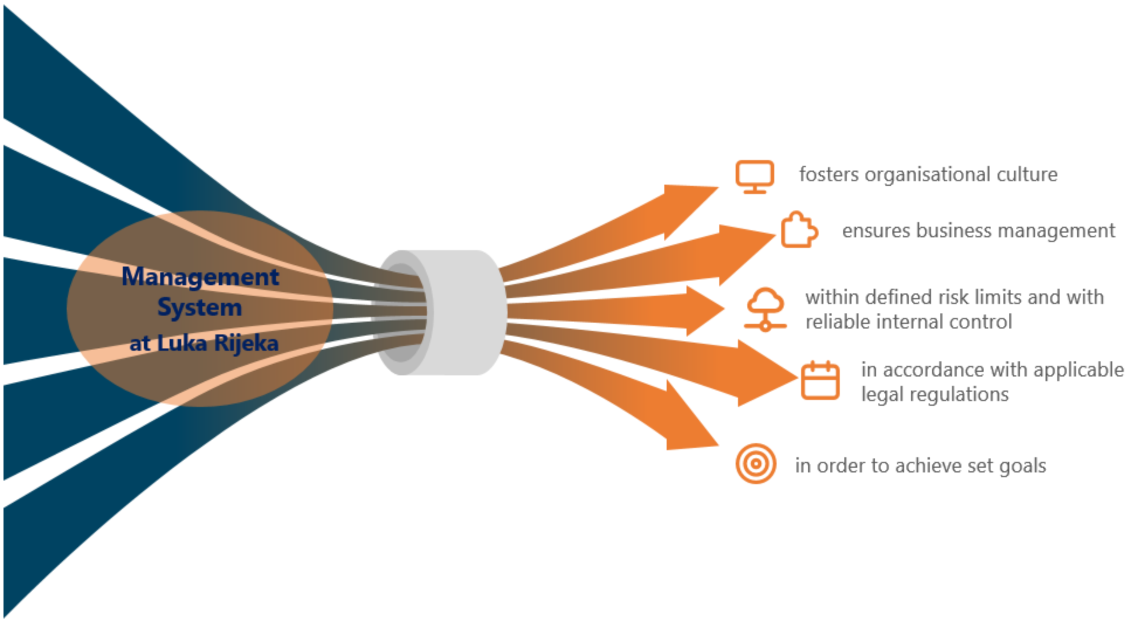
Management Board	*Main Responsibilities*:
The Management Board of the Company is authorised to manage the Company's operations in accordance with the Company Statute, the instructions of the Supervisory Board, and the decisions of the General Assembly. It leads the operational business activities and determines the Company's business policy. The Board adopts the business model, work plans, and other acts and decisions in the field of Company operations. It decides on all matters related to labour relations, takes measures to eliminate or mitigate business risks, is authorised to maintain the Company's accounting records, and performs all other duties prescribed by law, the Company Statute, employment contracts, and the Rules of Procedure of the Management Board. Members of the Management Board do not hold positions in the management or supervisory bodies of other companies. In addition to regular communication on key business matters, the Management Board holds periodic meetings with directors, heads of organisational units, and key process holders in the Company, at which important business information and updates from daily operations are reviewed. The Management Board consists of three members: one President and two Members. The term of office is up to three years, with the possibility of reappointment. Members of the Board, including the President, are appointed and dismissed by the Supervisory Board by a simple majority vote. The members are executive directors who act independently and represent the Company individually and autonomously. The highest executive function is the President of the Management Board, who is also the Company's Chief Executive Officer.	→ *organising and managing the Company's work processes and operations,* → *representing the Company and being responsible for the legality of its operations,* → *preparing proposals for the General Assembly,* → *preparing decisions and general acts falling within the competence of the General Assembly,* → *implementing the decisions of the General Assembly and the Supervisory Board,* → *adopting the Company's work plans and programmes,* → *determining the Company's business policy,* → *managing the Company's operational activities,* → *preparing contracts that require the approval of the General Assembly or the Supervisory Board,* → *convening the General Assembly in cases provided by law and the Statute,* → *adopting acts and decisions related to the Company's operations,* → *submitting business reports and reports on other matters of significance for the Company's operations and status as requested by the Supervisory Board,* → *ensuring the preparation of annual financial and other business reports,* → *negotiating and concluding collective agreements,* → *deciding on all matters related to employment,* → *taking measures to eliminate and mitigate business-related risks and risks impacting the Company,* → *determining the Company's internal organisational structure,*

The distribution of competences across business areas among the members of the Management Board is regulated by the Board's Rules of Procedure. Each member is responsible for proposing decisions within their area of competence. Decisions on the management of Company affairs are adopted by a majority vote of the Management Board members; in the event of a tie, the President of the Management Board has the casting vote.	→ *maintaining the Company's liquidity,* → *establishing working groups and committees,* → *performing all duties prescribed by law, the Statute, and the provisions of employment contracts.*

Audit Committee	*Powers and Responsibilities:*
The Audit Committee of the Company is an independent body consisting of three members, appointed and dismissed by the General Assembly upon the proposal of the Supervisory Board by a simple majority vote for a term of three years. Members of the Audit Committee may be removed before the end of their term and may be reappointed upon expiry. The General Assembly may also appoint deputy members of the Audit Committee. The members elect the Chairperson of the Audit Committee. At least one member of the Audit Committee must be an expert in the field of accounting and/or auditing, and the members as a whole must have knowledge of the sector in which the Company operates.	→ *operates independently in its work,* → *is authorised to carry out tasks prescribed by the Audit Act and other applicable regulations.*

GOV-2 Management of Sustainability Topics

The management of sustainability topics is defined through internal policies, regulations, and procedures, and is integrated into all management processes. The management system consists of the requirements and operational rules of Luka Rijeka, which cover specific work processes and provide guidelines and instructions for operations.



The management system is based on an integrated system that includes the quality management system in accordance with the international standard ISO 9001:2015 and the energy management system in accordance with the international standard ISO 50001:2018. It is conceived as a dynamic system, adaptable to changing requirements and client expectations, contributing to greater benefits for the Port and all stakeholders, while also supporting sustainable development across all segments of Luka Rijeka's business operations. The implementation of an environmental management system in accordance with ISO 14001:2015 is currently in progress.

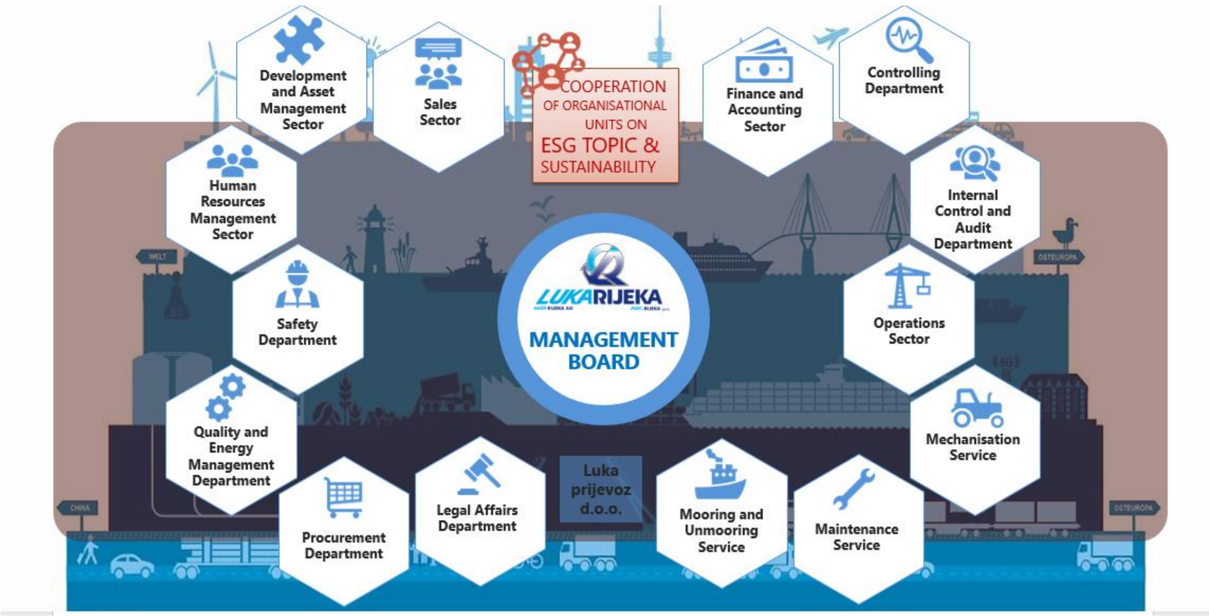
Certificates	
ISO 9001:2015 Certificate Quality Management System CERTIFIED ISO 9001 BUREAU VERITAS	Our Quality Management System is certified according to the international standard ISO 9001:2015 by Bureau Veritas. The certification process began in 2006, followed by annual external audits conducted by the certification body to monitor and maintain the Certificate. In December 2024, the quality management system was successfully recertified for a three-year period. The recertification was carried out by two certification bodies: Bureau Veritas Croatia and the Croatian Register of Shipping.
ISO 50001:2018 Certificate Energy Management System CERTIFIED ISO 50001 BUREAU VERITAS	Our Energy Management System is certified according to the international standard ISO 50001:2018 by Bureau Veritas. The initial certification was conducted in 2018, and since then, the certificate has been successfully and regularly maintained. At the beginning of 2024, the system was successfully recertified for a new three-year period by Bureau Veritas Croatia.

Management is aligned with the requirements of the international standard ISO 9001:2015, ensuring an effective and efficient quality management system based on clear and measurable objectives and on continuous process improvement. As part of the quality management system, risks and opportunities are managed through a Risk Register, in accordance with the internal Risk Management procedure. The quality management system also includes monitoring compliance with legal regulations, tracking customer and employee satisfaction, and defining relevant investments and maintenance plans.

An essential aspect of Luka Rijeka's operations is energy efficiency. The energy management system enables effective control of emissions and insights into consumption, allowing for improved planning and target-setting.

The Quality and Energy Management Department is continuously working on the establishment and maintenance of the integrated management system, in cooperation with all other organisational units. The focus is on continuous improvement and enhancement of the system, work processes, the implementation of adopted policies, and achievement of set objectives. An Internal Auditors Team operates within Luka Rijeka for internal control of processes and activities, and an Energy Team has been formed to address issues of energy efficiency. Internal auditors are trained and certified to carry out internal audits.

Defined objectives are continuously monitored through the management systems, and at the end of each year, a final analysis is conducted and annual reports are compiled in the form of a Management Review, both for quality and energy. These reviews are prepared in accordance with the requirements of ISO 9001:2015 and ISO 50001:2018, including the results of monitored objectives and management's reflection on the achievements of the relevant business year—serving as an additional tool for future planning and objective setting.



Development and Asset Management Sector Responsible for planning and implementing preventive and investment plans, and for monitoring electricity and water consumption. The director reports directly to the Management Board.	**Sales Sector** Responsible for client relations and business contracting. The director reports to the Management Board.	**Human Resources Management Sector** Responsible for all social matters, labour rights, training, and staffing. The director reports directly to the Management Board.	**Safety Department** Responsible for implementing occupational health and safety measures, fire protection, and environmental protection. The department head reports to the Director of the Human Resources Sector.

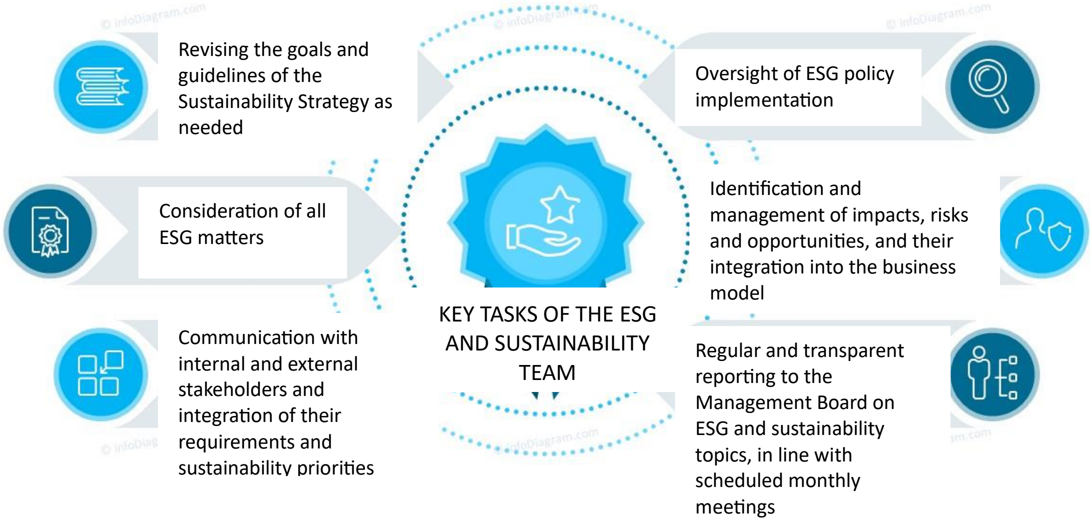
<u>Operations Sector</u> Responsible for controlling and implementing operational business activities and work technology. The director and their deputy report to the Management Board, while all terminal managers of Luka Rijeka report directly to them.	<u>Finance and Accounting Sector</u> Responsible for financial operations. The director reports directly to the Management Board.	<u>Procurement Department</u> Responsible for supplier relations. The department head reports directly to the Management Board.	<u>Legal Affairs Department</u> Handles all legal matters and corporate governance issues. The department head reports directly to the Management Board.
<u>Controlling Department</u> Responsible for business planning, analysis, and preparation of various business reports. The department head reports directly to the Management Board.	<u>Quality and Energy Management Department</u> Responsible for the quality and energy management systems. The department head reports directly to the Management Board and leads the internal teams (auditing and energy).	<u>Internal Control and Audit Department</u> Responsible for financial oversight and risk management. The department head reports directly to the Management Board.	<u>Mechanisation Service</u> Service supervisors are responsible for collecting data on fuel consumption used by mechanisation and vehicles. The service head reports to the Management Board.
<u>Maintenance Service</u> Responsible for maintaining technical assets and equipment; plays an important role in energy management.	<u>Mooring and Unmooring Service</u> Provides vessel mooring and unmooring services, transportation of passengers and goods to and from anchorage, and ship water supply. The service manager and operations planner are also internal auditors for management systems.	<u>Luka prijevoz</u> d.o.o. A subsidiary company managed by a director involved in energy management. The company provides freight transport by towing vehicles and trucks to and from the Škrljevo terminal where the company is located.	<u>IT Department</u> Responsible for business digitalisation, data protection, and cybersecurity. The director reports directly to the Management Board.

Each organisational unit is informed about and involved in the monitoring and implementation of tasks within its area of responsibility. Employees are familiar with the management systems and sustainability topics through the internal network, where all relevant documentation is published—particularly policies, procedures, and collective records that are monitored. Additionally, in line with transparent business practices, all important documentation is also published on the Luka Rijeka website (https://lukarijeka.hr/).

In 2024, certain responsible persons attended external workshops and trainings on ESG and sustainability topics. The Head of the Quality and Energy Management Department, by attending a year-long online ESG course organised by the International Institute for Climate Action (IICA) and by passing all required exams and fulfilments, obtained the title of Sustainability Officer. In 2025, the plan is to involve more responsible persons in the ESG team and provide them with training on ESG topics, both externally and internally. Internal training sessions will be conducted by the Head of the Quality and Energy Management Department, who already regularly delivers annual internal training on quality and energy management. Additionally, brochures on energy saving, proper energy use, ESG and sustainability, and Luka Rijeka's policies are regularly prepared, distributed to employees, and made available to external visitors.

This year, an ESG and Sustainability Team will be appointed, which will meet once a month to discuss all ESG-related matters.

A decision and selection of key responsible persons for the ESG and Sustainability Team is currently underway and will be finalised in the first quarter of 2025. The main reason the Team was not appointed earlier is that throughout 2024, efforts were focused on a new organisational structure and job classification system, which was a highly demanding process and was not completed during 2024. It is currently in its final phase, after which the most suitable candidates will be selected and appointed to the Team.



We are aware of the seriousness of integrating ESG factors and the complexity of the associated actions, and that collective action is essential to achieving our objectives. We consider it extremely important to involve responsible individuals from all organisational units and to prioritise their education on ESG matters, fostering awareness of this demanding topic. In the upcoming period, we will make every effort to address the backlog of tasks that we were unable to complete in 2024—a year that proved to be full of challenges for us.

GOV-5 | Risk Management and Internal Controls for Sustainability Reporting

The identification and management of risks are key processes for business operations as they enable the recognition of potential threats and opportunities, which in turn allows for effective management and the achievement of business goals. It is essential to understand the importance of risk and to establish a risk management system in order to reduce negative impacts and seize opportunities for development. This process involves identifying internal and external factors that could jeopardise operations and developing tools to mitigate or minimise their effects.

Risk management includes the periodic annual assessment of all risks that impact business operations. This is conducted by the Internal Control and Audit Department and the Quality and Energy Management Department as part of the maintenance of the quality management system in accordance with ISO 9001:2015 and the energy management system according to ISO 50001:2018. Risks are assessed in line with the internal procedure Risk Management and are recorded in the Port Risk Register. Risks are identified using a methodology that considers the likelihood of their occurrence and the severity of their impact on business. All identified risks, as well as process procedures and instructions, are maintained within each relevant organisational unit, and are accessible to all responsible personnel (directors and unit heads) via the internal network. Adherence to the requirements outlined in the established procedures is the most important form of mitigating major internal business risks. In addition to financial and market risks, operational and technological risks are also emphasised, especially those associated with the procurement and replacement of outdated machinery and work technologies with more energy-efficient and environmentally friendly options. Human resources risk is also actively managed, with particular focus on ensuring appropriate working conditions, occupational health and safety, professional training and development, and employee rights.

A review of results is conducted on an annual basis, and more frequently if necessary. This includes an analysis of the outcomes achieved in relation to the objectives that were set.

Reviews are also conducted regularly throughout the year in the form of internal audits, where our internal auditors objectively monitor the achievement of results, in accordance with the Annual Internal Audit Plan. They report directly to the Management Board via written reports. In 2024, the Internal Audit Team was expanded, and the search for suitable personnel for inclusion in the team is planned to continue.

The reports prepared are reviewed by the Controlling Department, the Internal Control and Audit Department, and the Quality and Energy Management Department, as well as by the internal auditors. Relevant reports are collected by the end of the financial year and serve as input data for the Management Review, which provides a final assessment of the extent to which the set objectives have been achieved.

The main reports periodically prepared as part of the monitoring of planned activities and achievement of objectives include:

Business Report quarterly, semi-annually, annually	***Operational Traffic Report*** monthly	***Business Analytics through the Profit and Loss Account*** monthly	***Report on Investments in Long-Term Assets*** annually
Report on Investment and Regular Maintenance annually	***List of Key Clients*** monthly, quarterly, annually	***Report on Rejected Offers*** annually	***Complaints Analysis*** annually
Customer Satisfaction Analysis annually	***Ship Savings and Losses*** annually	***Report on Rejected Handling*** monthly, annually	***Ship Damages*** monthly, annually
Analysis of Damages, Complaints, and Nonconformities quarterly, annually	***Analysis of Arrivals and Departures of Employees*** monthly, annually	***Reports on Training and Employee Development*** annually	***Employee Satisfaction Analysis*** annually
Workplace Injury Report semi-annually	***List of Key Suppliers*** annually	***Evaluation of External Suppliers of Materials and Services*** annually	***Evaluation of External Supplier Partners*** annually
Lawsuits: Receivables and Debts monthly	***Inspection Supervision Report*** annually	***Analysis of Technical Equipment Failures*** monthly	***Testing Report of Equipment, Devices, and Work Tools*** monthly
Energy Audit annually	***Internal Audit Reports*** annually	***Reports on Achievement of Goals*** annually	***Management Reviews*** annually

Business Strategy

Luka Rijeka is a joint-stock company that has been successfully operating for many years on the domestic, EU, and international markets. As the concessionaire for the transshipment of dry cargo, it provides maritime transport services, port services, and warehousing services, continuously adapting to the needs of its clients and other interested parties in the manner of a reliable business partner.

The primary port activities include: transshipment (unloading and loading), transport and storage of cargo, as well as mooring and unmooring of ships, boats, and other vessels. Port operations are carried out at specialized terminals: Rijeka, Škrljevo, Bakar, and Bršica.

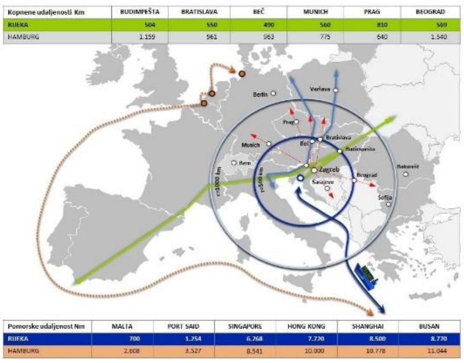
Natural advantages, service quality, and strong partnerships are key values upon which Luka Rijeka's stable market position has been built both domestically and internationally.

Geographical Position

The Port of Rijeka is located on a strategic EU transport route—*the TEN-T Mediterranean Corridor*—and is connected to the *Baltic–Adriatic* route.

- Owing to its favourable location, the Port of Rijeka offers the shortest maritime route between Central and Eastern European countries and overseas destinations.
- As an integral part of the TEN-T transport network and corridor, the Port of Rijeka holds particular significance for landlocked countries (Hungary, Austria, Slovakia, Czech Republic, Serbia, and Bosnia and Herzegovina), and is exceptionally well-positioned to capitalise on this advantage.
- The EU and Croatia both strategically and operationally support investments in port and rail infrastructure that enhance the transport capacity of this corridor and eliminate bottlenecks. Structural and Cohesion Funds of the EU will serve as significant support for the investment cycle in both the port and railway sectors.
- Market liberalisation of railway operators, as well as the entry of private capital into port operations, is boosting their efficiency and the competitiveness of the Rijeka transport route.

Geostrategic Position and Market

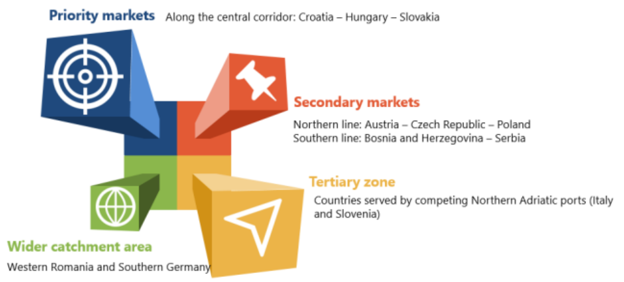


- The system serves the import and export needs of its catchment area, which includes Italy, Switzerland, Germany, Austria, Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Hungary, Slovakia, the Czech Republic, and Poland.
- The North Adriatic ports compete with major clusters of Northern European ports (Rotterdam, Amsterdam, Antwerp, Ghent, Hamburg, and Bremen), Baltic ports (Rostock, Gdansk, Gdynia, Świnoujście, and Szczecin), Black Sea ports (Constanța, Varna, and Burgas), Southern Adriatic ports (Ploče, Bar, and Durrës), and Aegean ports (Thessaloniki and Piraeus).

The Port of Rijeka is part of the North Adriatic port cluster, together with the ports of Koper, Trieste, Venice, Ravenna, Monfalcone, and Chioggia.

- Additionally, the largest inland waterway in Europe — the Rhine-Main-Danube Canal — also runs through this catchment area.

Port of Rijeka has for many years been an important transit port for hinterland countries, primarily those in Central, Central-Eastern, and Eastern Europe. Within this broad area, it strategically targets two groups of countries as priority and secondary markets, followed by tertiary markets and the wider catchment area.



Compared to the North Sea route, the Northern Adriatic maritime corridor offers a significant nautical advantage for cargo transport via the Suez Canal from the Middle and Far East. For vessels arriving from the Far East, this route is approximately 2,000 nautical miles shorter, reducing transit time by around 6 days.

In addition to shorter travel time and lower transportation costs, the Northern Adriatic corridor also contributes to substantial reductions in CO_2 emissions.

With regard to destination (emitting) markets that engage in trade with the Rijeka port's hinterland, the most significant are those accessed via the Suez Canal:

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

Terminals and Transport Connectivity

The Port of Rijeka comprises the following terminals:

Rijeka Terminal
General cargo (metal products, equipment and structures, stone and construction materials, wood) and bulk cargo (salt, scrap iron)

Silos Terminal
Bulk cargo (grain)

Škrljevo Terminal
General cargo (metal products, stone and construction materials, wood, refrigerated cargo, chemical products) and bulk cargo (cement)

The Port of Rijeka is the largest port in Croatia and serves as the starting point of the Mediterranean Corridor. One of its greatest advantages is its intermodality. In addition to maritime transport, it is excellently connected to road and rail networks.

Transport connections linking the port to other modes and key road infrastructure include:

- Motorway A6 (Mediterranean Corridor) – Rijeka to Zagreb
- Motorway A8/A9 – Rijeka to the Istrian Y
- Rijeka Bypass
- Railway (Mediterranean Corridor) – Šapjane – Rijeka – Zagreb – Koprivnica – Botovo
- Rail line M502: Rijeka – Pivka
- Rijeka Airport – Krk Island: 17 km air distance, 25 km by road
- Oil pipeline connecting refineries in Croatia, Hungary, Austria, Bosnia and Herzegovina, Serbia, the Czech Republic, and Slovakia

Depot Terminal Container cargo **Bakar Terminal** General cargo (wood) and bulk cargo (coal) **Bršica Terminal** General cargo (livestock, wood)	➢ Connection to the Rhine–Danube TEN-T Corridor and Corridor X, both of which pass through Croatia ➢ Baltic–Adriatic Corridor – Venice – Trieste – Koper – Ljubljana – Budapest (115 km)

SBM-1 Strategy, Business Model and Value Chain

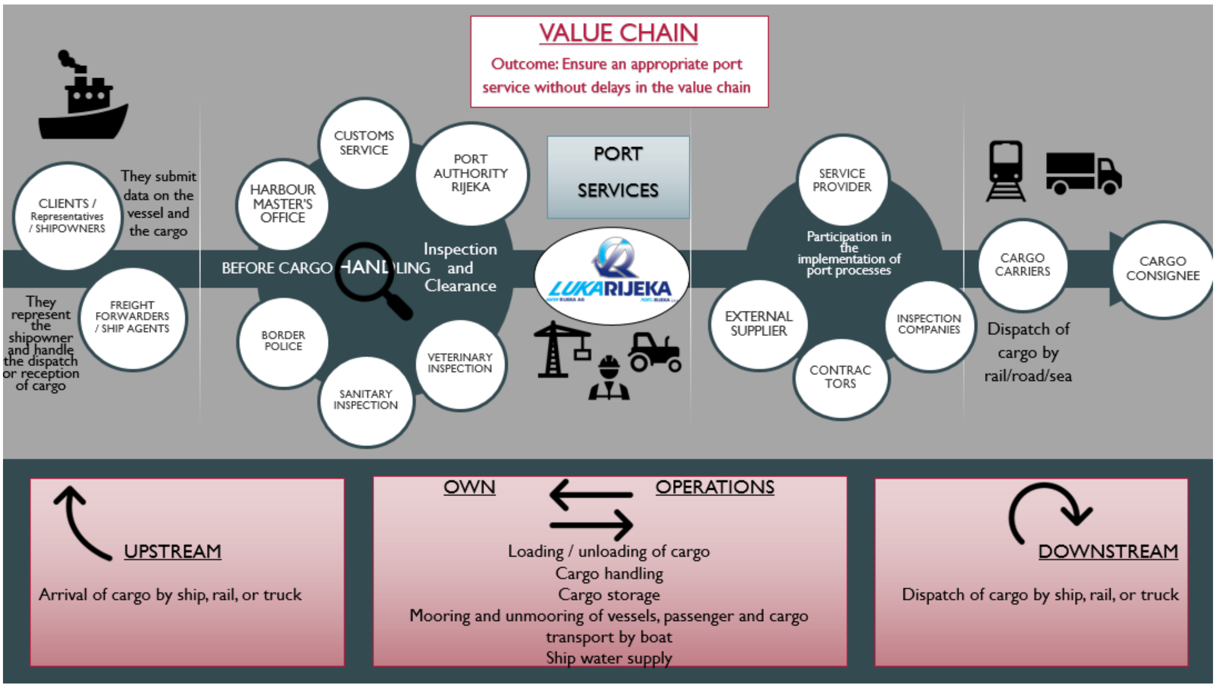
The rapid pace of modern economic, social, and technological development poses complex demands that we strive to meet through proactive management of our impacts. We make it a priority to identify all relevant impacts, risks, and opportunities in a timely manner in order to manage them effectively. This approach enables us to contribute positively to the economy and society while protecting the environment.

Sustainable development is based on the principle that sustainability must be an integral part of day-to-day business operations. This means that sustainability measures are embedded in business activities and recognised as a standard element of work processes.

Luka Rijeka d.d. demonstrates its strategic commitment to sustainable development and the achievement of sustainability standards. The business model is focused on sustainability and on managing impacts, risks, and opportunities. Sustainability topics are integrated into all business decisions and areas of operation, which contributes to the creation of secure and efficient business value.

MISSION	Provision of high-quality and efficient port services, which Luka continuously aligns with the demands of the global market according to the principles of sustainable development, to the satisfaction of all clients and the community it operates in, is the foundation of its port business policy. This forms the basis for maintaining its current and expanding its future position along the North Adriatic shipping route and for strengthening its role as a key transit port for the countries of Central and East-Central Europe.
VISION	To be recognised locally, regionally, and globally as a well-organised economic entity focused on the future and business excellence. To transform into a sustainable port that represents the first choice for employees and partners.
STRATEGY	To enable the development of a sustainable port while protecting human and natural resources and applying the principles of responsible management. To demonstrate a strategic commitment to sustainable development and the achievement of sustainability standards. To ensure new investment projects that support sustainable development and the further strengthening of the port's market position. Through the modernisation of work processes, to reduce business expenses, increase revenue through higher traffic, and maximise operational efficiency, all while taking into account its impacts, risks, and opportunities. By increasing business profitability, to ensure the growth of shareholder value and the continued development of the joint-stock company Luka Rijeka. The business model includes the implementation of port activities

	with a focus on managing impacts on the environment, society, and economy.



Luka Rijeka enters into port service contracts either directly or through representatives, i.e., freight forwarders/agents, on behalf of specific clients.

The arrival and departure of a vessel at the Port of Rijeka include the following basic steps and rules to ensure compliance with all safety and operational requirements.

PREPARATION FOR ARRIVAL

- **Notification of the port:** The shipowner notifies the Port Authority of Rijeka and operational services of the vessel's arrival, usually 48 hours in advance, and no later than 24 hours before the scheduled arrival. The notification includes information about the type of cargo, vessel, crew, and planned route.
- **Vessel registration**: On the day of arrival, the vessel must be registered with the Rijeka Harbour Master's Office, as well as with all relevant bodies, including the customs service and sanitary inspection. The registration includes details about the cargo, vessel, and crew.

BERTHING OF THE VESSEL

- **Vessel inspection:** Upon arrival at the port, the vessel will undergo inspection by the Harbour Master's Office, customs service, sanitary inspection, and other relevant bodies. This includes checking the vessel's safety measures, inspecting the cargo, crew documents, and other necessary controls.
- **Berthing and cargo loading/unloading**: After the inspections grant clearance, the vessel may berth at the assigned dock in the Port of Rijeka. During its stay, the vessel performs loading or unloading of cargo in accordance with the operational plan.

The vessel must possess all required documentation, including:

→ commercial cargo documents (bills of lading, declarations, invoices, etc.),
→ safety and environmental certificates,
→ vessel documentation (crew list, vessel registration, maritime permits).

During its stay at the Port of Rijeka, the vessel must comply with all safety guidelines and regulations, including fire protection, pollution prevention, crew safety, and other relevant directives.

The vessel is also responsible for the proper disposal of waste, wastewater, and other hazardous substances in accordance with environmental protection regulations.

DEPARTURE OF THE

- **Completion of operations in the port:** Once the loading/unloading of cargo is completed, the vessel must notify the competent authorities that it is ready for departure. This includes notifying the Harbour Master's Office and the customs service.
- **Departure inspection:** Before the vessel leaves the port, a final inspection is carried out by the competent inspection bodies to ensure compliance with all safety and environmental standards.
- **Departure:** After the inspection, the vessel may be granted permission to leave the port. This involves notifying the Harbour Master's Office and obtaining a sailing permit for departure.

The process of performing port activities involves the cooperation of various stakeholders, each with a clearly defined role. Therefore, it is important that all participants act in a coordinated manner to achieve the desired outcomes of the implemented activities.

PORT SERVICES

- **Primary port activities:** These involve the handling of various types of cargo in the port, including unloading, transshipment, loading, and storage of cargo; mooring and unmooring of vessels; transport of passengers and goods to and from anchorages; supply of fresh water to ships; and other related services.
- **Basic cargo handling procedure:** Unloading goods from the transport vehicle with inbound inspection (quality, quantity, documentation), followed by entry into the warehouse or direct handling for dispatch.

High-quality port service primarily depends on:

Employees, who maintain the port and the supply chain in operational condition.

Service providers, who deliver numerous services to facilitate cargo handling, ensure safe working conditions, and enable smooth execution of tasks. These include suppliers of services and materials, subcontractor suppliers, construction contractors, authorised companies for calibration and maintenance of technical equipment, occupational health services, the Public Health Institute of the Primorje-Gorski Kotar County (NZZJZ-PGŽ), authorised companies for training, various inspection companies for cargo control. Luka Prijevoz d.o.o. provides cargo transport services using tugboats and trucks between the Škrljevo Terminal and the Rijeka Terminal.

Freight forwarders play a key role in dispatch operations, organising transport by rail, road, or sea, depending on the type of transport vehicle, the nature and characteristics of the cargo, the conditions of dispatch, and the requirements of the clients or cargo recipients.

DISPATCH AND TRANSPORT

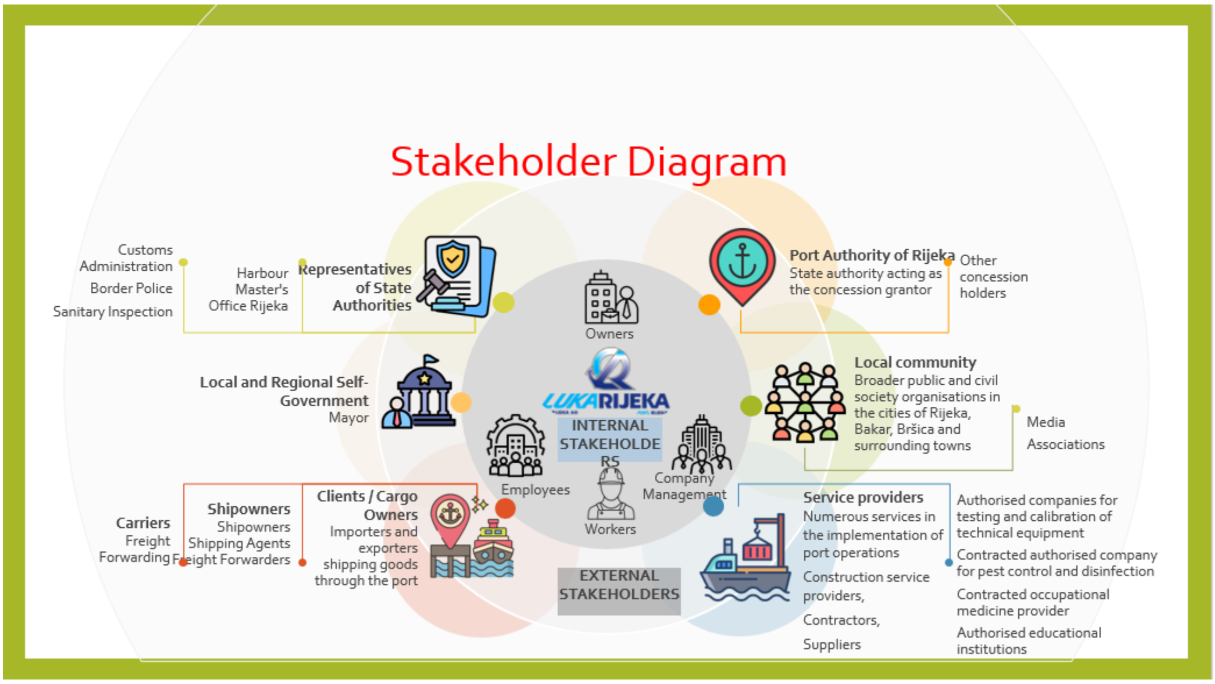
- **Basic function of cargo release:** The goods exit the warehouse and are loaded onto a means of transport, with cargo and accompanying documentation checked. The freight forwarder plays a key role in this step, while the driver is responsible for the subsequent transport.
- **Delivery:** In addition to a transport order, customs clearance documentation is also required. The freight forwarder submits the documents to the customs office, which reviews and certifies them. The documents are then handed over to the driver. Once the cargo and accompanying documents are handed over, the client is informed. In case any issues arise (e.g. delays), the client is notified, and further action is taken in line with the available options and additional instructions received.

SBM-2	Stakeholders' Interests and Positions

Cooperation with stakeholders is of great importance for achieving sustainability goals. Stakeholders' interests and opinions are considered when planning every future direction of strategy and business models. We engage our stakeholders through regular communication, feedback, professional development, and sustainability initiatives to ensure mutual value, foster trust, and support sustainable development.

Each stakeholder group has unique and specific needs. Through regular and continuous communication, we strive to stay informed and monitor their interests in order to guide our strategic decisions and day-to-day operations in the best possible way, avoiding negative impacts. By considering the interests of both external and internal stakeholders, we monitor our impacts, risks, and opportunities.

Communication with stakeholders is carried out through both informal and formal methods, mostly orally or by phone, via email, surveys, and meetings. Regarding sustainability, we take into account environmental and social matters relevant to our business model. Our stakeholders expect us to operate by upholding high standards in accordance with ethical requirements, without negative impacts on the environment and society. Our clients expect top-level expertise in our field, while our employees expect occupational health and safety, opportunities for development and advancement, and adequate compensation.



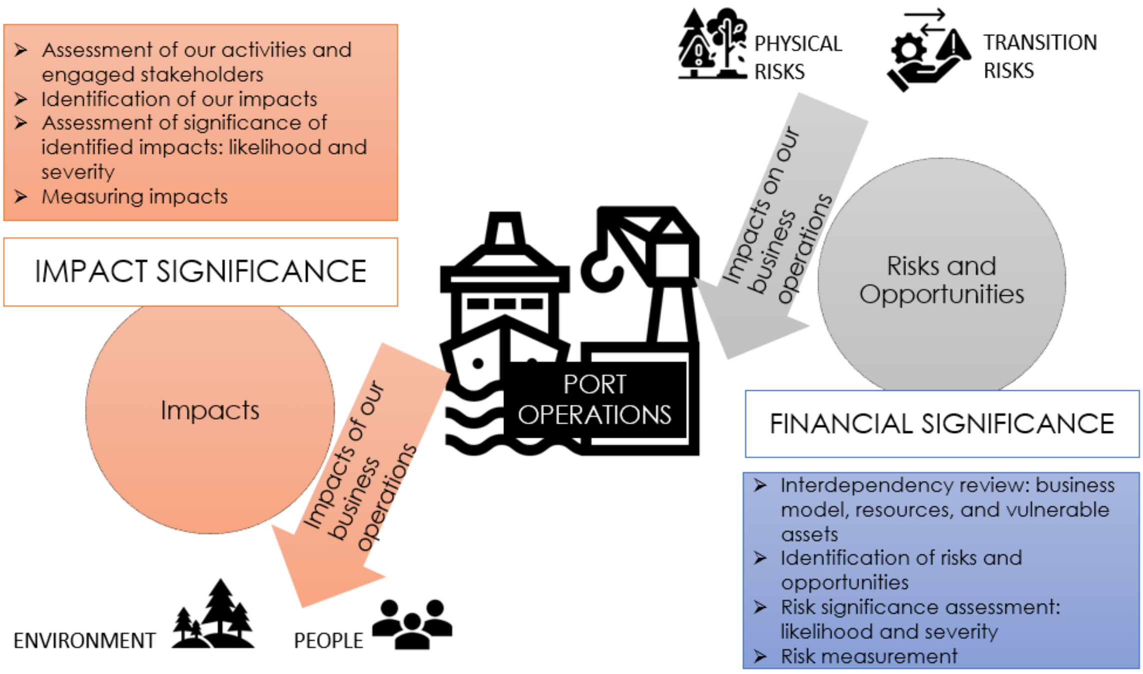
Description of Engagement with Key Stakeholders	
Stakeholders	Cooperation
Shareholders	→ Ensure accurate communication and deliver value to shareholders → Ensure adequate and reliable information flow → Official engagement through the Annual General Assembly → Voting rights at the General Assembly
Employees	→ Support professional development → Foster inclusion, job satisfaction, and employee well-being → Provide education, training, and opportunities for upskilling → Ensure a healthy and safe working environment → Maintain regular and transparent communication → Organise and participate in social events
Cargo owners Clients ***Their representatives*** Shipowners Ship agents Freight forwarders	→ Build trust and create mutual value → Enable both formal and informal engagement throughout the partnership → Fulfil contractual obligations and maintain positive working relationships → Enhance operational efficiency and ensure high-quality port services
Port Authority Rijeka	→ Recognised as a state authority and concession grantor → Address port infrastructure maintenance issues
Representatives of state authorities: Lučka kapetanija Rijeka Harbour Master's Office Rijeka Customs Authority Border Police Sanitary Inspection Veterinary Inspection	→ Conduct official inspections → Oversee permit issuance → Comply with legal requirements → Apply relevant regulations to ensure the port operates safely, reliably, and efficiently
Local government Mayor	→ Resolve challenges and disputes through cooperation, open dialogue, and knowledge sharing
Service providers	→ Deliver a broad range of services that support smooth cargo handling → Develop short- and long-term strategies for streamlined cargo movement → Promote dependable and efficient service → Address bottlenecks and issues within the value chain
Suppliers	→ Engage formally through contracts and due diligence processes → Implement sustainable procurement practices with stable supply of goods and services → Evaluate and select vendors based on compliance with sustainability criteria
Educational institutions Public Health Institute of the Primorje-Gorski Kotar County (NZZJZ-PGŽ)	→ Facilitate knowledge-sharing → Collaborate on shared-interest topics
Local community	→ Engage the wider public and civil society organisations in Rijeka, Bakar, Bršica, surrounding towns, and the Municipality of Raša

	→ Strengthen understanding of local community needs and perspectives → Support local events and initiatives of regional and civic importance

SBM-3	Significant Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

The identified impacts, risks and opportunities (IRO) are outlined below for each ESG topic – that is, environmental, social, and governance matters. In general, they relate to the activities of our business model and are concentrated on our core operations, which include unloading, transhipment, and loading of cargo, cargo storage and transport, as well as transport of vessels and passengers by small boats.

The impacts of our operations and risks to our business are assessed based on the severity and likelihood of their occurrence. Management of impacts, risks, and opportunities is carried out continuously through our activities and through direct action. Risks are considered in relation to our value chain and are included in the Risk Register, which has been implemented as part of the quality management system.



The materiality assessment involved an analysis of our context and our relationships with stakeholders in our value chain, as well as the identification and evaluation of actual and potential impacts, risks, and opportunities. This process contributed to the adaptation of our strategy and business model.

The impacts may be either negative or positive. We have defined steps and actions to mitigate potential negative impacts on our stakeholders through internal Procedures developed for all processes and organisational units, in accordance with the requirements of the management system. We are also able to generate certain positive impacts, such as creating value for our employees through skill development by means of training, education, and professional development.

Our focus in 2024 was on establishing a methodology aligned with the approach and criteria set out in the European Sustainability Reporting Standards (ESRS). Moving forward, we will continue to refine and develop our approach in line with best practices and emerging guidance. Our goal is to implement initiatives that will enhance opportunities while mitigating our impacts and risks.

Key impacts on our operations:

Extreme weather events

Storms slow down or prevent the operation of mechanised equipment. Heatwaves reduce work efficiency as they affect employees' health and capabilities, requiring adjustments in task execution schedules.

Contracted services with clients

There may be deviations from the scheduled business processes and activities due to extreme weather, equipment failure, or other unforeseen events.

Availability of materials and services

Timely procurement of materials and services can determine the pace and efficiency of port operations.

Geopolitical directions

Our operations are significantly affected by changes in national policies, trade routes, material markets, legislation, and directives. Therefore, business adjustments are needed in line with market trends.

Key impacts of our operations:

Environment

We have both actual and potential impacts on the environment arising from our core business activities and related business relationships. These impacts are managed with the goal of preventing or mitigating harm.

Employees

The port environment and the nature of work in the port pose risks to the health and safety of operational workers. These risks are managed through compliance with legal regulations and internally defined rules, procedures, and guidelines.

Clients

Changes in our operational capacity, rail and road infrastructure and connectivity, as well as in our service pricing, can affect our clients' operations.

Local community

Our business activities may impact citizens, both environmentally and in terms of how operations unfold within the city.

IRO-1	Description of the process for identifying and assessing material impacts, risks and opportunities

The materiality analysis covered thematic issues, i.e. sustainability factors outlined in the European Sustainability Reporting Standards (ESRS). Ten topics were considered, along with their corresponding sub-topics and sub-sub-topics. A sustainability matter is deemed material if it meets the criteria defined for impact materiality and/or financial materiality.

Financial Materiality

→ Arises from physical and transitional risks which, in terms of sustainability, may impact our development, position, and performance

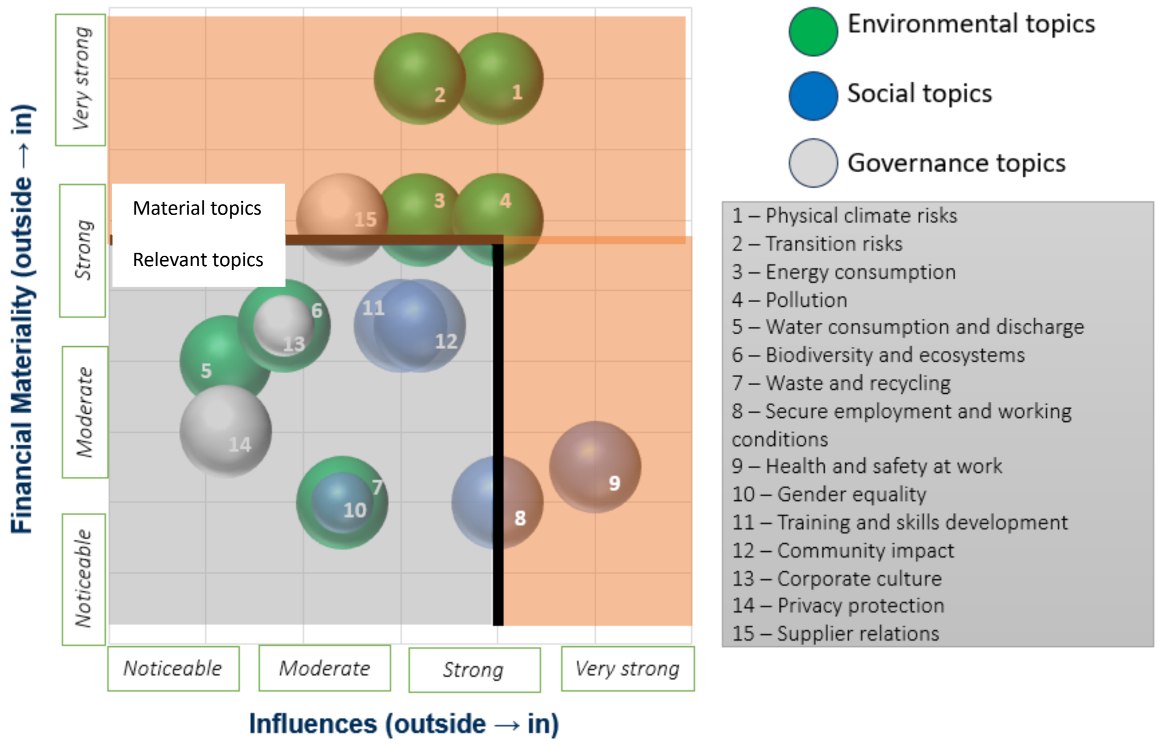
→ These risks give rise to other business risks, such as credit, market, and operational risks

Značajnost naših utjecaja

→ Refers to our impacts on the environment and society resulting from our activities, taking into account the interests of our stakeholders

→ May also potentially lead to a significant direct or indirect impact on our financial performance

MATERIALITY MAP: Result of the Double Materiality Analysis



The materiality map provides a visual representation of the results of our analysis and our current view of the relative importance of specific environmental, social, and governance factors—both from the perspective of our impacts on stakeholders and from a financial perspective

Explanation of the Materiality Map	
X-axis: represents impact materiality, i.e. our assessment of the relative levels of our impacts on the environment and people. *Y-axis*: represents financial materiality, i.e. our assessment of the level of potential and actual financial effects on our business. ***By observing these two dimensions together, we identified the dynamic interactions between them.***	Materiality Ranking: Based on the evaluation method (ranking scores: 1–5) for likelihood of occurrence and severity of impact, and their combined product, individual sustainability topics were ranked. The materiality threshold is defined at four levels: Noticeable materiality (1–4), Moderate materiality (5–8), Strong materiality (9–12), Very strong materiality (15–25)
Top Right Quadrant represents the most significant topics, both from the perspective of stakeholder impact and financial relevance. Bottom Right Quadrant represents topics that are currently more significant from the stakeholder impact perspective than from a financial perspective. However, these topics have the potential to gain financial relevance over time. Bottom Left Quadrant contains factors that are currently less material for both stakeholder impact and business performance. Their materiality may evolve over time, and this evolution may not follow a linear path.	

The most important material topics include climate and environmental physical risks, transition risks, energy consumption, pollution, occupational health and safety, secure employment and working conditions, as well as supplier relations.

E – ENVIRONMENTAL TOPICS

Environmental topics refer to our impacts on climate change and the environment, as well as our dependence on natural capital. Therefore, managing environmental impacts, natural resources, and biodiversity is essential for sustainability.

Below are the environmental topics addressed:

- → ESRS E1 Climate Change
- → ESRS E2 Pollution
- → ESRS E3 Water and Marine Resources
- → ESRS E4 Biodiversity and Ecosystems
- → ESRS E5 Circular Economy

E-1	Climate Change

Strategy and Objectives

Luka Rijeka d.d. strives to contribute to the decarbonisation of logistics in order to operate sustainably and support the achievement of climate goals throughout the value chain. Our goal is to make progress by reducing our impact on the climate and environment through mitigation actions, reducing energy consumption, and investing in renewable energy sources, including the potential for generating our own energy. The long-term goal is to achieve carbon neutrality by 2050 by reducing dependence on fossil fuels and lowering greenhouse gas emissions.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	

Policy and Governance

The Quality, Energy, Environment and Sustainability Policy outlines our commitment to reducing energy consumption and transitioning to renewable energy sources.

The implementation of the Quality Management System according to ISO 9001:2015 allows us to monitor a range of indicators relevant to sustainability. Energy being a key resource for port operations, we have implemented an Energy Management System in accordance with ISO 50001:2018, which helps monitor energy use and guides future planning and actions.

Description of Impacts, Risks and Opportunities

Climate and environmental risks possess distinct features that require special attention. These include their broad scope, significant magnitude, uncertainty, and long-term duration. Climate change and environmental degradation are sources of structural change that affect operations and consist of two major categories of risk:

Physical Risk refers to the potentially negative impacts of climate change on business operations and financial stability. These impacts include more frequent extreme weather events and gradual shifts in temperature and climate, as well as environmental degradation such as air, water, and soil pollution, water stress, biodiversity loss, and deforestation. Physical risks are typically classified as acute or chronic. Acute physical risks arise from sudden and extreme weather events such as droughts, floods, fires, and storms. Chronic physical risks, on the other hand, stem from long-term changes like rising temperatures, sea level rise, persistent water stress, loss of biodiversity, destruction of habitats, and depletion of natural resources. The effects of these risks can be direct—for instance, causing damage to property or decreasing productivity—or indirect, such as through disruptions in the value chain. Over time, both acute and chronic risks can significantly reduce the lifespan of infrastructure and technical equipment. Our assessment of these risks is based on the current climate projections for Croatia, as outlined in the Climate Change Adaptation Strategy of the Republic of Croatia for the period until 2040, with a view to 2070 (Official Gazette No. 46/20).

Transition risk refers to the risks to financial sustainability that arise, either directly or indirectly, from the transition to a low-carbon and environmentally sustainable economy. These risks can result from sudden regulatory shifts, new legal obligations, advances in technology, or changes in consumer and market preferences. As a company, we expect an increase in capital expenditures and the need for ongoing investment in adaptation measures. Transition risk is particularly relevant from a stakeholder perspective, especially when considering emissions generated across the entire value chain. The design and condition of our infrastructure and technical assets—such as electric machinery, electric vehicles, and renewable energy sources—play a significant role in determining our greenhouse gas emissions. The current state of these assets highlights the need for further investments in line with ongoing decarbonisation efforts.

In the medium and long term, both physical and transition risks can affect the resilience of our business model due to its interconnection with other sectors and markets that are particularly vulnerable to climate and environmental risks. These types of risks trigger several categories of risk, including credit, market, operational, and liquidity risks. Moreover, they may lead to losses that arise either directly or indirectly from legal claims (liability risk) or from reputational damage caused by negative public perception.

The most significant impacts are expected from frequent acute physical risks such as storms, wildfires, and heatwaves, as well as chronic physical risks like long-term temperature increases and rising sea levels. Additionally, transition risks related to increased energy demand and inefficient energy management also pose serious challenges.

Measures to Prevent and Reduce Negative Impacts

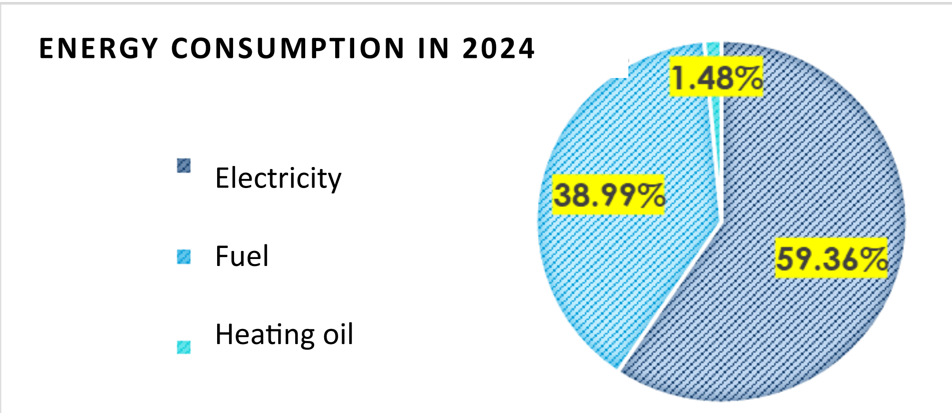
- → *Continuous monitoring of energy consumption from all sources, with the aim of optimising energy use and achieving greater energy efficiency.*
- → *Construction of sustainable infrastructure.*
- → *Investment in technologically advanced and energy-efficient machinery, equipment, and tools, as well as upgrading existing assets as part of measures to mitigate climate change and reduce the carbon footprint. This measure requires significant capital investment and a transitional period during which all non-compliant machinery will be replaced.*
- → *Investment in renewable energy sources (e.g., photovoltaic solar systems) to generate energy for internal use, with future potential to supply interested stakeholders.*

Implemented Activities

Energy Consumption

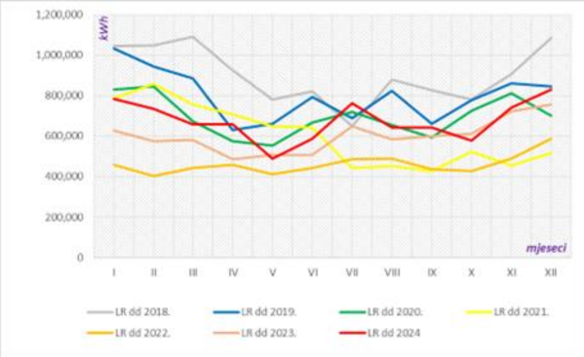
Energy consumption is monitored within the energy management system according to the ISO 50001:2018 standard, with the internal Energy Team playing a key role in its operation. Since every employee is responsible for energy savings, awareness-raising efforts continued throughout 2024. This included distributing brochures on proper energy-saving behaviour, created by the Head of the Quality and Energy Management Department, who also conducted internal training sessions for responsible personnel on the energy management system.

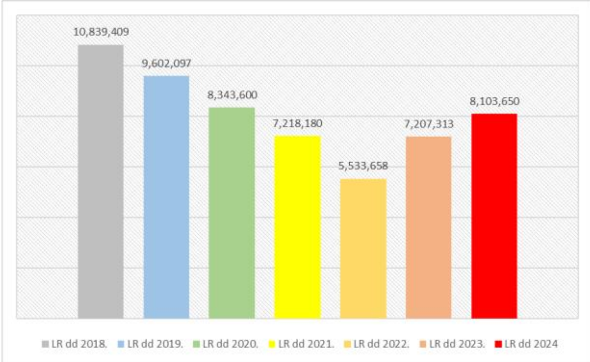
The energy sources used include electricity, diesel fuel, and extra-light fuel oil.



Electricity is used for cargo handling via electric cranes, for heating and cooling, and for lighting in buildings, warehouses, and outdoor areas. Total electricity consumption in 2024 was 8.103.650 kWh, which is a 12,44% increase compared to the previous year (7.207.313 kWh).

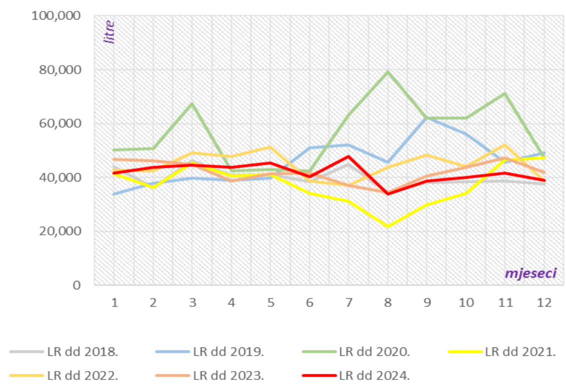
Comparison of electricity consumption (kWh) by year:

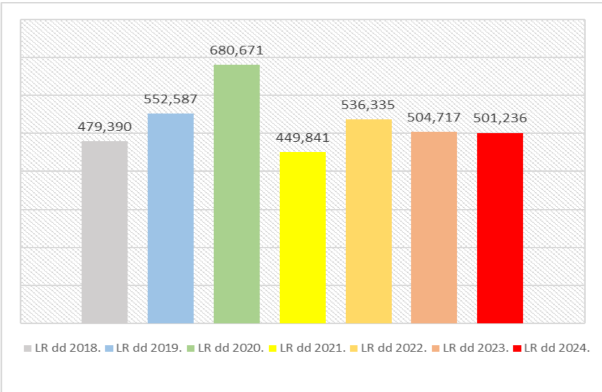




Diesel fuel is used to power cargo handling machinery, for cargo transport within the Port of Rijeka, and for various maintenance service machines and equipment, as well as for maintenance vessels and official vehicles of Luka Rijeka and Luka prijevoz d.o.o. Total fuel consumption in 2024 was 501.236 litres, which is a 0,69% decrease compared to the previous year (504.717 litres).

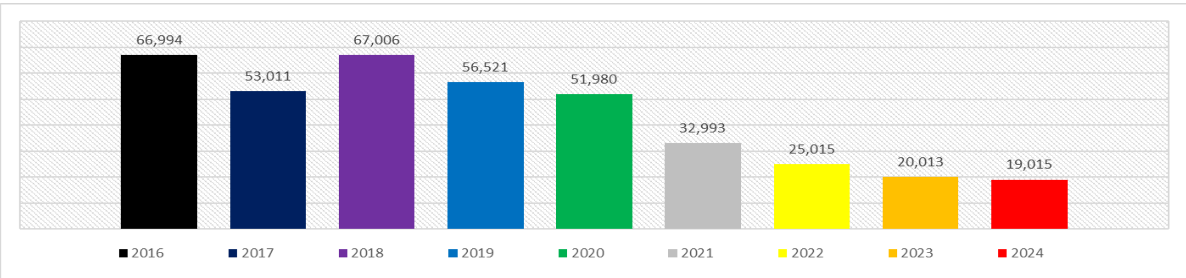
Comparison of fuel consumption (litres) by year:





Heating oil is now used only in the remaining boiler room at the Kupatila Rijeka location, which is scheduled for complete demolition by mid-2025.

Comparison of heating oil consumption (litres) by year:



As part of the energy management system under ISO 50001:2018, energy performance indicators (EnPI) are monitored per tonne of cargo handled and per operating hour of machinery.

EnPI are monitored both at the overall level of Luka Rijeka and separately for individual locations within the port: Terminal Rijeka, Terminal Silos, Terminal Škrljevo, Terminal Bakar, Mooring and Unmooring Service, and Luka Prijevoz d.o.o. At each location, significant energy-consuming groups—those accounting for 25% or more of total energy consumption—are individually tracked.

EnPI kWh/t: Electricity consumption per tonne of cargo handled was 3,88 kWh/t in 2024, compared to 2,97 kWh/t in 2023.

EnPI l/h: Fuel consumption per operating hour of machinery was 7,88 l/h in 2024, compared to 7,70 l/h in 2023.

The decline in energy performance is attributed to a 13,74% decrease in cargo volume. In 2024, a total of 2.090.564 tonnes were handled, compared to 2.423.422 tonnes in 2023. Operations were also negatively impacted by a crane malfunction at Terminal Bakar, which delayed and obstructed a significant portion of cargo handling.

Greenhouse Gas Emissions

Following the Greenhouse Gas Protocol and ISO 14064-1:2018, emission sources have been identified and categorised by scope based on where and how they are generated. Some data is already being monitored as part of the energy management system.

- Scope 1: Direct emissions from stationary and mobile energy sources at company sites. These include emissions from fossil fuel combustion in boilers, machinery, vehicles, and vessels owned by the company. This also includes fugitive emissions, such as leaks of refrigerants from systems like the Frigo cold storage.
- Scope 2: Indirect emissions from the consumption of purchased electricity. These are emissions generated during the production of electricity that is consumed on company premises but produced elsewhere.
- Scope 3: The most comprehensive and accurate indicator of a company's total emissions, but also the most complex to calculate. This category includes all other indirect emissions — such as those from vessel arrivals and berthing, transport of goods by rail and truck, procurement of materials and services, waste management, etc.

The company plans to establish a comprehensive data collection system in 2025 to gather all necessary information that was not captured in 2024. This will enable the preparation of a complete and accurate carbon footprint analysis for 2025. The Energy Team is responsible for developing this study. Gaining insight into the main sources of GHG emissions and the activities that generate them will support better understanding, control, and management of emissions.

Calculating and reducing the carbon footprint is a key part of the company's climate change mitigation efforts and the long-term goal of carbon neutrality by 2050.

Planned Measures and Their Implementation for Reducing Greenhouse Gas Emissions
Improving the Data Collection System: Existing procedures for collecting relevant data will be revised, with a new plan and redistribution of responsibilities for data collection. Based on the collected data, a Carbon Footprint Study will be developed in 2025. *Electricity and Fuel Consumption Monitoring:*

Additional electricity meters have been installed at the Rijeka Terminal, with further installations planned at other locations depending on available time slots, investment plans, and financial capacity.
The AMICO system enables precise tracking of fuel distribution from internal port fuel tanks, providing accurate data.

Procurement of Energy-Efficient Equipment:
A procurement procedure for purchasing higher energy-class equipment has been developed and integrated into the software system used by the Procurement Department for submitting requests.

Electric-Powered Vehicles and Machinery:
Where technically feasible and appropriate, procurement follows specific technical specifications and established energy efficiency criteria.

Lighting Replacement:
Old lighting has been replaced with LED lighting at the Bršica, Bakar, and Škrljevo Terminals. Remaining installations are scheduled for the Rijeka and Silos Terminals as per the implementation plan.
Motion-sensor-activated automatic lighting has been installed in the Mechanisation Service facilities.

Tyre Pressure Regulation:
Energy-efficient tyres are used to reduce fuel consumption. The Maintenance Service of Luka Rijeka regularly checks and regulates tyre pressure.

Final Phase-Out of Heating with Fuel Oil:
The demolition of the last fuel-oil boiler room is planned for early 2025, to be replaced with a heat pump system.

Cooling Systems:
Air conditioning units are being gradually replaced with systems using refrigerants with lower climate impact.

Installation of Photovoltaic Solar Power Plants:
A feasibility study has been completed for the construction of integrated solar plants for self-supply and feeding electricity into the grid at the Škrljevo Terminal. Construction is planned for 2025.

Railway Line Renewal Plan at Bršica Terminal:
This long-term plan (approximately five years) involves renewing the railway line at Bršica Terminal, supported by 85% EU non-refundable funding. Implementation depends on the Port Authority of Rijeka.

Infrastructure, Machinery, Equipment and Tools

According to the CAPEX plan, the following are the key investments realised:

- **CEF Project completed in 2024:**

This multi-year investment project involved reconstruction and upgrading of infrastructure in the Rijeka and Bakar port basins, co-financed under the CEF programme. The project was carried out in cooperation with the Port Authority of Rijeka and approved for up to 85% co-financing, amounting to nearly EUR 34 million in non-refundable funds.

The CEF Bakar project was completed in 2023, while works on the Rijeka section continued in 2024. By Q3 2024, a total of EUR 7 million had been invested in port infrastructure. The project was finalised at the end of July 2024.

With the completion of the Rijeka CEF project, warehouse demolition and repurposing were finalised, and the cargo transport route from ship to warehouse was optimised and shortened through the use of mechanisation. This is expected to reduce fuel consumption and greenhouse gas emissions.

- Overhaul of the 32-tonne quay crane at Rijeka Terminal:

The refurbishment of the Ganz electric-powered 32t crane began in late 2023 and was completed by the end of 2024. The contract value of the overhaul was EUR 365.000.

- Renovation of Warehouse 9 at Rijeka Terminal:

Works to convert Warehouse No. 9 for Maintenance Service workshops began in 2023 and were completed in early 2024, with a total project value of EUR 871.000. As part of the workshop modernisation, three bridge cranes worth EUR 56.000 were procured and put into use in Q2 2024.

- Structural repairs to the WBB3 transshipment bridge at Bakar Terminal:

In late September 2024, the renovation of the bulk cargo transshipment bridge in Bakar was completed. The total value of the project was EUR 1.23 million, with EUR 874.000 paid in advance.

- Procurement of gantry cranes for Bakar Terminal:

To support cargo handling at the Goranin quay, used gantry cranes were procured from the Port of Split in 2024, with a contract value of EUR 48.000 plus VAT.

- Quay crane at Bršica Terminal:

A new 20t hydraulic gantry crane was procured for wood transshipment, valued at EUR 2.5 million, and began operations in late May 2024.

- Replacement of old lighting with new LED lighting:

All old lighting was replaced with LED at the Bršica Terminal. At Silos and Rijeka Terminals, partial replacements were made, and the remaining works are in progress.

- Wind sensors:

Installed at all terminals in 2024, with a total value of EUR 3.400.

- Machinery and equipment:

In 2024, a loco-tractor for wagon hauling, an 8+1 van for transporting workers between terminals, three bridge cranes for the Maintenance Service, two 4-ton electric forklifts for handling two pallets, and a 3.5-ton truck (B category) were procured. The truck is used not only for the needs of the Maintenance Service but also for transporting workers between terminals as required by work duties. Additionally, one loader was acquired.

Plans for the Upcoming Period

Investment in Renewable Energy Sources

- Photovoltaic Solar Power Plant Project at the Škrljevo Terminal:

As part of the decarbonisation efforts, in late 2023 and early 2024, the planning and evaluation of a project to install photovoltaic solar panels on the rooftops of warehouses at the Škrljevo Terminal began. In 2024, a Feasibility Study was prepared by the Regional Energy and Climate Agency of Northwest Croatia for the construction of integrated solar power plants for self-consumption and for feeding electricity into the grid at the Škrljevo Terminal – Port of Rijeka. The study analysed the construction of an integrated solar plant aimed at ensuring the terminal's energy self-sufficiency, with the goal of reducing Port of Rijeka's operational costs and increasing its energy independence through the use of renewable energy sources.

The project involves the construction of two solar plants. Two investment scenarios are being considered: one includes building an integrated solar plant solely for self-consumption, and the other includes an additional plant for selling electricity on the market, or potentially supplying other Port of Rijeka locations.

For self-consumption at the Škrljevo Terminal, the plan is to build a solar plant (SE1) with a capacity of 1.088 kWp and a connection power of 499 kW for feeding electricity into the grid. This would meet 36% of the terminal's average annual electricity consumption. Alongside the self-supply plant, a market-oriented solar plant (SE2) is also planned, with a capacity of 10.033 kWp and a connection power of 8.000 kW. An alternative option includes building SE1 for the Škrljevo Terminal and an additional plant (SE3) with a capacity of 1.000 kWp and a connection power of 850 kW to supply five other Port of Rijeka locations, covering about 13% of their electricity needs. In this case, the remaining roof space at the site would be used for a commercial solar plant (SE2R) with a capacity of 9.000 kWp and a connection power of 8.500 kW.

The most efficient solution and the most suitable contractor are currently being evaluated. Construction of Port of Rijeka's first photovoltaic power plant is expected to be completed by the end of 2025 and begin operation in early 2026.

- Continuous Procurement and Replacement of Machinery:

The acquisition of new and replacement of old or worn-out machinery will continue in accordance with the CAPEX plan, financial capacity, and operational needs. A specific plan is in place to replace the old engines on company vessels, which will help reduce energy consumption and lower greenhouse gas emissions.

- Installation of New Electricity Meters:

Where technically and financially feasible, new electricity meters will be installed to improve energy consumption monitoring and management.

E-2	Pollution

Strategy and Objectives

Luka Rijeka d.d. is committed to continuously investing additional efforts to prevent pollution both within the port itself and throughout the value chain.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	

Policy and Governance

Our Quality, Energy, Environmental and Sustainability Policy outlines our commitment to managing our negative environmental impacts responsibly.

We align with the requirements of ISO 14001:2015 and are gradually implementing an environmental management system in our daily operations.

Management is carried out in accordance with the Air Protection Act (Official Gazette Nos. 127/19, 57/22, 136/24) and other relevant legislation. The impact of our operations on the environment is monitored in cooperation with authorised institutions, with quarterly air quality analyses and semi-annual testing of waste and industrial water.

The Infrastructure and Facilities Department is responsible for monitoring and coordinating water resource management, while the General Affairs Department oversees waste management. These departments operate under the Development and Asset Management Division. The Safety Department, part of the Human Resources Division, is responsible for implementing environmental protection measures and activities. All these organisational units act in accordance with internal Procedures developed under the quality management system based on ISO 9001:2015.

The Port Authority of Rijeka, as the concession-granting body, monitors all environmental impacts related to port activities.

Description of Impacts, Risks and Opportunities

Our impacts on air and water pollution primarily stem from business operations, the type of cargo, and the way that cargo is handled within Luka Rijeka.

The potentially most significant negative impact on air quality comes from the dispersion of coal dust carried by wind, which can also lead to the pollution of marine resources. The vessels docking at Luka Rijeka and the duration of their stay represent the greatest potential impact on water resources.

The Bakar Terminal is the most impactful when it comes to air pollution, as it is dedicated to coal handling. Given the terminal's proximity to the town of Bakar, public concern and suspicion about the harmful effects of air and water pollution are frequently raised by citizens. As a result, there is also a related health risk for the local community, as well as a reputational risk due to potential protests from Bakar residents.

Measures for the Protection of Air, Water and Marine Resources

- → *Acting in accordance with the Environmental Protection Action Plan in Bakar and the Remediation Programme.*
- → *Ongoing monitoring of airborne particulate matter via an automated system in cooperation with the Public Health Teaching Institute of the Primorje-Gorski Kotar County (NZZJZ-PGŽ), with the aim of initiating actions to reduce exceedances of limit values.*
- → *Investments in the most effective technical solutions to prevent and remediate the impact of coal dust on air quality and marine resources.*
- → *Spraying coal with water cannons during its handling and in the event of wind.*
- → *Implementation of the internal Operational and Emergency Plan for accidental situations involving the unintentional release of liquids into the environment.*
- → *Contracted cooperation with Dezinsekcija d.o.o. for services related to water and soil protection.*
- → *Cooperation with the local community regarding the impact of port operations on air and water pollution.*

Air Pollution

Air Quality Testing

Air quality testing at the Bakar location is carried out by the Public Health Teaching Institute (NZZJZ-PGŽ) at a measuring station for detecting the concentration of airborne particulate matter located at the Bakar Terminal.

Through a contractual agreement, NZZJZ-PGŽ provides Luka Rijeka with quarterly reports on air quality based on readings from the Bakar Terminal measuring station. These reports list the measured results compared to regulatory limit values. In 2024, only one exceedance of particulate matter was recorded (77 µg/m³) in relation to the daily limit value (GV = 50 µg/m³). According to the Regulation on Levels of Pollutants in Ambient Air (Official Gazette No. 77/2020), up to 35 exceedances are permitted per calendar year.

Comparison of exceedances in 2024 with 2023

<table>
<tr><td colspan="3">2024</td><td colspan="4">2023</td></tr>
<tr><td colspan="3">recorded exceedances</td><td colspan="4">recorded exceedances</td></tr>
<tr><td colspan="3">1</td><td colspan="4">7</td></tr>
<tr><td colspan="3">on:</td><td colspan="4">on:</td></tr>
<tr><td>01/04</td><td></td><td></td><td>02/02</td><td colspan="2">18/02</td><td>16/02</td></tr>
<tr><td></td><td></td><td></td><td>17/07</td><td>28/08</td><td>11/09</td><td>12/09</td></tr>
</table>

At the Rijeka location, monitoring of the impact of port operations on air pollution is carried out by the Port Authority of Rijeka in cooperation with an authorised institution at designated measuring sites.

Concentrations of key air quality indicators are measured—namely SO_2, NO, and NO_2—alongside micrometeorological indicators including wind speed and direction, temperature, relative humidity, and precipitation. The level of air pollution was assessed through special-purpose measurements, as prescribed by the Air Protection Act (Official Gazette Nos. 127/19, 57/22, 136/24). All measured values of air quality parameters remained below the legal limit values throughout the entire measurement period.

Measures to prevent air pollution

Air protection at the Bakar Terminal is one of the most critical challenges faced by Luka Rijeka in terms of potential negative impacts on both the environment and the health and well-being of residents living in the immediate vicinity.

We are aware of our impact and strive to find the most effective technological solutions, making investments in the Bakar Terminal aimed at preventing air pollution one of our top priorities. We place particular emphasis on the views of the local community, which is understandably dissatisfied with the terminal's proximity to the city in which they live. There are frequent complaints to the authorities. At the end of 2024, one such complaint was received but ultimately proved to be unfounded. Upon inspection, it was determined that the cargo was properly stacked and being sprayed with water cannons, without any handling taking place at the time. Measurements taken at the monitoring station confirmed that particulate emissions were within legal limits.

Water cannons are used to spray stored coal to prevent the formation of airborne particles. In the event of unfavourable weather conditions, especially strong wind, coal handling is suspended to minimise the potential for dust dispersion.

E-3	Water and Marine Resources

Strategy and Objectives

Luka Rijeka d.d. is committed to preserving the quality of marine resources and ecosystems by managing water consumption and discharge into water bodies. Improving the efficiency of cargo handling operations helps reduce the potential negative impact of ships on marine resources by shortening their time spent in port.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	

Policy and Governance

In accordance with the Environmental Protection Act (Official Gazette Nos. 80/13, 153/13, 78/15, 12/18, 118/18) and other relevant legal regulations, measures and activities are implemented under the responsibility of the Safety Department and the Sector for Development and Asset Management. Operating procedures have been developed in line with the quality management system ISO 9001:2015.

We are currently in the process of aligning with the ISO 14001:2015 environmental management system standard and are gradually integrating environmental management practices into our daily operations.

The Port Authority of Rijeka monitors the environmental impacts of port activities within its jurisdiction. In cooperation with authorised institutions, it conducts semi-annual testing of sea water quality and wastewater.

Description of Impacts, Risks, and Opportunities

Our impact on water and marine resources arises from specific operational processes that depend on water—primarily machine washing, supplying ships with water, watering livestock, and spraying bulk cargo to prevent dust dispersion.

Regarding increased water consumption, there is an identified risk of pipe ruptures in the water supply system due to wear or accidental damage caused by machinery during regular operations. However, the majority of water use stems from machine and truck washing, ship water supply, and bulk cargo spraying.

The greatest potential impact on marine resources comes from ships and their time spent at anchorage. Additionally, coal dust carried by wind can cause not only air pollution but also marine pollution, as airborne particles may settle on the sea surface. There is also a risk of accidental discharges of pollutants into the sea.

Measures and Resources

- → *Reducing potential impacts on water and marine pollution*
- → *Sustainable use of water resources*
- → *Maintaining infrastructure functionality*

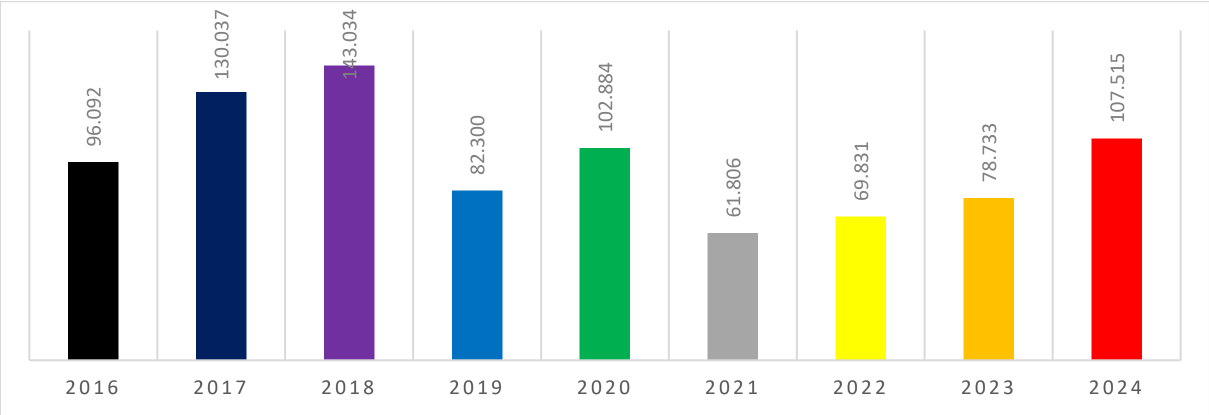
Implementation

Water Consumption

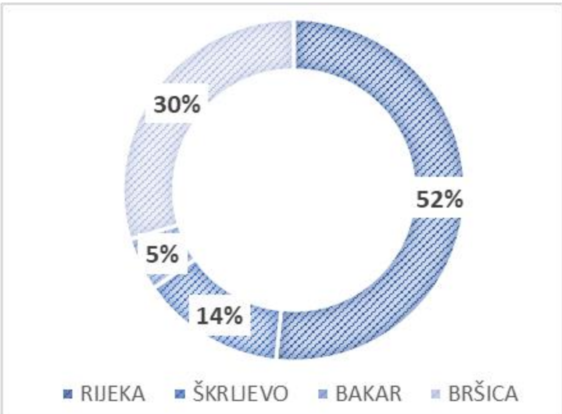
Luka Rijeka uses water from the public water supply network for its business activities. Water consumption is monitored by the Infrastructure and Facilities Department Supervisor in cooperation with the authorised company Rudan d.o.o.

In 2024, a total of 107.515 m³ of water was consumed, representing an increase of 36,56% compared to 2023, when 78.733 m³ were used.

Comparison of water consumption (m³) by year



The surge in water consumption in 2024 compared to previous years primarily resulted from the re-establishment of the water supply system, which had previously been intermittently shut down due to construction works related to the CEF project. With the completion of these works in 2024, no further interruptions occurred.



The highest water consumption was recorded at the Rijeka location, accounting for 52% of total usage. This includes water consumption related to supplying ships via connection to the city hydrant network.

Terminal Bršica consumed 30% of the total water, primarily due to washing machinery and trucks, as well as providing drinking water for livestock and other live cargo needs.

Terminal Škrljevo and Terminal Bakar accounted for 14% and 5% of total water consumption, respectively.

Water supply to docked vessels increased

During the 2024 reporting year, a total of 10.776 m³ of water was supplied to 206 docked vessels, compared to 10.326 m³ supplied to 177 vessels in 2023.

Water risk areas

Luka Rijeka does not operate in water-stressed areas, i.e. regions where water bodies are in poor condition or deteriorating, resulting in problematic water availability, reduced quality and quantity, or severe water scarcity.

Water pollution

The Port Authority of Rijeka monitors the environmental condition within its jurisdiction according to a relevant programme and, in cooperation with authorised institutions, conducts semi-annual testing of sea and wastewater quality.

The analysis of sea quality includes the examination of parameters such as air and water temperature, transparency, salinity, dissolved oxygen, saturation percentage, and chlorophyll. These parameters are monitored seasonally, four times a year. The wastewater quality analysis includes parameters such as air and water temperature, pH value, suspended solids, BOD5, chemical oxygen demand index, anionic and nonionic surfactants, volatile lipophilic substances, and petroleum hydrocarbon index (mineral oils). Environmental condition reports are available on the official website of the Port Authority of Rijeka. Reports are issued semi-annually: the first covers autumn 2023 and winter 2024, while the second includes spring and summer 2024.

Ships have the greatest potential impact on marine resources, particularly due to the time spent at anchor.

Ships arriving at the Port of Rijeka with cargo must comply with port rules designed to protect water and marine resources. The discharge of ballast water and/or waste into the sea is prohibited and regulated through a contract signed with shipping companies. Ships must also secure their cargo during unloading to prevent leaks or spills into the sea.

In case of marine pollution or accidental discharge, internal operational and emergency plans for accidental situations are followed. Luka Rijeka has a contractual arrangement with Dezinsekcija d.o.o. for interventions, including placing containment booms during ship arrivals and assisting in cleanup efforts if pollution occurs.

There were no discharges, incidents, or accidental spills in 2024.

E-4	Biodiversity and Ecosystems

Strategy and Objectives

Luka Rijeka d.d. recognises the importance of preserving biodiversity and ecosystems, as well as the consequences of biodiversity loss and alteration. We are currently in the process of defining a strategy aimed at reducing our potential negative impact in order to protect the marine ecosystem. The main goal is to minimise the damage caused by the discharge of ballast water.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	

Policy and Governance

We aim to develop sustainable practices that help reduce our negative impact on the marine environment.

The company is working towards compliance with ISO 14001:2015 and is gradually implementing an environmental management system into daily operations.

Environmental management is conducted in accordance with the Environmental Protection Act (Official Gazette Nos. 80/12, 153/13, 78/15, 12/18, 118/18) and other relevant legislation.

Responsibility for managing this area will fall under the ESG and Sustainability Team.

We will ensure the preparation of Environmental Impact Assessments or Environmental Protection Studies before undertaking any infrastructure projects.

The Port Authority of Rijeka, as the concession grantor, in cooperation with authorised institutions, conducts semi-annual testing of seawater and wastewater quality, as well as noise level monitoring.

Description of Impacts, Risks, and Opportunities

Biodiversity plays a crucial role in the functioning of ecosystems. Loss and changes in biodiversity can directly affect human health and the ability to meet societal needs. Luka Rijeka's potential impact on the ecosystem is primarily related to the introduction of new species into the marine ecosystem via arriving vessels, which can lead to various forms of ecological imbalance. Pollution from port activities also affects the natural environment, creating negative, direct or indirect effects that can alter the chemical and physical composition of the environment and species populations. In addition, noise—both above and underwater—has been identified as a significant issue. These identified impacts are linked to those previously described in E2 – Pollution and E3 – Water and Marine Resources.

Since much of the traffic is maritime, ballast water on ships often carries various marine organisms. These introduced species can survive in new habitats, become invasive, and displace native communities. As such, ship ballast water is one of the primary vectors for transferring species between marine regions, and is critical in the spread of alien, invasive and/or toxic species and pathogens across natural barriers. The harm manifests in ecosystem disruptions and negative effects on human health and the economy (e.g. tourism, fisheries, and aquaculture). Climate change further enhances the adaptability and spread of introduced organisms, amplifying the scope of their impact.

The introduction of alien marine organisms can negatively affect the local ecosystem and must therefore be prevented through proper ballast water management. The possibility of reducing or deactivating unwanted organisms in ship ballast water has been a subject of intensive research for quite some time. However, to our knowledge, a fully satisfactory solution to this issue has not yet been found. The increasing number of ships, routes, destinations, ship size, capacity, and speed all facilitate the colonisation of new areas by organisms carried in ballast water. The problem is particularly pronounced in enclosed seas like the Adriatic, which, due to its biodiversity and semi-enclosed nature, requires timely and appropriate protection.

Pollution caused by port activities is monitored by the Port of Rijeka Authority as part of an environmental monitoring programme in collaboration with authorised institutions. As part of this programme, noise levels are also measured in the Rijeka basin and the Brajdica Container Terminal. Measurements are taken during the day, evening, and night. The main sources of noise at measurement locations include port operation machinery and equipment, and traffic from freight and rail vehicles operating within the terminals. During noise monitoring, sound is also recorded with time stamps to identify specific noise events and exclude unrelated sources.

Measures, Perspectives, and Future Plans

→ *Monitoring for illegal discharges of ballast water during ship anchorage at the Port of Rijeka, and regulating operations via contracts that include clear rules and prohibitions on ballast water discharge.*

→ *Optimising port operations and cargo handling to shorten ship anchorage and turnaround times in Rijeka.*

→ *Developing a mitigation plan to address potential harmful effects on biodiversity and marine ecosystems from the introduction of invasive or toxic species via ballast water, with consideration for recreational waters and human health.*

→ *Establishing cooperation with scientific experts, academia, and relevant institutions to minimise risks emerging along the value chain.*

→ *Participating in the ProtectAS project, which examines the spread of invasive and harmful species to reduce coastal area vulnerability to climate change and bioinvasion. The project includes the ports of Rijeka and Ploče—Croatia's busiest ports—as research subjects. It is an interdisciplinary initiative combining research across major freight ports. Project partners include the Public Health Institute of Primorje-Gorski Kotar County, the Marine Research Centre of the Ruđer Bošković Institute in Rovinj, the Faculty of Civil Engineering at the University of Zagreb, and the Faculty of Maritime Studies in Rijeka. The project will produce a document titled "Control and Defence System of Ports Against Alien Species Introduction", consisting of a monitoring protocol for biotic factors, a rapid response plan for alien species detection, and a plan for the control and removal of identified alien species in ports.*

Implementation

<u>Greening of the Bršica Terminal</u>

In 2024, the Bršica Terminal Manager independently initiated a olive tree-planting project at the Bršica Terminal.

Together with the workers, he planted 30 olive trees surrounding the terminal. The workers themselves continue to take care of the trees. The local community responded positively, expressing support and approval of the initiative.

E-5	Resource Use and Circular Economy

Strategy and Objectives

Luka Rijeka d.d. ensures that port operations are carried out with proper waste management practices. The key waste management goals include: reducing the overall volume of generated waste, avoiding the creation of hazardous waste, monitoring non-hazardous waste, and promoting reuse and recycling. The company aims to avoid purchasing unnecessary items and to ensure the procurement of materials and equipment that are less harmful to the environment.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	7 PRISTUPAČNA ENERGIJA IZ ČISTIH IZVORA; 9 INDUSTRIJA, INOVACIJE I INFRASTRUKTURA; 12 ODRŽIVA POTROŠNJA I PROIZVODNJA; 13 ZAŠTITA KLIME

Policy and Governance

Waste from port operations is managed in accordance with the Waste Management Act (Official Gazette No. 84/21, 142/23) and related regulations, directives, and decisions of the EU waste framework.

Waste management is governed by Luka Rijeka's internal Port Waste Management Rulebook.

The company aligns with ISO 14001:2015 requirements and is gradually integrating the environmental management system into daily operations.

All relevant regulations concerning specific waste categories are applied, and Luka Rijeka's procedures are aligned with these legal frameworks.

All required documentation on waste generation and flow is maintained, and licensed companies are contracted to collect, transport, recycle, recover, or dispose of waste.

If more than 500 kg of hazardous waste or 20 tons of non-hazardous waste are generated in a year, or if certain quantities remain temporarily stored at port terminals, the data must be reported to the Environmental Pollution Register.

The person responsible for waste management is the Head of General Affairs from the Asset Development and Governance Sector.

Description of Impacts, Risks, and Opportunities

Waste generated at Luka Rijeka primarily results from cargo handling, infrastructure works, and the use and maintenance of mechanized equipment and machinery, all of which are needed to ensure operational functionality and equipment longevity.

Waste generated at the port can be categorised by source: vessels, port operational areas, and floating waste entering the port from the open sea. At the berthing areas, designated spaces are provided for the disposal of waste generated during cargo handling and storage. The collection and removal of waste are carried out by authorised and contracted waste management companies.

Based on the origin and properties of the waste materials occurring at the port, different types of waste are produced, generally classified into two categories: hazardous waste and other waste materials (non-hazardous waste). Hazardous waste generated under normal operating conditions includes used motor and hydraulic oils from equipment oil changes, waste packaging from motor oils, used transformer oils, batteries, and sludge from oil separators in wastewater treatment systems.

Other waste includes all non-hazardous waste, such as waste collected from cleaning the operational shoreline (wood pieces, plastic bags, rags, cardboard), waste generated during maintenance of the internal sewage system (solid waste found on drain grates), waste from vessels, and waste generated by workers during their stay at the port, which resembles municipal waste. The port has established a hazardous waste management system that minimises the risk of pollution during the replacement of motor and hydraulic oils in work equipment.

A potential negative impact may arise from irresponsible behaviour, particularly improper disposal of non-hazardous and especially hazardous waste. Improperly disposed waste can affect the visual appearance of the area and may enter the sea either directly through hazardous liquid spills or indirectly through stormwater runoff from contaminated work surfaces. Proper waste management can reduce this impact to the lowest possible level. In general, if such an incident does occur, it is assessed as local, temporary, reversible, and negligible provided that there is a prompt response and proper waste disposal.

Respecting the principles of environmental protection, water and marine protection, and waste management, Luka Rijeka handles waste in a way that aims to avoid and reduce the generation of all waste types—particularly hazardous waste—prevents uncontrolled waste handling, separates different types of waste (segregation), ensures waste collection in designated appropriate locations, maintains logs and records of the type, quantity, place of origin, and temporary storage and disposal, ensures remediation of contaminated areas, optimises maintenance and servicing procedures for machinery, equipment, and devices, optimises technological processes, and uses materials rationally. Waste disposal procedures involve taking measures to ensure that the collected waste is sorted and stored in a way that avoids hazards, up until it is taken over by authorised companies licensed for collection, transport, and disposal.

Waste Management Protection Measures

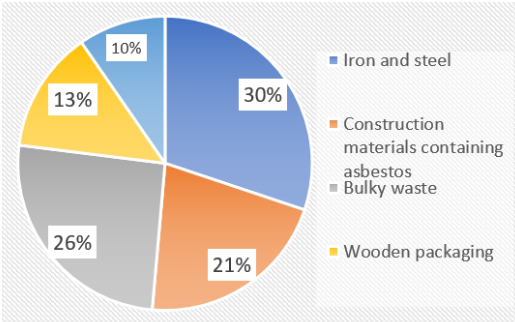
- → *Provide containers for separate waste collection and place them on covered and impermeable surfaces with controlled drainage. Containers used for storing liquid or bulk waste must be sealed and impermeable.*
- → *Ensure an adequate number of waste bins and organise regular collection and disposal by an authorised municipal waste company.*
- → *Implement separate collection and temporary storage of different types and categories of waste, i.e. selective collection, in a way that allows reuse, recycling, and proper treatment or disposal in accordance with waste management regulations.*
- → *Collect municipal waste in specially designated containers and ensure regular removal.*
- → *In case of major pollution, provide containers for the temporary storage of petroleum derivatives with undesirable solid or liquid components.*
- → *Each employee is responsible for minimising the amount of waste generated and properly sorting it. To support recycling efforts, specially marked cardboard containers for paper are placed in many locations throughout Luka Rijeka. These are regularly emptied and collected by authorised contracted companies.*

Implementation

Generated Waste

As part of port activities and the final works within the multi-year CEF project, various types of waste were generated. This waste was temporarily stored until it was handed over for disposal to authorised and contracted companies.

Most Common Types of Waste Generated at the Port of Rijeka during 2024



The total amount of waste generated in 2024 was 1.104,40 tonnes, which represents an increase of 40,82% compared to 2023, when the amount was 784,27 tonnes.

Comparison of Waste Generated in 2024 and 2023

Location:	non-hazardous waste (t) 2024.	hazardous waste (t) 2024.	non-hazardous waste (t) 2023.	hazardous waste(t) 2023.
Rijeka	669,47	229,10	603,49	40,46
Škrljevo	132,48	0,18	136,87	1,80
Bakar	48,74	1,09	0,00	0,74
Bršica	23,34	0,00	0,00	0,88
Total	**874,03**	**230,37**	**740,36**	**43,88**
TOTAL (non-hazardous + hazardous)	1.104,40		784,24	

The total amount of non-hazardous waste generated in 2024 was 874,03 tonnes, representing an increase of 18,05% compared to 2023, when the amount was 740,36 tonnes.

The total amount of hazardous waste generated in 2024 was 230,37 tonnes, which is a 425% increase compared to 2023, when the amount was 43,88 tonnes.

This significant increase is explained by the large quantity of construction waste containing asbestos generated during the final construction works at the Rijeka Terminal as part of the CEF project. A total of 229,1 tonnes of such waste was generated in 2024, compared to 13,63 tonnes in 2023.

These amounts of waste were handed over to external contractors for recovery. Waste intended for recovery includes preparation for reuse, recycling, or other recovery processes, while waste directed for disposal includes incineration—with or without energy recovery—landfilling, and other disposal procedures.

The quantities of generated waste have been reported in the Environmental Pollution Register (ROO) according to the waste catalogue number defined by the Waste Catalogue Regulation (Official Gazette No. 90/15). In cases where more than 500 kg of hazardous waste or 20 tonnes of non-hazardous waste are generated in a year, and if certain amounts of waste remain temporarily stored at the locations, data on the waste generation is reported in the Environmental Pollution Register (ROO).

S – SOCIAL TOPICS

Social topics relate to managing relationships with employees, clients, contractors, suppliers, local communities, and society at large.

Below, we have addressed the social topics, which include:

→ ESRS S1 Own workforce
→ ESRS S2 Workforce in the value chain
→ ESRS S3 Affected communities
→ ESRS S4 Consumers and end-users

S-1	Own Workforce

Strategy and Objectives

Luka Rijeka d.d. ensures stable employment and opportunities for employee growth and development, a safe working environment, regular payment of all earnings, and mutual cooperation and support with open communication. Our goal is for employees to feel satisfied in their workplace and for Luka Rijeka to be their employer of choice, by creating working conditions where every employee has the opportunity for personal and professional growth. We do not tolerate discrimination or any form of inequality. The health and safety of our employees is a top priority, and one of our main objectives is to increase workplace safety.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	

Policy and Governance

Human resource management is governed by internal regulations and policies, including: the Work Regulations, Salary Regulations, Disciplinary Procedures and Accountability Regulations, Whistleblower Procedures and Appointment of a Confidential Person, Insider Information Policy, Organisational Structure Regulations, Code of Ethics, Occupational Health and Safety Regulations, Risk Assessments, and the Personal Data Protection Policy.

Responsibility for implementation lies with the Human Resources Management Sector and the Legal Affairs Department. The Director of Human Resources and the Head of Legal Affairs report directly to the Company's Management Board.

Our own workforce has a significant impact on our strategy and business model—their commitment is the foundation of our success. Cooperation with employees is maintained through worker representatives (unions, works council) to ensure the protection of workers' rights and interests of other stakeholders.

Description of Impacts, Risks and Opportunities

Labour Rights

Luka Rijeka complies with all legal regulations and internal Work Regulations to ensure respect for human and labour rights. Management is conducted in line with the principles outlined in the Code of Ethics, and responsibility for upholding these norms lies with everyone—from the Supervisory Board and Governance to all levels of staff at Luka Rijeka.

The Human Resources Management Sector carries out its core function in accordance with all applicable laws and by-laws, as well as internal acts, primarily the Internal Organisation Regulations and the Work Regulations. It also implements other internal procedures, instructions, and Governance decisions, which define the methods for managing all employee-related processes. It is essential to continuously develop human resources and promote teamwork.

The core principles of the Code of Ethics are equality, fairness, and respect for human rights, integrity, and dignity. In matters of employment and working conditions, as well as during the recruitment of new candidates, Luka Rijeka promotes equal treatment of all employees regardless of gender, age, nationality, ethnic origin, religious affiliation, or social and economic status. All employees have equal opportunities for success, and their position within the organisation depends solely on their performance, achievements, and qualifications.

Luka Rijeka cooperates with trade unions and the Works Council, which has a representative on the Supervisory Board. When making decisions that significantly affect workers' rights, Luka Rijeka is obligated to consult the Works Council, and certain decisions may only be made with its prior approval. Workers' assemblies are held twice a year, at regular intervals.

Procedures have been established for reporting irregularities and protecting whistleblowers, and designated individuals are available for employees to contact. Employees may also approach union representatives and the workers' representative on the Supervisory Board.

Business activities rely on a workforce with specialised skills at all operational levels. There is increasing demand for qualified staff, which benefits employees by offering them opportunities to develop their skills through internal and external training and professional development programmes. This also positively impacts the local community through new employment opportunities.

Basic labour rights are guaranteed to every employee and embedded in the organisation's core acts. These rights mainly concern job security and equal opportunities for promotion and training. Employees who achieve exceptional results are entitled to performance-based rewards.

Workers are well informed about their rights, and all relevant information can be obtained through their representative on the Supervisory Board and through trade unions. Information is also available on bulletin boards and the company's website, and can be requested from the Human Resources Management Sector.

Health and Safety in the Workplace

In addition to respecting all labour rights, the protection of health and workplace safety is one of our top priorities. Luka Rijeka operates in accordance with the Occupational Health and Safety Act (Official Gazette Nos. 71/14, 118/14, 154/14, 94/18, 96/18), which includes conducting risk assessments for all job positions, training employees to work safely, recognising the worker's right to refuse work if their health or safety is at risk, and electing a workplace safety representative. Responsibility for this area lies with the Safety Department, which is part of the Human Resources Management Sector. Through employee elections, workers choose their safety representative, who advocates for their interests in the field of occupational safety. The representative is required to maintain regular communication with the Safety Department, report issues workers encounter in their daily tasks, and propose improvements.

Through employee elections, workers choose a workplace safety representative who represents their interests regarding occupational safety. The representative must maintain regular contact with the Safety Department, communicate the issues workers face, and offer suggestions for improvement.

Employees are required to follow safety procedures, and they are provided with necessary protective equipment, medical check-ups, training, and a safe working environment. Risk assessments have identified all workplaces with increased hazards, requiring special safety measures and regular medical check-ups. Workplace hazards, emergency procedures, and the required personal protective equipment are outlined in risk assessments, and technological lists with safe work instructions have also been developed. A safe working environment is ensured, with hazard signs, warnings, and instructions for safe work practices posted in appropriate areas of the port. Work equipment is regularly inspected and certified and replaced within scheduled intervals or as needed. Every employee is trained in both the theoretical and practical aspects of safe working practices and is issued appropriate personal protective clothing, footwear, and other necessary gear.

In the event of a workplace injury, the occupational health and safety specialist and the head of the Safety Department conduct an analysis of the causes of the incident and propose measures to prevent similar injuries from occurring in the future. Every employee is obliged and responsible for performing their duties with due care, paying attention to their own safety as well as the health and safety of their colleagues. Operational workers and all other individuals moving within the port area are required to wear the prescribed protective equipment.

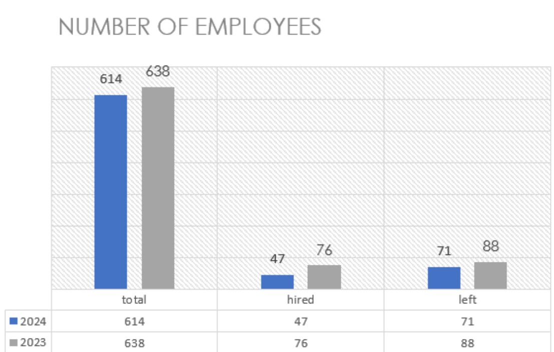
All employees undergo training related to health and safety in the workplace. Upon completion of safety training, they receive a certificate that serves as a permit to perform the duties associated with a specific position. When hired, employees undergo additional job-specific safety training, both theoretical and practical, which includes on-site supervision. The Safety Department regularly visits all sites and facilities, providing both formal and informal guidance on proper working practices and ways to improve operational safety and efficiency.

Measures and Resources

- → *Measures to maintain a safe and stable work environment*
- → *Measures to support skill development*
- → *Measures to ensure health and safety*

Implementation and Indicators

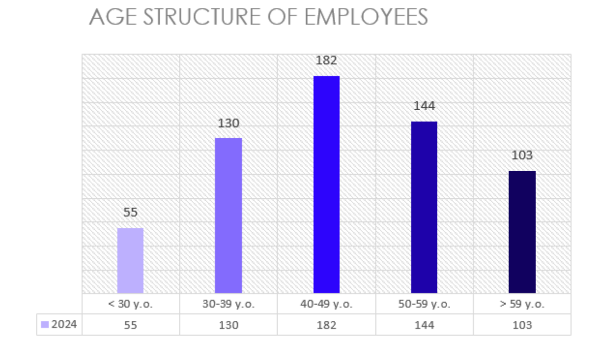
Structure of Employees and Characteristics of Workforce



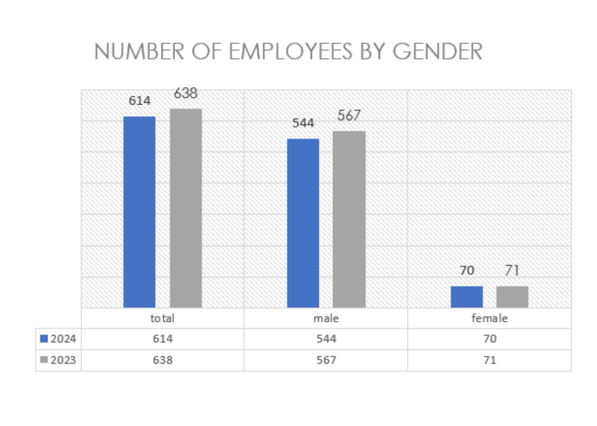
The number of employees in 2024 did not change significantly compared to 2023. As of 31 December 2024, Luka Rijeka employed 614 people, which is a 3,76% decrease compared to 2023 when there were 638 employees.

In 2024, 47 new workers were hired, accounting for 7,66% of the workforce (2023: 11,91%), while 71 employees left the company, representing 11,55% (2023: 13,79%) of the total workforce. Of the newly hired employees, 21,28% were under the age of 30, and 8,51% were over the age of 50.

In 2024, special attention is being given to hiring and retaining the workforce—that is, hiring new and retaining high-quality existing staff—which improves work productivity while simultaneously reducing labour costs. Since 2022, the model of engaging subcontractors has been abandoned, and since then there has been a continuous demand for in-house labour, primarily port transport workers, particularly tradespeople for the Maintenance Service and professional firefighters for the port fire brigade. As these roles are still scarce on the labour market, a certain number of subcontractors continue to be engaged.

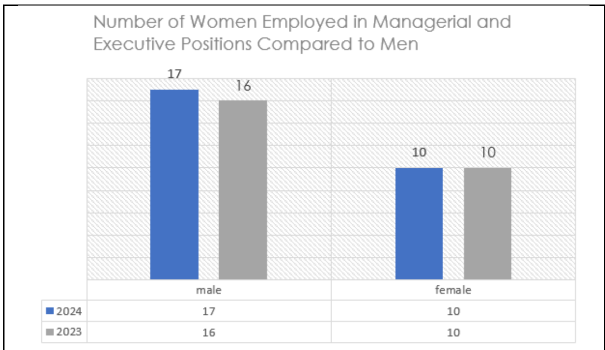


In 2024, employees under the age of 30 made up 8,96% of the workforce. Those aged 30 to 39 accounted for 21,17%, while employees aged 40 to 49 made up 29,64%, and those between 50 and 59 years of age accounted for 23,45%. Employees over the age of 60 represented 16,76% of the workforce.

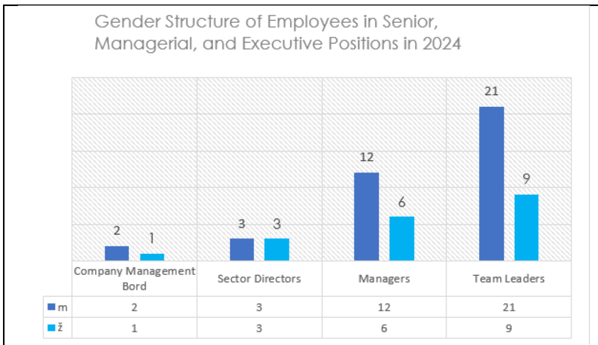


The number of employed women is 70, accounting for 11,40% of the total number of employees, while the number of employed men is 544, representing 88,60%. Compared to 2023, there has been no significant change—there were 71 women (11,13%) and 544 men (88,87%).

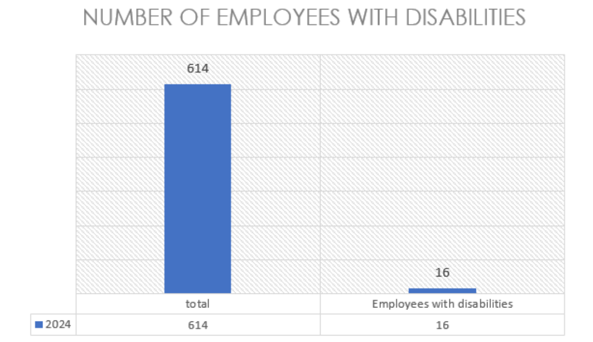
The low share of women in the total workforce is due to the specific nature of the port sector, which is traditionally associated with male-dominated occupations.



The number of employed women in managerial and executive positions has remained the same as in 2023, amounting to 37,04% of the total number of employees in executive positions.



The share of employed women on the Company's Management Board remained at 50% throughout 2024. However, following the appointment of a new Management Board member at the end of the year, the share of women on the Board dropped to 33,33%. In 2024, women held 50% of director positions, while they accounted for 22,22% of managerial positions.



In accordance with the provisions of the Ordinance on the Content and Method of Keeping Records of Employed Persons with Disabilities (OG 75/2018), as of 31 December 2024, there were 16 employees with disabilities, representing 2,61% of the total number of employees.

TRAININGS IN 2024

External:

Education for Occupation	
Forklift Operator	5
Training and Professional Development	
Switch Operator	3
Signalman Load Binder	36
Working with Livestock	11
Working with Hazardous Chemicals	4
ADR (Transport and Participation in the Transport of Dangerous Goods)	15
Methodology and Calculation of Carbon Footprint	1
ESG Regulations and Organisational Requirements	1
ESG Business Advisor	1
ESG Business Specialist	1
ESG Various Workshops (CCE, CEA, PBZ, ZSE)	10
TOTAL	87

As a necessary prerequisite for quality job performance, great importance is placed on the education, training, and professional development of employees, with the aim of enhancing their competencies and supporting their professional growth.

Key Internal Trainings:

Fire Drill:
An evacuation, rescue, and fire extinguishing drill was conducted at the Silos Terminal in cooperation with the port fire brigade, Rijeka Fire Department, the Safety Department, and Terminal Silos staff.

Evacuation Drill in the Administration Building:
An evacuation drill was held for employees working in the Administration Building.

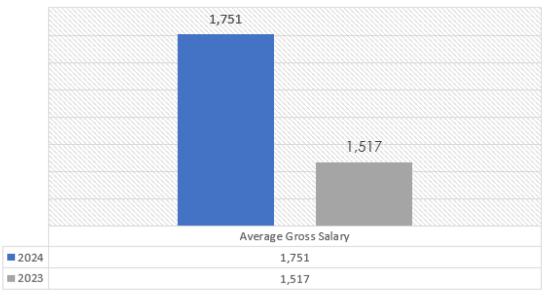
Refresher Training for Working with Livestock:
In accordance with the internal Port Crisis Plan for handling live livestock at the Bršica Terminal, a refresher training session was conducted.

Energy Management::
The Head of the Quality and Energy Management Department held an internal training session on the energy management system in accordance with ISO 50001:2018 for the Energy Team and other responsible persons involved in energy management.

The Safety Department provided internal training to 47 newly hired employees on occupational safety and fire protection regulations.

The IT Department continuously conducts internal training on the use of applications within the Port and the PCS system, as well as other software tools, based on the planned training lists.

FAIR COMPENSATION



Salaries are defined by the Salary Rulebook and are strictly linked to the job position. The only criteria for determining salary are the position held and the work performed by the employee.

The average gross salary in 2024 amounted to EUR 1.750,61, representing a 15,38% increase compared to the previous year, when it was EUR 1.517,20.

A new job classification system is currently being developed to better assess work value and align salaries accordingly. The process of revising the organisational structure and reassessing the composition of organisational units is underway. Negotiations with trade unions for the conclusion of a Collective Agreement are also in progress.

NON-TAXABLE ALLOWANCE

Operational Workers	EUR 200
Administrative Employees	EUR 100

All employees received a performance-based bonus, which may be paid out up to the maximum non-taxable amount in accordance with the Personal Income Tax Rulebook.

BONUSES

Hot Meal Allowance	EUR 120
Vacation Allowance	EUR 300
Christmas Bonus	EUR 100
Easter Bonus	EUR 70

Other: Transportation allowance
Severance payments
Jubilee awards

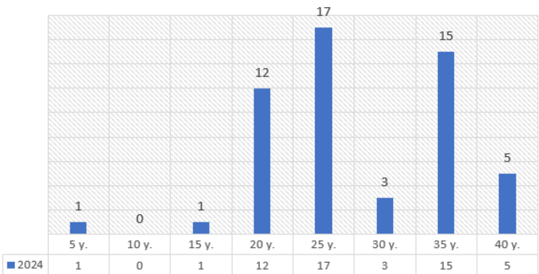
Employees continue to receive additional allowances.

REWARD SYSTEM

Incentives for employee performance exceeding the set standard (based on a point system and management decision)

Operational workers are rewarded based on their performance and achievement of higher work standards, thereby encouraging greater engagement and improved results.

NUMBER OF JUBILEE AWARDS DISTRIBUTED BY YEARS OF SERVICE



A total of 54 jubilee awards were granted, amounting to EUR 26.279,29.

WORK–LIFE BALANCE

Annual leave lasts 20 working days, with additional days granted based on specific criteria. The total number of annual leave days cannot exceed 30 working days.

Based on Years of Service

5-10 years: 1 working day
10-15 years: 3 working days
15-20 years: 5 working days
20-25 years: 7 working days
> 25 years: 8 working days

Based on Special Social Conditions

Single parent, adoptive parent, or guardian with a child under 10 years of age: 2 working days

Parent, adoptive parent, or guardian of a child with a disability: 4 working days

Employees with disabilities and those at risk of disability due to a workplace injury: 2 working days

Employees working in positions with special working conditions (in accordance with the Rulebook): 2 working days

Based on Working Conditions

Employees who worked more than 450 hours of night shifts in the previous year: 1 working day

Paid leave

In accordance with the Labour Act, paid leave may be granted up to a maximum of 7 days per year across all grounds.

Parent of a child with developmental difficulties or a diagnosed disability: 4 days

Parent solely supporting a child after the death of the other parent: 2 days

In the event of the death of a close family member: 4 days

In the event of a serious illness of a close family member: 4 days

Voluntary blood donation (on the day of donation): 1 day

Marriage or civil partnership: 3 days

Birth or adoption of a child by the employee: 3 days

Unpaid leave

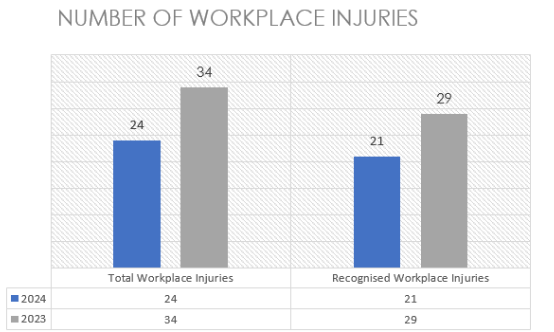
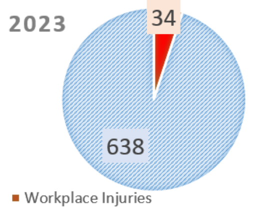
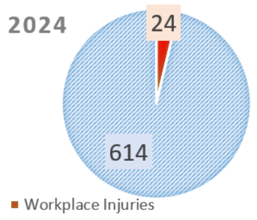
Upon personal request, an employee may be granted unpaid leave. During this period, the employee's rights and obligations are suspended.

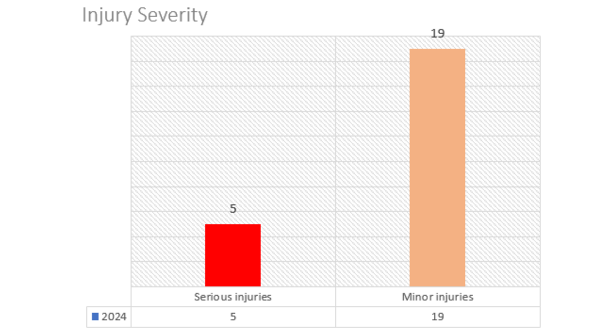
EMPLOYEE SATISFACTION ANALYSIS

The analysis is conducted by the Quality and Energy Management Department based on completed surveys, which include 20 questions covering general topics such as job satisfaction, interpersonal relationships, inclusion and discrimination, personal development, training, and the overall climate at the Port of Rijeka. The overall employee satisfaction score in 2024 was 3.70 (on a scale from 1 to 5), showing no significant change compared to 2023.

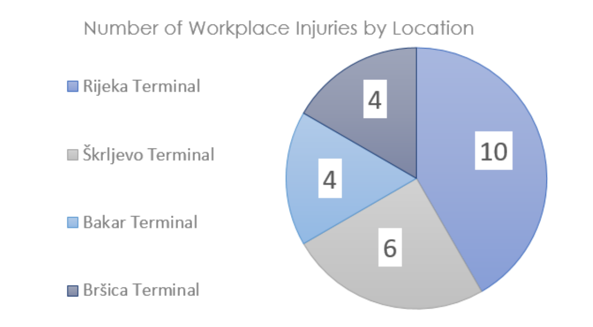
STRENGTHENING INTERPERSONAL RELATIONSHIPS Team Building Activities	Held in Novi Vinodolski on 19 November 2024 at the Pavlomir Wine House. The goal was to strengthen collaboration, enhance team cohesion, and have fun through various activities and socialising. Participants included managers, directors, and the Management Board. A total of 29 participants attended.
Port Games organised by Luka Ploče d.d.	Luka Rijeka d.d. took part as a team in the Port Workers' Gathering – Port Games 2024, organised by Luka Ploče d.d., which took place from 4 to 6 October 2024. A total of 45 employees participated—an increase from the previous year's 30 participants. The aim of the Port Games is to promote interaction and cooperation through amateur sports competitions. Luka Rijeka employees, divided into teams, competed in football, volleyball, basketball, table tennis, bocce, and tug-of-war. The event also provided an opportunity to connect with employees from other ports and companies such as Luka Ploče, Luka Vukovar, Luka Zadar, Luka Split, Maersk, Enna, and the Railways of the Federation of Bosnia and Herzegovina.
23rd International Rijeka Regatta in Naval Rowing	Luka Rijeka d.d. registered a rowing team to participate in the 23rd International Rijeka Regatta in naval rowing, held on 21 May 2024 and traditionally organised by the Faculty of Maritime Studies in Rijeka. Unfortunately, due to extremely bad weather conditions, the port team was forced to withdraw from the competition.

Occupational Health and Safety

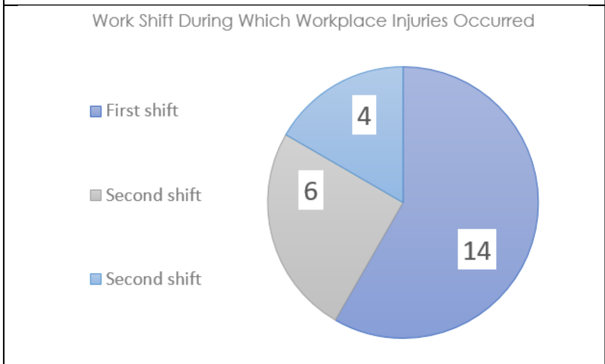
	In 2024, a total of 24 workplace injuries were recorded, of which 21 were officially recognised. In 2023, there were 34 workplace injuries in total, with 29 of them officially recognised.
	In 2024, workplace injuries accounted for a total of 3,42% of the overall number of employees, compared to 5,33% in 2023.



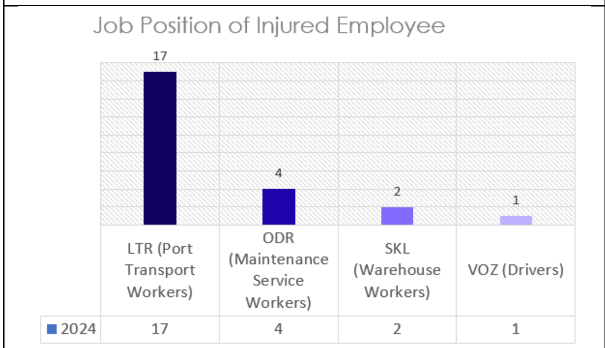
All workplace injuries occurred at the place of work while performing job duties. A total of 5 injuries were classified as serious, involving fractures or contusions of the fingers, while the remaining 19 injuries were of minor severity.



Based on the location of occurrence, workplace injuries most frequently happened at Rijeka Terminal (41,67%), followed by Škrljevo Terminal (25%), and Bakar Terminal and Bršica Terminal, each accounting for 16,67% of the injuries.



When analysing workplace injuries by work shift, the majority occurred during the first shift, with 14 reported cases, accounting for 58,33% of all injuries. The second shift saw 6 injuries, representing 25,00%, while the third shift had 4 injuries, making up 16,67% of the total.



The majority of injured employees were port transport workers, with 17 cases accounting for 70,83% of all injuries. A smaller number of injuries were recorded among maintenance service workers (4 injuries, or 16,67%), warehouse workers (2 injuries, or 8,33%), and drivers (1 injury, or 4,17%).

S-2	Workforce in the Value Chain

Strategy and Objectives

Our employees and contractors, including the employees of our service providers and suppliers, are essential to fulfilling our environmental, social, and economic commitments. Therefore, close cooperation is of great importance—both for us and for other stakeholders—as we all undergo a period of transition. New investments within the port area may impact the working conditions of employees of our contractors and suppliers. Our objective is to ensure equal working conditions for everyone. All goals set for our own workforce apply equally to all workers along the value chain in matters of labour and human rights, equality and inclusion, as well as occupational safety and health.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	

Policy and Governance

Personal Data Protection Policy

Code of Ethics

Safety Department Procedures and Safe Work Instructions

Procurement Department Procedures

Description of Impact, Risks, and Opportunities

Luka Rijeka does not have a significant direct impact regarding the workforce in the value chain as defined in this context. Our potential impacts are tied to internal port operations and affect all participants in the value chain equally. All involved parties are required to comply with our established procedures.

Although this issue is not material in terms of significant impact or financial relevance, we have included it in the Sustainability Statement due to the large number of stakeholders in the value chain whose cooperation is vital for port operations.

The digitalisation of business operations has had a positive impact on both our employees and those working within the value chain. As applications are developed, the IT Department creates procedures and instructions that are made available to all stakeholders via our website, with clear guidance for users.

Measures and Resources

→ *Protection of personal data, in full compliance with legal regulations.*
→ *Equal conditions for all workers within the port area regarding occupational health and safety.*
→ *Continuous communication with stakeholders, both verbal and written.*

S-3	Affected Communities

Strategy and Objectives

Luka Rijeka d.d. aims to promote environmental protection and public health by developing partnerships with the local community, as well as to establish effective communication with community members. We provide transparent information and aim to build trust through regular reporting. Our goal is for economic growth to have a positive economic and social impact on the local community.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	11 ODRŽIVI GRADOVI I ZAJEDNICE; 16 MIR, PRAVDA I SNAŽNE INSTITUCIJE; 17 PARTNERSTVOM DO CILJEVA

Policy and Governance

Policy on Quality, Energy, Environment, and Sustainability Management

Operational and Emergency Plans for Accidental Situations

Crisis Plan for Animal Escape at the Livestock Terminal in Bršica

Description of Impact, Risks, and Opportunities

Our impacts are primarily related to accidental situations and the resulting harm to the environment and people due to our operations, as well as impacts related to infrastructure development and port area expansion.

Rijeka Terminal and Silos Terminal are located in the very centre of the city of Rijeka, while Bakar Terminal is in close proximity to the town of Bakar. Therefore, the consequences of potential incidents can be serious. Community concerns are mainly related to environmental pollution, negative health effects, the risk of fire and its spread, and noise. Thanks to established procedures, as well as operational and emergency plans, accidental situations are kept under control, and in the event of an incident, a rapid response and resolution is possible. A Crisis Plan is in place for the Livestock Terminal in Bršica, which includes safe handling of animals and emergency measures in case of animal escape beyond the terminal area.

Measures and Resources

→ *Cooperation with relevant stakeholders on environmental protection and public health in the surrounding area*
→ *Transparent reporting on operations*
→ *Support for projects of interest to the local community*

Future Outlook

Luka Rijeka has recognised the importance of investing in the local community and key cities of interest, and plans to actively engage in various activities that are meaningful to citizens and the economy.

Through donation initiatives, we aim to provide support and assistance to humanitarian and social events.

We strive to develop effective communication channels with the local community in order to establish high-quality dialogue with citizens.

Addressing topics that raise concerns within the local community will help us develop initiatives and measures to resolve those concerns.

We are open to cooperation with all relevant stakeholders regarding environmental protection and public health in the local area, and we are committed to making the greatest possible efforts to minimise any negative impacts on people and the environment.

S-4	Consumers and End Users

Strategy and Objectives

Luka Rijeka d.d. aims to build strong partnerships with key clients around topics of shared interest related to sustainability and to launch initiatives that promote sustainability themes. Our goal is to develop a methodology for monitoring client business practices and to conduct regular client satisfaction surveys in order to improve our services.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	

Policy and Governance

Policy on Quality, Energy, Environment, and Sustainability Management

Operational procedures within the quality management system according to ISO 9001:2015

Operational procedures

Commercial operations procedure

Complaints handling procedure

IT Department procedures and software usage guidelines

Description of Impact, Risks, and Opportunities

As part of the effectiveness assessment of the quality management system in accordance with ISO 9001:2015, high-quality port services are ensured, and client satisfaction is analysed.

The Sales Department monitors client and business partner complaints and claims. These complaints have shown a downward trend and are generally not significant in terms of financial impact on the business.

Client satisfaction with the provided service is assessed annually through surveys.

The quality and efficiency of port services are enhanced through the improvement of operations with existing and potential new clients, by offering a higher level of service and continuously monitoring market conditions and geopolitical developments. These efforts result in cost savings for our end customers.

One of the key opportunities for improvement lies in the digitalisation of operations, as effective communication and digital tools are essential for fostering collaboration. The IT Department is continuously working on these improvements.

Information and cybersecurity have emerged as critical topics. Risk control procedures have been implemented through information security policies. We have a robust system in place to defend against cyberattacks, which proved highly effective during an attempted attack in late 2024. The IT Department detected the attack over the weekend, responded immediately, and regained control. No damage occurred, data integrity was maintained, and no data leaks were reported.

Measures and Resources

→ *Provision of high-quality port services*
→ *Management of complaints and claims*
→ *Availability of reliable information, investment in digitalisation and cybersecurity*

Implementation

The client satisfaction analysis includes data on complaints, unrealised offers, and client survey results regarding satisfaction with port services.

This analysis provides valuable insights into opportunities for improving operations and enhancing service quality, with the goal of strengthening and maintaining partnerships with clients and achieving higher satisfaction levels.

In 2024, Luka Rijeka d.d. collaborated with 204 clients, classified by type of cargo. Key clients from previous years were retained, and many new partnerships were established.

A total of 13 complaints and 135 unrealised offers were recorded.

Causes of Unrealised Offers in 2024				
No specific reason was provided by the client	The inquiry was solely for informational purposes regarding terms and conditions	No purchase agreement was concluded	The Port was unable to meet the client's requirements	A requested price reduction was not acceptable to the Port
21	31	41	38	4
in 2023				
116	28	56	93	28

The number of unrealised offers in 2024 was 135, compared to 321 in 2023, representing a decrease of 57,94%.

In 2024, the Operational Technology Department (Operational Sector) recorded a total of 13 ship damages, the same as in 2023. These were resolved through repairs by the Maintenance Department, and 3 damages were paid for repairs (compared to 4 damages in 2023 that were charged for repairs).

Although the response rate for surveys was low, the overall customer satisfaction rating was 4.1 (on a scale of 1 to 5).

Digitalisation of operations contributes to better cooperation with clients.

The security of passwords has been enhanced with the introduction of two-factor authentication, following recommendations from SK@UT - National Cybersecurity Protection.

The SK@UT system is the largest national cybersecurity protection project, developed by the Security and Intelligence Agency and the Information Security Systems Institute. It is a system for detecting, early warning, and protecting against cyberattacks, APT campaigns (Advanced Persistent Threat), and other cybersecurity threats.

All suppliers connecting to the system receive a 10-character key, which they must authenticate through two-factor verification. The key is changed every 60 days for enhanced security.

Security and the change of connection in F4B web: due to the vulnerability of the freight forwarders' connection, the method of connecting with a password is being changed, with the first login using a provided password, which will then be changed by the freight forwarders themselves.

Functional documentation, or the technical specification for the wagon arrival and placement application at Škrljevo and Depo Terminals, includes a process diagram, load pattern grid, the ability to mark damages, and share documentation with the respective party.

The new program for empty container operations (mobile and web versions) has been completed: it replaces the previous system, which was found inadequate for container operations. The implementation in a test environment began at the beginning of 2024.

The vehicle entry system at Škrljevo Terminal has been completed: it includes an application for drivers, automatic license plate and container scanning, and data transmission to the container business program.

The implementation of PCS (Port Community System), a digital platform for collaboration and information exchange among various port stakeholders, including customs agencies, shipping and logistics companies, and freight forwarders, has been completed. Modules D6, D8, and D9 have been finished, and integration with the new container business program is complete. The "live" production phase is currently underway.

Christmas Reception for Clients and Business Partners

Luka Rijeka d.d. organised a Christmas reception for clients and business partners at the Export Drva premises in Rijeka. A total of 100 guests and 34 port employees attended the event.

G – MANAGEMENT TOPICS

Management topics refer to business conduct and describe ethical principles and corporate governance.

Below, we have addressed the management topics, including:

→ ESRS G1 Business Conduct

G-1	Business Conduct

Strategy and Objectives

Luka Rijeka d.d. is focused on meeting international standards, transparent communication and reporting, and adhering to ethical principles throughout the entire value chain. Our goal is to contribute to sustainability by adjusting our own business conduct and through collaboration with our stakeholders.

Alignment with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda:	11 ODRŽIVI GRADOVI I ZAJEDNICE

Policy and Governance

Governance is focused on business ethics and organisational culture, relationships with suppliers, and anti-corruption measures and activities related to political influence, including lobbying.

Corporate Governance Code

Code of Ethics

Personal Data Protection Policy

Policy on the Appointment of Management Board Members

Information Security Policy

Information Security Management Policy

Internal Reporting Procedure for Irregularities and Appointment of a Confidential Person

Procedure for Handling Insider Information

Personal Data Breach Procedure

Procurement Procedure

Description of Impacts, Risks, and Opportunities

Core corporate values are outlined in the Code of Ethics and the Corporate Governance Code, emphasizing mutual respect, consideration, and collaboration.

In accordance with the Whistleblower Protection Act (Official Gazette No. 46/22), an internal Procedure for Internal Reporting of Irregularities and Appointment of a Confidential Person has been established, detailing procedures for reporting irregularities and handling received reports.

Animal welfare is crucial to our operations at the Bršica Terminal, which includes a livestock terminal for cattle and sheep. We handle animal welfare with the utmost care, adhering to the internal Crisis Plan, which outlines safe working practices for both employees and animal welfare, as well as procedures for capturing escaped animals if necessary. Theoretical training and exercises in accordance with this Crisis Plan are held annually.

Procurement practices are part of our Quality Management System in accordance with ISO 9001:2015, through the Procurement Procedure. When applicable, preference is given to local suppliers. To better understand our supply chain, we will conduct environmental and social assessments of suppliers to gain detailed insights into their activities and management practices.

Measures and Resources

→ *Measures to achieve corporate culture and ethics.*
→ *Measures for internal reporting.*
→ *Measures for animal welfare at the Bršica livestock terminal.*
→ *Measures to achieve sustainable procurement.*

Implementation

In 2024, no reports of violations of ethical principles were received.

The foundation of business ethics is behaviour in accordance with legislation, which includes providing transparent and truthful information, fair treatment of employees, clients, and partners, as well as social responsibility and sustainable development. Ethical business conduct principles are defined in the Code of Ethics.

Behaviour in accordance with the principles of the Code of Ethics is both a personal and professional obligation, as well as the responsibility of all employees, who are required to monitor whether these principles are being upheld in their work environment. In case of noticing a violation of ethical principles, it is the duty to inform a superior.

Reports of irregularities in work and complaints regarding unethical behaviour can be made verbally or in writing, anonymously or confidentially. Each such complaint is reviewed, and appropriate measures and disciplinary actions are taken in accordance with legislation and internal regulations.

In 2024, there were no reports of irregularities.

The Internal Reporting Procedure for Irregularities, which regulates the process of reporting irregularities and the rights of individuals who report them, has been established.

Through the Internal Reporting Procedure for Irregularities and Appointment of a Confidential Person, the process for reporting irregularities and the rights of those who report them has been defined. Individuals have been appointed for irregularity reporting.

Handling animals in an appropriate manner, respecting their welfare.

The theoretical training and practical exercise, according to the provisions of the Crisis Plan for proper animal handling and the method of capturing escaped animals, have been repeated.

In 2024, no animal incidents occurred.

Supplier Relationship Management

The procurement procedure is part of the Quality Management System according to the ISO 9001:2015 standard, and the entire procurement procedure for materials and services is documented.

Timely procurement can affect the financial position, as it is directly related to the operational efficiency of machinery and the productivity of employees. The procurement procedure defines the flow and method of procuring materials and services, as well as the responsibilities for monitoring the execution of contracted services and procurement of materials.

The process for evaluating suppliers has also been defined. Procurement requirements include standards that specify product quality, quality control methods, and energy efficiency criteria. When selecting the most favourable offer, priority is given to offers with higher energy efficiency. Requests and purchase orders are created in a computer program through the Procurement Department. Digitalisation almost completely eliminates any form of unethical conduct and corruption.

Supplier evaluation is conducted by the Procurement Department, IT Department, and the Property Development and Management Sector, once a year. Based on the evaluation, lists of suppliers who must meet minimum evaluation criteria are established. Conditions for removing suppliers from the supplier list have also been defined.

Since the entire procurement process is documented, and necessary procurements are planned and carried out in a timely manner with continuous monitoring of the market and technology by the Procurement Department, the risks related to the supply chain are not significant.

Independent Auditor's Limited Assurance Report on the Sustainability Statement To the Shareholders of LUKA RIJEKA d.d.

Scope

We have been engaged by Luka Rijeka d.d. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on consolidated Sustainability Statement (the "Subject Matter") of Luka Rijeka d.d. (the "Company", an EU/EEA entity) and its subsidiaries (together "the Group"), contained in About the Company section of the Management Report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Criteria applied by the Group

In preparing the Sustainability Statement, Luka Rijeka d.d. applied the provisions of the Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1
- Compliance of the disclosures set out in the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Inherent limitations in preparing the sustainability statement

Inherent limitations exist in all assurance engagements.

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

Inherent limitations in preparing the sustainability statement (continued)

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Responsibility of Management and those charged with Governance

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

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Responsibility of Management and those charged with Governance (continued)

Management is further responsible for the preparation of the Sustainability Statement, in accordance with Croatian Accounting Act Articles 32 and 36, including:

- compliance with the ESRS;
- preparing the disclosures in the Sustainability Statement, in compliance with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances. Those charged with governance are responsible for overseeing the Group's sustainability reporting process established by the Company.

Auditor's responsibilities

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') as prescribed by the Article 37 of the Croatian Accounting Act, and the terms of reference for this engagement as agreed with Luka Rijeka d.d. on 31 January 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Auditor's responsibilities (continued)

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our responsibilities in respect of the Subject Matter in relation to the Process, include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the process is consistent with the Group's description of its process, as disclosed in note ESRS 2 IRO-1

Other responsibilities include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have the required competencies and experience to conduct this assurance engagement.

Independent Auditor's Limited Assurance Report on the Sustainability Statement
To the Shareholders of LUKA RIJEKA d.d.

Our independence and quality management (continued)

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability Statement and related information and applying analytical and other appropriate procedures.

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

Independent Auditor's Limited Assurance Report on the Sustainability Statement To the Shareholders of LUKA RIJEKA d.d.

Description of procedures performed (continued)

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  performing inquiries to understand the sources of the information used by Management (e.g., stakeholder engagement, business plans and strategy documents); and
- Reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the process implemented by the Group was consistent with the description of the process set out in note ESRS 2 IRO-1

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness
- Evaluated whether material information identified by the process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement

Independent Auditor's Limited Assurance Report on the Sustainability Statement To the Shareholders of LUKA RIJEKA d.d.

Description of procedures performed (continued)

- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;
- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the Sustainability Statement;
- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;
- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes.

We also performed such other procedures as we considered necessary in the circumstances.

Limited Assurance Conclusion

Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the "Basis for Qualified Conclusion" section of our report, nothing has come to our attention that causes us to believe that the Sustainability Report for the year ended 31 December 2024 is not, in all material respects, prepared in accordance with the provisions of Articles 32 and 36 of the Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1
- Compliance of the disclosures in the Sustainability Statement with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

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Independent Auditor's Limited Assurance Report on the Sustainability Statement To the Shareholders of LUKA RIJEKA d.d.

Basis for Qualified Conclusion

During our engagement, we were not able to confirm that the disclosures in the Sustainability Report comply with the reporting requirements under Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation) with respect to:

- the presentation of taxonomy-aligned indicators, including revenues, capital, and operating expenditures;
- the methodological description of the process for classifying economic activities under the taxonomy; and
- data on greenhouse gas emissions.

Other matters

The comparative information included in the Sustainability statement of the Group for the financial year 1 January – 31 December 2023 was not subject to an assurance engagement. Our conclusion is not modified with respect of this matter.

Kulić & Sperk d.o.o. **Zagreb, 24 April 2025**

Radnička cesta 52
10 000 Zagreb

Janja Kulić

Director, Certified Auditor

REPORT OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

General information

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

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

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

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

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

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

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

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

Corporate governance structure

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

General Assembly of the Company

The General Assembly makes decisions that are of significant impact on the status of assets, financial position, operating results, ownership structure and management of the company. Decisions will be made exclusively at the General Assembly, stipulated by majority of votes. The management board shall, as soon as possible, publish the decision of the General Meeting and the data on possible action to challenge these decisions. In 2024, a regular Annual General Assembly Meeting was held on 29 August 2024.

Supervisory Board

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

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

Alen Jugović	President of Supervisory Board from 27 Dec 2017 to 20 Jan 2021 (term of office) Reappointed as a member of the Supervisory Board on 28 January 2021 Re-elected Chairman of the Supervisory Board on 10 February 2021
Dragica Varljen	Vice president of Supervisory Board from 28 February 2020
Hrvoje Pauković	Member from 28 February 2022
Ondrej Jašek	Member from 25 August 2023
Jesper Kjaedegaard	Member from 25 August 2023 to 29 August 2024
Martin Vozar	Member from 29 August 2024

During the reporting period, Supervisory Board had five members.

Audit Committee

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

The Audit Committee, appointed in accordance with the law, during the previous year consisted of 3 members. During 2024, two meetings of the Audit Committee were held.

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

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

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

Management Board

Management Board runs Company's business in accordance with the Articles of Association and legal regulations. The Company is represented jointly by the Management Board, with the President and two other members of the Management Board. Management Board followed that business and other ledgers and business records are in accordance with the law, put together by accounting documents, realistically assessing the assets and liabilities, compiles financial and other reports in accordance with applicable accounting regulations and standards.

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

Duško Grabovac	President of the Management Board from May 01 2020
Marina Cesarac Dorčić	Member of the Management Board from 01 December 2022
Marko Mišković	Member of the Management Board from 01 November 2024

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

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

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

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

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

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

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

LUKA RIJEKA D.D.

RIJEKA

CONSOLIDATED AND NON-CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2024

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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

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

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

The Management is also responsible for the preparation and content of the Management Report, Sustainability Report and the Report on the implementation of corporate governance code, as required by the Croatian Accounting Act. The Management Report, Sustainability Report and the Report of implementation of the corporate governance code, as well as the accompanying financial statements were authorised and signed by the Management Board on 24 April 2025 for issue to the Supervisory Board. The Supervisory Board is required to approve the Annual report for submission to the General Assembly of Shareholders for adoption.

Duško Grabovac	**Marina Cesarac Dorčić**	**Marko Mišković**	**24 April 2025**
President of the Management Bord	*Member of the Management Bord*	*Member of the Management Bord*	Riva 1 51000 Rijeka Hrvatska

DUŠKO GRABOVAC
Digitally signed by DUŠKO GRABOVAC
Date: 2025.04.25 17:27:50 +02'00'

MARINA CESARAC DORČIĆ
Digitally signed by MARINA CESARAC DORČIĆ
Date: 2025.04.25 17:33:28 +02'00'

MARKO MIŠKOVIĆ
Digitally signed by MARKO MIŠKOVIĆ
DN: c=HR, o=LUKA RIJEKA D.D., 2.5.4.97=HR92590920313, l=RIJEKA, sn=MIŠKOVIĆ, givenName=MARKO, cn=MARKO MIŠKOVIĆ, serialNumber=HR25805531588.2.21
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Independent Auditors' report
To the shareholders of Luka Rijeka d.d.

Opinion

We have audited the separate financial statements of Luka Rijeka d.d. ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together referred to as "the Group"), which comprise the separate and consolidated statements of financial position of the Company and the Group, respectively, as at 31 December 2024, and their respective separate and consolidated income statements and the statement of other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information (hereinafter "the financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the matter
The Group and the Company recognized right of use (ROU) assets as at 31 December 2024 in the amount of EUR 18.074 thousand (31 Dec 2023: EUR 20.397 thousand) and liabilities arising from the concession arrangement of EUR 13.697 thousand (31 Dec 2023: EUR 24.078 thousand). Refer to accounting policy 3.7 and note 31 to the financial statements. The Group and the Company apply IFRS 16 Leases in accounting for the concession arrangement and have consequently recognized, in the statement of financial position, the ROU asset and corresponding liability associated with the port concession arrangement. The concession arrangement contains, among other things, an obligation to pay fixed and variable concession fees to the port authority, and to incur infrastructure related expenditures in the concession term. In applying IFRS 16, significant judgement is required from management in identifying the lease and non-lease components within the arrangement, and in developing	Our procedures included the following: • Evaluating of the appropriateness of the accounting approach to the concession arrangement against the requirements of the standard and the identification of lease and non-lease components of the arrangement; • Recalculating the remeasurement of ROU liabilities (where applicable) and tracing of inputs in the model to relevant source documentation, including evaluating the applied discount rate; • Tracing the expected amounts of lease payments with relevant source documentation, (such as investments in infrastructure assets in previous periods, payment of fixed concession fees, etc.); • Evaluating whether the disclosures in the financial statements, as the lessee, appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework. In respect of carrying amounts of ROU assets, our procedures, performed where applicable, included: • Challenging the management's assessment of the ROU assets for impairment with particular focus on the grouping of assets within

Key Audit Matters (continued)

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

Other Information

Management is responsible for the other information. The other information comprises the Management Report and the Report of implementation of the corporate governance code included in the Annual Report of the Company and the Group but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

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

With respect to the Management Report and Report of implementation of the corporate governance code, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether the Management Report has been prepared in accordance with the requirements of Articles 24 of the Accounting Act and whether the Report of implementation of the corporate governance code includes the information specified in Article 25 of the Accounting Act.

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

- the information given in the Management Report and Report of implementation of the corporate governance code is, in all material respects, consistent with the accompanying financial statements;
- the Management Report has been prepared, in all material respects, in accordance with the requirements of Articles 24 of the Accounting Act, respectively;

Other Information (continued)

- the Report of implementation of the corporate governance code includes the information specified in Article 25 of the Accounting Act.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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BIC (SWIFT): PBZGHR2X

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

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

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

Report on Other Legal and Regulatory Requirements

On 29 August 2024, we were appointed by General Assembly on the proposal of the Supervisory Board to audit the financial statements of the Group and the Company for the year 2024.

As of the date of this report, we are continuously engaged in performing legal audits of the Group and the Company from the audit of the Group and Company's financial statements for 2021 to the audit of the Group and Company's financial statements for 2024, which amounts to a total of four years.

During the period between the initial date of the audited financial statements of the Group and the Company for the year 2024 and the date of this report, we did not provide the Group and Company with prohibited non-audit services, and in the business year prior to the aforementioned period, we did not provide services for the design and implementation of internal control or risk management procedures related to the preparation and/or the control of financial information or the design and implementation of technological systems for financial information, and in performing the audit we preserved independence in relation to the Company.

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

Auditor's assurance report on compliance of the consolidated and non-consolidated financial statements (hereinafter: financial statements), prepared pursuant to the provisions of article 462, paragraph 5 of the Capital Market Act (Official Gazette, no. 65/18, 17/20, 83/21, 151/22 and 85/24) by applying the requirements of the Delegated Regulation (EU) 2018/815 determining a single electronic reporting format for issuers (hereinafter: ESEF Regulation).

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

Responsibilities of Management and Those Charged with Governance

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

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

Responsibilities of Management and Those Charged with Governance (continued)

Management is also responsible for:

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

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

Responsibilities of the Auditor

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

Performed procedures

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

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

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

Performed procedures (continued)

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

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

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

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

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

Conclusion

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

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

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

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

Zagreb, 24 April 2025

Janja Kulić
Director, Certified Auditor

Income statement and Statement of other comprehensive income

for the year ended 31 December 2024

	Note	**2024** (in TEUR) *Group*	**2023** (in TEUR) *Group*	**2024** (in TEUR) *Company*	**2023** (in TEUR) *Company*
Revenue from sales	7	27.516	29.395	27.415	29.231
Other income	8	3.005	4.842	3.005	4.830
		30.521	**34.237**	**30.420**	**34.061**
Materials, services and consumables used	9	(7.357)	(9.569)	(8.408)	(10.589)
Personnel expenses	10	(15.025)	(13.938)	(14.255)	(13.294)
Depreciation and amortisation	16,17, 31	(3.431)	(3.212)	(3.320)	(3.121)
Other expenses	11	(3.261)	(3.418)	(3.179)	(3.345)
		(29.074)	**(30.136)**	**(29.162)**	**(30.348)**
Finance income	12	30	15	2.478	15
Finance costs	13	(1.940)	(2.436)	(1.935)	(2.431)
Net finance costs		**(1.910)**	**(2.420)**	**543**	**(2.417)**
Share of profit of equity-accounted investees	18	9.565	6.860	-	-
Income / (loss) before tax		**9.102**	**8.540**	**1.801**	**1.297**
Income tax	14	(38)	(360)	(5)	(291)
Income / (loss) for the year		**9.064**	**8.180**	**1.796**	**1.005**
Change in fair value of financial assets		-	8.608	-	8.608
Deferred tax effect		-	(1.549)	-	(1.549)
Other comprehensive income		**-**	**7.058**	**-**	**7.058**
Total comprehensive income / (loss)		**9.064**	**15.238**	**1.796**	**8.063**
Income / (loss) per share (in EUR)					
- basic and diluted	15	0,67	0,61		

Statement of financial position

at 31 December 2024

ASSETS	Note	2024 (in TEUR) *Group*	2023 (in TEUR) *Group*	2024 (in TEUR) *Company*	2023 (in TEUR) *Company*
Non-current assets					
Intangible assets	16	119	104	119	104
Property, plant and equipment	16	87.827	85.183	87.449	84.882
Investment property	17	652	695	652	695
Concession assets with right of use	31	18.074	20.397	18.074	20.397
Investments in subsidiaries and equity accounted investees	18	31.748	24.633	1.564	1.564
Non-current financial assets	19	55	61	55	61
Deferred tax assets	14	892	897	892	897
Total non-current assets		**139.367**	**131.970**	**108.805**	**108.601**
Current assets					
Inventories		349	144	349	144
Trade and other receivables	21	6.376	6.834	6.227	6.750
Income tax receivable		-	-	-	-
Current financial assets	20	27	246	80	358
Cash and cash equivalents	22	8.066	5.458	7.762	5.068
Total current assets		**14.818**	**12.682**	**14.418**	**12.320**
Total assets		**154.185**	**144.652**	**123.223**	**120.922**

Statement of financial position (continued)

at 31 December 2024

EQUITY AND LIABILITIES	Note	2024 (in TEUR) *Group*	2023 (in TEUR) *Group*	2024 (in TEUR) *Company*	2023 (in TEUR) *Company*
Shareholders' equity					
Share capital	23	67.402	67.402	67.402	67.402
Capital and other reserves	24	9.291	9.291	9.291	9.291
Revaluation reserves	24	10.931	10.931	10.931	10.931
Accumulated losses		(3.487)	(12.552)	(34.056)	(35.850)
Total equity		**84.137**	**75.072**	**53.568**	**51.774**
Non-current liabilities					
Borrowings	25	15.726	13.343	15.529	13.255
Liabilities for concession assets with right of use	31	13.631	14.985	13.631	14.985
Provisions	26	286	286	286	286
Deferred tax liability	14	3.072	3.072	2.401	2.401
Total non-current liabilities		**32.715**	**31.686**	**31.847**	**30.927**
Current liabilities					
Trade and other payables	27	34.092	25.588	34.632	25.997
Liabilities for concession assets with right of use	31	66	9.093	66	9.093
Income tax liability	14	6	42	-	-
Borrowings	25	2.680	2.387	2.621	2.347
Provisions	26	489	784	489	784
Total current liabilities		**37.333**	**37.894**	**37.808**	**38.221**
Total liabilities		**70.048**	**69.580**	**69.655**	**69.148**
Total equity and liabilities		**154.185**	**144.652**	**123.223**	**120.922**

Statement of changes in equity of the Group

for the year ended 31 December 2024

GROUP	Share capital *(in TEUR)*	Capital and other reserves *(in TEUR)*	Revaluation reserves *(in TEUR)*	Accumulated losses *(in TEUR)*	Total *(in TEUR)*
As at 1 January 2023	**71.567**	**5.126**	**3.873**	**(20.731)**	**59.836**
Profit / (Loss) for the year	-	-	-	8.180	8.180
Change in fair value of land	-	-	8.608	-	8.608
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	(1.549)	-	(1.549)
Alignment (Note 23)	(4.165)	4.165	-	-	-
Other comprehensive income / (loss)	**-**	**-**	**7.058**	**-**	**7.058**
As at 31 December 2023	**67.402**	**9.291**	**10.932**	**(12.551)**	**75.072**
Profit / (Loss) for the year	-	-	-	9.064	9.064
Change in fair value of land	-	-	-	-	-
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	-	-	-
Alignment	-	-	-	-	1
Other comprehensive income / (loss)	**-**	**-**	**-**	**-**	**-**
As at 31 December 2024	**67.402**	**9.291**	**10.932**	**(3.487)**	**84.137**

Statement of changes in equity of the Company

for the year ended 31 December 2024

COMPANY	Share capital *(in TEUR)*	Capital and other reserves *(in TEUR)*	Revaluation reserves *(in TEUR)*	Accumulated losses *(in TEUR)*	Total *(in TEUR)*
As at 1 January 2023	**71.567**	**5.126**	**3.873**	**(36.855)**	**43.711**
Profit / (Loss) for the year	-	-	-	1.005	1.005
Change in fair value of land	-	-	8.608	-	8.608
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	(1.549)	-	(1.549)
Alignment (Note 23)	(4.165)	4.165	-	-	-
Other comprehensive income / (loss)	**-**	**-**	**7.058**	**-**	**7.058**
As at 31 December 2023	**67.402**	**9.291**	**10.932**	**(35.850)**	**51.774**
Profit / (Loss) for the year	-	-	-	1.796	1.796
Change in fair value of land	-	-	-	-	-
Change in fair value of equity instruments	-	-	-	-	-
Deferred tax effect	-	-	-	-	-
Alignment (Note 23)	-	-	-	(2)	(2)
Other comprehensive income / (loss)	**-**	**-**	**-**	**-**	**-**
As at 31 December 2024	**67.402**	**9.291**	**10.932**	**(34.056)**	**53.568**

Statement of cash flows – Indirect method

for the year ended 31 December 2024

	Note	**2024** (in TEUR) *Group*	**2023** (in TEUR) *Group*	**2024** (in TEUR) Company	**2023** (in TEUR) Company
Income / (Loss) before tax		9.102	8.540	1.801	1.297
Share of net profit of equity accounted investee	18	(9.565)	(6.860)	-	-
Depreciation and amortization	16,17,31	3.431	3.212	3.320	3.121
Gain on disposal of property, plant and equipment and intangibles	8	(225)	(63)	(225)	(50)
Reversal of impairment of land	16	-	(1.618)	-	(1.618)
Impairment allowance for trade receivables	21	-	111	-	111
Interest income	12	(8)	(16)	(6)	(15)
Interest expense	13	1.944	2.425	1.935	2.418
Dividend income	12	-	-	(2.450)	-
Foreign exchange differences - net		-	13	-	13
		4.679	**5.746**	**4.375**	**5.276**
Changes in working capital:					
Decrease/(increase) in inventories		(205)	21	(205)	21
Decrease/(increase) in trade and other receivables		1.162	(1.963)	529	(1.594)
Increase/(decrease) in trade and other payables		(2.701)	1.805	(1.894)	1.610
Increase/(decrease) in provisions		(295)	(173)	(295)	(173)
Cash from operations		**(2.040)**	**(310)**	**(1.865)**	**(136)**
Income tax paid		(98)	(63)	-	-
Interest paid		(1.073)	(1.095)	(1.073)	(1.087)
Net cash from operating activities		***1.468***	**4.278**	***1.437***	***4.053***

Statement of cash flows - Indirect method (continued)

for the year ended 31 December 2024

	Note	2024 (in TEUR) *Group*	2023 (in TEUR) *Group*	2024 (in TEUR) Company	2023 (in TEUR) Company
Cash flows from investing activities					
Purchase of property, plant, equipment and intangibles		(4.851)	(3.638)	(4.840)	(3.433)
Proceeds from disposal of property, plant and equipment and invest		300	98	300	85
Net inflows/(outflows) related to Group and State owned apartment		-	133	-	133
Interest received		8	16	6	15
Dividend from equity accounted investees	18	2.450	-	2.450	-
Net inflows/(outflows) from bank deposits and loans		219	(155)	278	(155)
Net cash from investing activities		**(1.874)**	**(3.546)**	**(1.806)**	**(3.355)**
Cash flows from financing activities					
Proceeds from loans	25	4.894	-	4.894	-
Repayment of loans	25	(2.293)	(1.706)	(2.293)	(1.706)
Repayments of leases	25	(103)	(117)	(54)	(52)
Receipts from grants related to capital investments	27	10.491	3.508	10.491	3.508
Infrastructure related expenditures for concession assets	31	(9.975)	(15.029)	(9.975)	(15.029)
Net cash from financing activities		**3.014**	**(13.344)**	**3.063**	**(13.279)**
Net increase of cash and cash equivalents		**2.607**	**(12.612)**	**2.694**	**(12.581)**
Cash and cash equivalents at beginning of year		5.458	18.070	5.068	17.649
Cash and cash equivalents at the end of year		**8.066**	**5.458**	**7.762**	**5.068**

NOTE 1 – GENERAL INFORMATION

History and incorporation

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

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

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

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

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

First name	Last name	Role	Appointed	Resigned
Alen	Jugović	Member President	20.01.2017. 27.12.2017.	-
Dragica	Varljen	Deputy president Member	28.02.2020. 04.07.2018.	-
Hrvoje	Pauković	Member	28.02.2022.	-
Ondřej	Jašek	Member	25.08.2023.	-
Jesper	Kjaedegaard	Member	25.08.2023.	29.08.2024.
Martin	Vozar	Member	29.08.2024.	-

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

Duško Grabovac	Deputy President until 1 May 2020 when he became President
Marina Cesarac Dorčić	Member from 1 December 2022
Marko Mišković	Member from 1 November 2024

NOTE 2 – BASIS OF PREPARATION

(i) *Statement of compliance*

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"). The separate financial statements are presented for the Company while the consolidated financial statements relate to the Company and its subsidiaries and equity accounted investees, i.e. the Group. The separate and consolidated financial statements are further together referred to as the "financial statements".

(ii) *Basis of measurement*

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

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

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

(iii) *Functional and presentation currency*

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Basis of consolidation

(i) Business combinations

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

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

(ii) Subsidiaries

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Associates (equity accounted investees)

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

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

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

(iv) Transactions eliminated on consolidation

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2. Revenue recognition

Revenue recognition and performance obligations

The Group recognizes revenue when it transfers control over a good or service to a customer. The transfer of control of a good or service may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date (recognition on completion). Before revenue is recognised, the Group identifies both the contract (a contract equivalent typically defined as a customer arrangement with direct reference to the prescribed tariff) and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. Most of the Group's customer arrangements involve several separate services which have a stand-alone and reliably measurable value to the customer (based on the tariff) whereby each separate service has its own separate performance obligation. Revenue is shown, net of value-added tax.

(i) Revenue from port services

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

(ii) Finance income

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3. Foreign currency transactions

Transactions and balances in foreign currencies

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

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

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

3.4. Intangible assets

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

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

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

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

Software	1 – 5 years

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5. Investment property

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

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

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

Residential apartments	65 years

3.6. Property, plant and equipment

(i) Land

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Land (continued)

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

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

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

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

(ii) Buildings, plant and equipment

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Buildings, plant and equipment (continued)

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

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

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

3.7. Leases

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

(i) As a lessee

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) As a lessee (continued)

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

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

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

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) As a lessee (continued)

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

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

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

Short-term leases and leases of low-value assets

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

i. As a lessor

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. As a lessor (continued)

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

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

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from those under IFRS 16.

3.8. Impairment of non-financial assets

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8. Impairment of non-financial assets (continued)

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

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

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

3.9. Inventories

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

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

3.10. Trade receivables

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11. Cash and cash equivalents

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

3.12. Government grants

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

3.13. Employee benefits

(i) Pension obligations and post-employment benefits

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

(ii) Termination benefits

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Regular retirement benefits

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

(iv) Long-term employee benefits

The Group recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability is determined annually by an independent actuary, using assumptions regarding the likely number of staff to whom the benefits will be payable, estimated benefit cost and the discount rate which is determined as the average expected rate of return on investment in government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in profit or loss.

(v) Short-term employee benefits

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

3.14. Provisions

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14. Provisions (continued)

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

3.15. Financial assets

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

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

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Classification and subsequent measurement (continued)

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

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

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

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

Business model assessment

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Classification and subsequent measurement (continued)

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

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

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

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

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

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

The structure of financial assets of the Group is simple as it primarily relates to trade receivables with no significant financing component and short-term bank deposits at fixed interest rates and cash and cash equivalents. This facilitates and minimizes the complexity of the assessment of whether or not the financial assets meets the basic criterion of representing 'solely payments of principal and interest'.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Classification and subsequent measurement (continued)

Subsequent measurement and gains and losses

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividends clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Derecognition

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

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16. Financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

(iii) Derecognition

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

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

3.17. Offsetting of financial assets and financial liabilities

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18. Impairment of non-derivative financial assets

Recognition of loss allowances

The Group recognises loss allowances for ECLs on:

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

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

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of loss allowances (continued)

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

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

Measurement of ECLs

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

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

Credit impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Write-off of financial assets

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

3.19. Borrowings and borrowing costs

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

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

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

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

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

3.20. Share capital

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21. Dividends

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

3.22. Segment reporting

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

3.23. Taxation

(i) Income tax

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

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

(ii) Deferred tax assets and liabilities

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Deferred tax assets and liabilities (continued)

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

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

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

(iii) Tax exposures

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

(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 statement of financial position on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount receivable, including VAT.

3.24. Events after the reporting period

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

Key judgements and estimates in applying accounting policies

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

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

(i) Accounting for the Concession Agreement

Characteristics of the Concession Agreement

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Accounting for the Concession Agreement (continued)

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

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

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Accounting for the Concession Agreement (continued)

Considerations on the applicability of IFRIC 12

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

Application of IFRS 16 to the Concession Agreement

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

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

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(i) Accounting for the Concession Agreement (continued)

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

The Group also exercises judgements in assessing the recoverability of the ROU assets and determining the appropriate approach to impairment testing. In this context, the Group assessed the recoverability of the ROU assets recognised on transition to IFRS 16 in the preceding year as part of an impairment test on the level of a larger cash generating unit (CGU) which comprises both the area within and outside of the concession area (such as the supporting warehousing and logistics terminal). The recoverable amount of the combined CGU was measured using a present value technique based on a discounted cash flow model which required a significant degree of judgement in evaluating the reasonableness of grouping of assets into the combined CGU, the reasonableness of assumptions with respect to cash flow forecasts of the CGU and the determination of the appropriate discount rate and growth rate. The impairment test model included cash flow projections discounted with a weighted average cost of capital (WACC) of 7,1% and implied an annual growth rate of between 0.5% and 1% after the project period ending 2029.

The Group remeasured the relevant ROU liability to reflect the modification in timeline of expected lease payments at a discount rate of 3,5% based on currently expected interest rates on long term debt. The effect of the remeasurement was accounted for as a change in the ROU liability with a corresponding effect on the ROU asset.

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(ii) Deferred tax assets recognition

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

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

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

(iv) Consequences of certain legal actions

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

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

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iv) Consequences of certain legal actions (continued)

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

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

(v) Recoverability of trade and other receivables

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

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

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

NOTE 4 – KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(vi) Revaluation of land

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

NOTE 5 – DETERMINING FAIR VALUES

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

The Group has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board in relation to the monitoring of all significant fair value measurements, consultation with external experts and the responsibility to report, with respect the above, to those charged with corporate governance.

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

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - input variables for assets or liabilities that are not based on observable market data (unobservable inputs)

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

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

NOTE 5 – DETERMINING FAIR VALUES (CONTINUED)

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

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

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

NOTE 6 – NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

(i) Standards and Interpretations effective in the current period

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee and adopted by the EU are effective for the current period (effective date for annual periods beginning on or after 1 January 2024):

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, issued on 25 May 2023 (effective date for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants, issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively (effective date for annual periods beginning on or after 1 January 2024).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on 22 September 2022 (effective date for annual periods beginning on or after 1 January 2024).

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

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

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, issued on 15 August 2023 (effective date for annual periods beginning on or after 1 January 2025).

NOTE 6 – NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

(iii) Standards and Interpretations issued by IASB but not yet adopted by the EU

- *IFRS* 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024).
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024).
- Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024).
- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (issued on 30 May 2024).
- Annual Improvements to IFRS Accounting *Standards – Volume 11 (issued on 18 July 2024).*

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

7. Revenue from sales

	2024 *(in TEUR)* *Group*	2023 *(in TEUR)* *Group*	2024 *(in TEUR)* *Company*	2023 *(in TEUR)* *Company*
Sales to domestic customers	7.147	6.635	7.046	6.471
Sales to foreign customers	20.369	22.760	20.369	22.760
Total	**27.516**	**29.395**	**27.415**	**29.231**
An overview of revenue per type of cargo is given below:				
General cargo	9.801	9.960	9.801	9.960
Bulk cargo	6.680	7.617	6.680	7.617
Containers	2.828	3.616	2.828	3.616
Other port services	8.207	8.202	8.106	8.038
Total	**27.516**	**29.395**	**27.415**	**29.231**

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

8. Other income

	2024 *(in TEUR)* *Group*	2023 *(in TEUR)* *Group*	2024 *(in TEUR)* *Company*	2023 *(in TEUR)* *Company*
Gain on sale of non-current tangible and intangible assets	246	76	246	63
Donations and grants	30	734	30	734
Reversal of impairment of land (Note 16)	-	1.618	-	1.618
Insurance recoveries	46	52	38	44
Rental income *(i)*	2.303	2.068	2.317	2.082
Reversal of provisions	24	27	24	27
Deffered income - CEF	236	236	236	236
Other income	120	31	114	26
Total	**3.005**	**4.842**	**3.005**	**4.830**

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

9. Materials, services and consumables used

	2024 (in TEUR) Group	2023 (in TEUR) Group	2024 (in TEUR) Company	2023 (in TEUR) Company
Energy	2.428	3.936	2.250	3.763
Utilities	916	798	915	797
Postage and telecommunications	63	62	57	57
Concession fees *(i)*	209	276	209	276
Transport services	736	778	2.034	2.020
Quality control and desinfection	270	334	270	334
Freight handling services	23	33	23	33
Maintenance	1.208	1.195	1.418	1.404
Raw materials and consumables	1.047	1.259	989	1.196
Rent	184	565	184	566
Other materials expenses	273	334	59	143
Total	**7.357**	**9.569**	**8.408**	**10.589**

(i) Expenses for concession fees in most significant part relate to the variable concession fee payable under the Concession Agreement. In addition to these variable concession fees, the Group and Company also incurred expenditure relating to fixed or in-substance fixed concession fees in the amount of EUR 522 thousand (2023: EUR 513 thousand) which have been accounted for as a reduction in the liability for concession assets with right-of-use.

10. Personnel expenses

	2024 *(in TEUR)* *Group*	**2023** *(in TEUR)* *Group*	**2024** *(in TEUR)* *Company*	**2023** *(in TEUR)* *Company*
Gross salaries and wages	11.842	10.682	11.245	10.186
Contributions on salaries	1.887	1.779	1.773	1.683
Other employee related costs	1.296	1.476	1.237	1.425
Total	**15.025**	**13.938**	**14.255**	**13.294**

As at 31 December 2024 the number of staff employed by the Group was 632 (2023: 655) while the Company employed 614 employees (2023: 638). In 2024, the Group average number of employees was 648 (2023: 654), while the Company's average number of employees was 629 (2023: 635).

11. Other expenses

	2024 *(in TEUR)* *Group*	**2023** *(in TEUR)* *Group*	**2024** *(in TEUR)* *Company*	**2023** *(in TEUR)* *Company*
Bank charges	90	44	88	41
Intellectual services	282	235	261	221
Fines and penalties	117	158	119	158
Reimbursement of costs to employees	538	506	523	486
Non-income related taxes, contributions and fees *(i)*	1.505	1.509	1.489	1.493
Insurance	385	377	358	357
Court fees and expenses	19	42	19	42
Impairment of receivables	-	111	-	111
Marketing and entertainment	63	38	62	37
Increase in provisions for court cases	-	219	-	219
Other expenses	262	179	260	179
Total	**3.261**	**3.418**	**3.179**	**3.345**

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

12. Finance income

	2024 *(in TEUR) Group*	2023 *(in TEUR) Group*	2024 *(in TEUR) Company*	2023 *(in TEUR) Company*
Interest and similar income	6	16	6	15
Foreign exchange gains	22	-	22	-
Other financial income *(i)*	2.450	-	2.450	-
Total	**2.478**	**16**	**2.478**	**15**

(i) Other financial income in 2024 relates to dividend income from the associated company Jadranska vrata d.d. in the amount of EUR 2.450 thousand (2023: EUR 0 thousand).

13. Finance costs

	2024 *(in TEUR) Group*	2023 *(in TEUR) Group*	2024 *(in TEUR) Company*	2023 *(in TEUR) Company*
Interest and similar expenses *(i)*	1.941	2.423	1.935	2.418
Foreign exchange losses	-	13	-	13
Total	**1.941**	**2.436**	**1.935**	**2.431**

(i) Interest and similar expenses include EUR 823 thousand (2023: EUR 1.331 thousand) for expense for unwinding of discount on the liability for concession assets with right of use while remaining amounts mainly include interest on bank loans.

14. Income tax

Tax income consists of:

	2024 *(in TEUR)* *Group*	**2023** *(in TEUR)* *Group*	**2024** *(in TEUR)* *Company*	**2023** *(in TEUR)* *Company*
Current income tax	33	69	-	-
Deferred tax	5	291	5	291
Income tax expense / (benefit)	**38**	**360**	**5**	**291**

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

	2024 *(in TEUR)* *Group*	**2023** *(in TEUR)* *Group*	**2024** *(in TEUR)* *Company*	**2023** *(in TEUR)* *Company*
Tax calculated at 18% (2023: 18%)	1.638	**1.537**	324	**233**
Non-taxable income	(5)	(345)	(446)	(345)
Non-deductible expenses	152	277	152	277
Tax effect of share in result of equity accounted investee	(1.722)	(1.235)	-	-
Tax incentive - reduction of tax rate	-	-	-	-
Effect of unused tax loss	-	-	-	-
Effect of utilized tax losses	(30)	(165)	(30)	(165)
Effect of deferred taxes	5	291	5	291
Income tax expense / (benefit)	**38**	**360**	**5**	**291**

As at 31 December 2024, the Company and the Group has unused tax losses to carry forward of EUR 744 thousand and EUR 766 thousand, respectively (31 December 2023: EUR 912 thousand and EUR 957 thousand, respectively).

14. Income tax (continued)

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

2024 Group and Company	Opening balance *(in TEUR)*	Recognised in equity *(in TEUR)*	Recognised in profit or loss *(in TEUR)*	Closing balance *(in TEUR)*
Land and buildings	799	-	(6)	793
Other financial assets	42	-	-	42
Provision for employee entitlements	57	-	-	57
Total	**898**	**-**	(6)	**892**

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

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

14. Income tax (continued)

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

2024 Group	**Opening balance** *(in TEUR)*	**Recognised in equity** *(in TEUR)*	**Recognised in profit or loss** *(in TEUR)*	**Closing balance** *(in TEUR)*
Revaluation of land	2.399	-	-	2.399
Financial assets available for sale	1	-	-	1
Investments in equity accounted investees	671	-	-	671
Total	**3.071**	**-**	**-**	**3.071**

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

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

2024 Company	**Opening balance** *(in TEUR)*	**Recognised in equity** *(in TEUR)*	**Recognised in profit or loss** *(in TEUR)*	**Closing balance** *(in TEUR)*
Revaluation of land	2.399	-	-	2.399
Investments in equity accounted investees	1	-	-	1
Total	**2.400**	**-**	**-**	**2.400**

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

14. Income tax (continued)

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

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

15. Earnings per share

	2024 *(in TEUR)* *Group*	**2023** *(in TEUR)* *Group*
Income / (Loss) for the year (in thousands of EUR)	9.064	8.180
Total and weighted number of issued shares	13.480.475	13.480.475
Earnings per share (basic and diluted) in EUR	**0,67**	**0,61**

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

16. Intangible assets, property, plant and equipment

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

(in TEUR)	Software	Land	Buildings	Equipment and fittings	Leasehold improvements	Assets under construction and advances	Total
Cost or revalued amount							
At 1 January 2023	**650**	**28.795**	**50.655**	**23.349**	**49**	**3.325**	**106.823**
Additions	80	8.608	-	205	1	3.352	12.246
Transfers	-	-	129	4.534	-	(4.663)	-
Disposals and write-off's	-	-	-	(111)	-	-	(111)
At 31 December 2023	**730**	**37.403**	**50.784**	**27.976**	**50**	**2.014**	**118.957**
Additions	33	-	-	189	-	5.638	5.860
Transfers	-	-	262	3.476	-	(3.738)	-
Disposals and write-off's	(3)	(23)	-	(73)	-	(831)	(930)
At 31 December 2024	**760**	**37.380**	**51.046**	**31.568**	**50**	**3.083**	**123.887**
Accumulated depreciation and impairment losses							
At 1 January 2023	**623**	**1.681**	**10.418**	**20.522**	**14**	**-**	**33.258**
Charge for the year	3	-	1.233	889	2	-	2.127
Disposals and write-off's	-	-	-	(98)	-	-	(98)
Reversal of impairment of land	-	(1.618)	-	-	-	-	(1.618)
At 31 December 2023	**626**	**63**	**11.651**	**21.314**	**16**	**-**	**33.670**
Charge for the year	18	-	1.237	1.066	2	-	2.323
Disposals and write-off's	(3)	-	-	(49)	-	-	(52)
At 31 December 2024	**641**	**63**	**12.888**	**22.331**	**18**	**-**	**35.941**
Carrying amount							
At 31 December 2023	**104**	**37.340**	**39.133**	**6.663**	**35**	**2.014**	**85.287**
At 31 December 2024	**119**	**37.317**	**38.158**	**9.237**	**32**	**3.083**	**87.946**

16. Intangible assets, property and equipment (continued)

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

(in TEUR)	Software	Land	Buildings	Equipment and fittings	Leasehold improvements	Assets under construction and advances	Total
Cost or revalued amount							
At 1 January 2023	**650**	**28.795**	**50.655**	**22.330**	**49**	**3.325**	**105.804**
Additions	80	8.608	-	-	1	3.352	12.041
Transfers	-	-	129	4.534	-	(4.663)	-
Disposals and write-off's	-	-	-	(40)	-	-	(40)
At 31 December 2023	**730**	**37.403**	**50.784**	**26.824**	**50**	**2.014**	**117.805**
Additions	33	-	-	-	-	5.638	5.671
Transfers	-	-	262	3.476	-	(3.738)	-
Disposals and write-off's	(3)	(23)	-	(73)	-	(831)	(930)
At 31 December 2024	**760**	**37.380**	**51.046**	**30.227**	**50**	**3.083**	**122.546**
Accumulated depreciation and impairment losses							
At 1 January 2023	**623**	**1.681**	**10.418**	**19.691**	**14**	**-**	**32.427**
Charge for the year	3	-	1.233	797	2	-	2.035
Disposals and write-off's	-	-	-	(27)	-	-	(27)
Reversal of impairment of land	-	(1.618)	-	-	-	-	(1.618)
At 31 December 2023	**626**	**63**	**11.651**	**20.461**	**16**	-	**32.817**
Charge for the year	18	-	1.237	956	2	-	2.213
Disposals and write-off's	(3)	-	-	(49)	-	-	(52)
At 31 December 2024	**641**	**63**	**12.888**	**21.368**	**18**	**-**	**34.978**
Carrying amount							
At 31 December 2023	**104**	**37.340**	**39.133**	**6.363**	**34**	**2.014**	**84.988**
At 31 December 2024	**119**	**37.317**	**38.158**	**8.859**	**32**	**3.083**	**87.568**

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

Land and buildings of the Company with a carrying amount of EUR 60.018 thousand (2023: EUR 54.668 thousand) are mortgaged against the Company's borrowings.

Revaluation of land

The Group and the Company revalued their land during the fourth quarter of 2023 based on fair value estimates made by an independent expert valuer. Management considers that the fair values of land have not changed significantly since the date of that last valuation and that the carrying value of land as at the reporting date approximates its fair value. The carrying amount that would have been recognised had the land been carried under the cost model amounts to EUR 26.643 thousand (2023: EUR 26.620 thousand). As at 31 December 2024, the revaluation surplus recognised in revaluation reserves amounts to EUR 10.931 thousand (2023: EUR 10.931 thousand). Furthermore, valuation reports of independent valuators included also valuation of the buildings that are carried at cost model. For buildings where the recoverable amount was estimated to be less than the carrying amount, the carrying amount of the asset is reduced to the recoverable amount. No impairment losses were recognised in 2024.

Measurement of fair values

Revaluation of land is performed on the basis of independent expert valuer reports. For most land plots, the method used for measuring the fair value of land by the valuer is the comparison of realised market selling prices for similar and comparable real estate taking into account geographical specifics, type of land plot, restrictions imposed by local building regulations and other factors.

The Group's land balance also includes a land plot which is currently used as a parking lot. The Group has not classified this land as investment property as the initial planned purpose was to build own premises for use in the principal activity, but is currently in the process of considering its purpose and conversion into investment property which would result in its reclassification.

17. Investment property

	31.12.2024 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Group*	31.12.2024 *(in TEUR)* *Company*	31.12.2023 *(in TEUR)* *Company*
Cost				
At 1 January	**1.218**	**1.250**	**1.218**	**1.250**
Disposals and write-off's	(47)	(32)	(47)	(32)
Total	**1.171**	**1.218**	**1.171**	**1.218**
Accumulated depreciation				
At 1 January	**523**	**521**	**523**	**521**
Charge for the year	12	12	12	12
Disposals and write-off's	(16)	(10)	(16)	(10)
	519	**523**	**519**	**523**
Carrying amount as at 31 December	**652**	**695**	**652**	**695**

Investment property relates to 29 apartments (2023: 31 apartments) owned by the Group and leased for an indefinite period to protected tenants.

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

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

The Group regularly tests the investment property for impairment by analysis of comparable real estate prices. As at the reporting dates, current quoted market prices for similar properties and realised sales prices do not indicate impairment and the carrying amount is a reasonable approximation of fair value.

18. Investments in subsidiairies and equity accounted investees

	31.12.2024 (in TEUR) Group	31.12.2023 (in TEUR) Group	31.12.2024 (in TEUR) Company	31.12.2023 (in TEUR) Company
Investments in subsidiaries	-	-	8	8
Investment in equity accounted investees	31.748	24.633	1.556	1.556
Total	**31.748**	**24.633**	**1.564**	**1.564**

The investments in subsidiaries are as follows:

	Ownership interest		Investment	
(in TEUR)	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Luka - prijevoz d.o.o.	100%	100%	3	3
Stanovi d.o.o.	100%	100%	3	3
Luka Rijeka Container Depot d.o.o.	100%	100%	3	3
			8	**8**

The investments in equity accounted investees relate to the following:

	31.12.2024 (in TEUR) Group	31.12.2023 (in TEUR) Group	31.12.2024 (in TEUR) Company	31.12.2023 (in TEUR) Company
Jadranska vrata d.d.				
- at cost	-	-	1.556	1.556
- applying the equity method	31.748	24.633	-	-
Total	**31.748**	**24.633**	**1.556**	**1.556**

	31.12.2024 (in TEUR) Group	31.12.2023 (in TEUR) Group
As at 1 January	24.633	17.773
Share of profit/(loss) of associate	9.565	6.860
Dividend payment	(2.450)	-
As at 31 December	**31.748**	**24.633**

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

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

Jadranska vrata d.d.	**31.12.2024** *(in TEUR)*	**31.12.2023** *(in TEUR)*
Assets	61.724	46.106
Liabilities	4.437	3.342
Revenue	45.498	36.509
Net profit	19.524	14.001

The General Assembly of the company Jadranska vrata d.d. declared a dividend during 2024 in the amount of EUR 5.000 thousand (2023: EUR 0 thousand), of which EUR 2.450 thousand related to the dividend payable to the Company, which was recognized within financial income in the unconsolidated financial statements in 2024.

19. Non-current financial assets

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Non-current receivables for apartments sold	-	6	-	6
Other financial assets	55	55	55	55
	55	**61**	**55**	**61**

20. Current financial assets

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Short-term deposits in banks	27	246	27	246
Given loans	-	-	53	112
As at 31 December	**27**	**246**	**80**	**358**

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

21. Trade and other receivables

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Receivables from domestic customers	3.863	3.594	3.864	3.589
Receivables from foreign customers	1.554	1.424	1.554	1.424
Receivables for apartments sold on credit	16	96	16	96
Taxes, contributions and fees receivable	81	39	81	39
Advances given	41	183	12	183
VAT receivable	597	1.278	528	1.257
Prepaid expenses	47	102	46	101
Other receivables	177	118	126	61
	6.376	**6.834**	**6.227**	**6.750**

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

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
At 1 January	**1.885**	1.756	**1.885**	1.756
Increase	-	111	-	111
Collected	-	(16)	-	(16)
Written-off	-	-	-	-
Exchange rates	39	34	39	34
At 31 December	**1.924**	**1.885**	**1.924**	**1.885**

21. Trade and other receivables (continued)

Ageing analysis of trade receivables is as follows:

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Non-matured	3.493	3.216	3.500	3.216
Up to 90 days	1.296	1.533	1.291	1.528
91-180 days	174	72	174	71
181-360 days	68	107	68	107
Over 360 days	386	91	385	91
	5.417	**5.019**	**5.418**	**5.013**

Trade receivables are denominated in following currencies:

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
EUR	5.417	5.019	5.418	5.013
USD	-	-	-	-
	5.417	**5.019**	**5.418**	**5.013**

22. Cash and cash equivalents

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Cash with banks	8.065	5.458	7.761	5.068
Cash at hand	1	1	1	1
	8.066	**5.459**	**7.762**	**5.069**

Cash with banks relates to cash accounts with commercial banks carrying an average interest rate of 0,01% per annum. Cash with banks includes EUR 1 thousand (2023: EUR 90 thousand) of restricted funds relating to grants received for the purpose of capital investments into CEF project for which bank guarantees have been issued.

Cash and cash equivalents are denominated in the following currencies:

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
EUR	7.704	5.079	7.399	4.689
USD	363	380	363	380
	8.066	**5.459**	**7.762**	**5.069**

23. Share capital

	31.12.2024	31.12.2023
	(in TEUR)	*(in TEUR)*
	Group/Company	*Group/Company*
Share capital	67.402	67.402
	67.402	**67.402**

As at 31 December 2024, the Group and the Company's share capital amounted to EUR 67.402 thousand, distributed among 13.480.475 shares with a nominal value of each share amounting to EUR 5. All issued shares are fully paid in and authorised.

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

At the General Assembly held on August 25, 2023, the Company made a decision to adjust or reduce the share capital according to the provisions of the ZIZTD reducing it from EUR 71.567 thousand by EUR 4.164 thousand to EUR 67.402 thousand.

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

	% of ownership	
	31.12.2024	**31.12.2023**
PORT ACQUSITIONS A.S.	34,34%	34,34%
CERP/Republika Hrvatska	25,02%	25,02%
OTP BANKA D.D./ AZ OMF KATEGORIJE B	15,02%	15,02%
ERSTE & STEIERMARKISCHE BANK D.D./PBZ CO OMF - KATEGORIJA B	7,60%	7,60%
OTP BANKA D.D./ ERSTE PLAVI OMF KATEGORIJE B	6,81%	6,81%
ERSTE & STEIERMARKISCHE BANK D.D.	1,60%	1,60%
OTP BANKA D.D./ ERSTE PLAVI EXPERT - DMF	0,91%	0,91%
OTP BANKA D.D./ AZ OMF KATEGORIJE A	0,85%	0,85%
ZAGREBAČKA BANKA D.D./ AZ PROFIT OTVORENI DMF	0,71%	0,71%
Other shareholders	7,14%	7,14%
Total	**100%**	**100%**

24. Reserves

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Capital and other reserves	9.291	9.291	9.291	9.291
Revaluation reserves	10.931	10.931	10.931	10.931
	20.222	**20.222**	**20.222**	**20.222**

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

Revaluation reserve relates to the revaluation of land.

25. Borrowings

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Non-current borrowings				
Bank loans	15.529	13.226	15.529	13.226
Lease liabilities	197	118	-	30
	15.726	**13.344**	**15.529**	**13.256**
Current borrowings				
Bank loans	2.591	2.293	2.591	2.293
Lease liabilities	89	94	30	54
	2.680	**2.387**	**2.621**	**2.347**
Total borrowings	**18.406**	**15.730**	**18.150**	**15.603**

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

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
1 year or less	2.591	2.234	2.591	2.293
1 - 2 years	2.308	2.106	2.308	2.106
2 – 5 years	6.922	5.468	6.922	5.468
Over 5 years	6.299	5.711	6.299	5.652
	18.120	**15.519**	**18.120**	**15.519**

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

25. Borrowings (continued)

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

	31.12.2024 *(in TEUR)* *Group*	31.12.2023 *(in TEUR)* *Group*	31.12.2024 *(in TEUR)* *Company*	31.12.2023 *(in TEUR)* *Company*
Up to 1 year	89	94	30	54
Between 1 and 2 years	53	65	-	30
Between 2 and 5 years	144	52	-	-
Over 5 years	-	-	-	-
	286	**211**	**30**	**84**

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

	Loans *(in TEUR)*	Leases *(in TEUR)*	Total *(in TEUR)*
Balance as at 1 January 2024	**15.519**	**211**	**15.730**
Cash transactions:			
Loans repaid	(2.293)	-	(2.293)
Received loans	4.894	178	5.072
Leases repaid	-	(103)	(103)
Total cash transactions	**2.601**	**75**	**2.676**
Non-cash transactions			
Exchange rate effect	-	-	-
Other non-cash transactions	-	-	-
Balance as at 31 December 2024	**18.120**	**286**	**18.406**

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

Bank loans

Bank loans amounting to EUR 12.942 thousand have variable interest rates (2023: EUR 14.825 thousand). The variable interest rates for bank loans were in the range from 5% to 7,9% per annum (2023: from 4,3% to 7,9%).

Bank loans amounting to EUR 5.178 thousand have fixed interest rates (2023: EUR 694 thousand). The fixed interest rates for bank loans included in the table above were in the range from 3% to 4,5% per annum (2023: around 3%).

25. Borrowings (continued)

Leases

The leases of the Company and the Group relate to finance leases of equipment with a principal amount of EUR 286 thousand (2023: EUR 211 thousand). Interest rates ranged from 3% to 6.25% per annum (2023: 3% to 6.25%).

Security

Bank borrowings in the amount of EUR 18.120 thousand (2023: EUR 15.519 thousand) are secured by mortgages over the Company’s and Group's land and buildings (Note 16).

Debt terms

Under the loan agreement, the Group is required to comply with certain borrowing conditions. At the reporting dates, the Group maintain borrowing conditions.

26. Provisions

Group and Company	Jubilee awards and retirement benefits (in TEUR)	Legal cases (in TEUR)	Total (in TEUR)
As at 31 December 2023			
Non-current	286	-	286
Current	-	784	784
	286	**784**	**1.070**
As at 31 December 2024			
Non-current	286	-	286
Current	-	489	489
	286	**489**	**775**

Movement in provisions was as follows:

Group and Company	Jubilee awards and retirement benefits (in TEUR)	Legal cases (in TEUR)	Total (in TEUR)
As at 1 January 2023	314	929	1.243
Increase	-	253	253
Decrease	(28)	(398)	(426)
As at 31 December 2023	**286**	**784**	**1.070**
As at 1 January 2024	**286**	**784**	**1.070**
Increase	-	-	-
Decrease	-	(295)	(295)
As at 31 December 2024	**286**	**489**	**775**

(i) Jubilee awards and regular retirement benefits

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

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

26. Provision (continued)

(ii) Legal cases

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

27. Trade and other payables

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Trade payables - domestic	4.507	3.734	5.173	4.267
Trade payables - foreign	57	44	57	44
Liabilities toward employees	1.000	1.142	954	1.110
Liabilities for apartments sold	1.135	1.132	1.135	1.132
Interest payable	68	30	68	30
Other taxes, contributions and fees payable	9	9	9	9
VAT liabilities	21	1	20	-
Salary taxes and contributions payable	442	435	411	415
Deferred income *(i)*	26.797	16.541	26.797	16.541
Accrued expenses	-	6	-	6
Other payables	57	2.514	8	2.442
	34.092	**25.589**	**34.632**	**25.996**

(i) Two funding contracts were concluded at the end of 2017, as part of the incentives of the European Commission for the reconstruction of the port area in Rijeka and Bakar, between the INEA Agency (the Innovation and Networks Executive Agency) as the Grantor, Port Authority of Rijeka as the coordinator and the Company. The Company and the Port Authority of Rijeka are also considered recipients of the grant (the Company has the right to approximately 96% of the total amount of the grant while the remainder relates to the port authority). The total amount of the grant for both contracts (CEF projects) is up to a maximum of 85% of the costs that will be required for the planned works in this area which amounts to 33.795 thousand euros. As of 31 December 2024, the Company had received EUR 27.269 thousand under these contracts.

28. Risk management

Capital risk management

Financial leverage ratio

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

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Debt (long- and short-term borrowings) = D	(18.406)	(15.730)	(18.150)	(15.603)
Short term bank deposits and given loans	27	246	80	358
Cash and cash equivalents	8.066	5.459	7.762	5.069
Net cash / (debt)	**(10.313)**	**(10.025)**	**(10.308)**	**(10.176)**
Equity = E	**(84.137)**	**(75.072)**	**(53.568)**	**(51.774)**
Financial leverage ratio = D/(D+E)				
excl. concession related liabilities	18%	17%	25%	23%
incl. concession related liabilities	28%	35%	37%	43%

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

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

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

28. Risk management (continued)

Financial risk management

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

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
Financial assets at FVOCI	-	-	-	-
Total FVOCI financial assets	-	-	-	-
Non-current financial assets	55	61	55	61
Short-term financial assets	27	246	80	358
Trade receivables	5.610	5.233	5.560	5.170
Cash and cash equivalents	8.066	5.459	7.762	5.069
Total financial assets at amortised cost	**13.758**	**10.998**	**13.457**	**10.658**
Total financial assets	**13.758**	**10.998**	**13.457**	**10.658**
Lease liabilities	286	211	30	84
Liabilities for concession assets	13.697	24.078	13.697	24.078
Loan liabilities	18.120	15.519	18.120	15.519
Trade payables	5.823	7.454	6.441	7.916
Total financial liabilities at amortised cost	**37.926**	**47.262**	**38.288**	**47.597**
Total financial liabilities	**37.926**	**47.262**	**38.288**	**47.597**

Fair value of financial instruments

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

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

28. Risk management (continued)

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

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

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

Liquidity risk management

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

28. Risk management (continued)

Liquidity risk analysis

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

(in TEUR)	Carrying amount	Contractual cash flows	Up to 1 year	1 – 2 years	2 - 5 years	Over 5 years
As at 31 December 2024						
Non-interest bearing:						
Non-Current financial assets	5	5	5	-	-	-
Trade receivables	5.610	5.610	5.610	-	-	-
	5.615	**5.615**	**5.615**	**-**	**-**	**-**
Interest bearing:						
Non-Current financial assets	50	50	-	-	50	-
Current financial assets	27	27	27	-	-	-
Cash and cash equivalents	8.066	8.066	8.066	-	-	-
	8.143	**8.143**	**8.093**	**-**	**50**	**-**
Total	**8.143**	**8.143**	**8.093**	-	**50**	-

(in TEUR)	Carrying amount	Contractual cash flows	Up to 1 year	1 – 2 years	2 - 5 years	Over 5 years
As at 31 December 2024						
Non-interest bearing:						
Trade payables	5.823	5.823	5.823	-	-	-
	5.823	**5.823**	**5.823**	**-**	**-**	**-**
Interest bearing:						
Lease liabilities	286	314	99	62	153	-
Liabilities for concession assets	13.697	16.188	547	624	13.595	1.422
Loan liabilities	18.120	22.808	3.659	3.228	8.812	7.109
	32.103	**39.310**	**4.305**	**3.914**	**22.560**	**8.531**
Total	**37.926**	**45.133**	**10.128**	**3.914**	**22.560**	**8.531**

28. Risk management (continued)

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

Liquidity risk analysis (continued)

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

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

28. Risk management (continued)

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

Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The variable interest rates currently applicable on the carrying values of floating rate debt as at the reporting dates are based on the following:

	31.12.2024 *(in TEUR)* *Group*	**31.12.2023** *(in TEUR)* *Group*	**31.12.2024** *(in TEUR)* *Company*	**31.12.2023** *(in TEUR)* *Company*
EURIBOR based bank loans	12.942	14.825	12.942	14.825

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared by calculating the effect of a reasonably possible increase in interest rates on floating rate debt on the expected contractual cash flows of such debt compared to those calculated using the interest rates applicable at the current reporting period end date. A 50 basis point increase/decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

28. Risk management (continued)

The estimated effect of the reasonably possible change in variable interest rates on the Group's result before tax for the reporting periods is as follows:

(in TEUR)	**Contractual cash flows**
As at 31 December 2024	
At currently applicable int. rates	16.499
At currently applicable int. rates + 50 basis points	16.747
Effect of increase of int. rates by 50 basis points	248

The Group does not hedge interest rate risk as significant changes of interest rates are not expected to occur.

Foreign currency sensitivity analysis

The Group does not currently hedge currency risk with respect to USD is not considered significant.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Customers are classified into risk groupings based on the financial indicators and own trading records, and appropriate credit risk mitigation measures are taken for each risk class. Customers are classified mainly on the basis of official financial statements of customers, and credit ratings supplied by independent rating agencies, and the history of trading with each customer. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by counterparty limits that are reviewed at least annually.

The Group has no significant credit exposures that would not be covered by collateral and which have not been assessed for impairment indicators as at the reporting date.

Operational risk management

Sales concentration risk management

The Group generates approximately 26% (2023: 23%) of its revenue from domestic customers, whereas around 74% (2023: 77%) of the sales are generated from international customers (based on geographical location of customer). The Group determines the selling prices in accordance with the macroeconomic conditions prevailing in each of the markets where the customers are located having in mind the maximum approved tariffs for services defined in the Concession agreement.

28. Risk management (continued)

Operational risk management (continued)

Sales concentration risk management (continued)

The Group's revenues are to a significant extent exposed to volatility due to high concentration of revenues from a smaller number of customers. In 2024, top 10 customers of the Group generated approximately 64% of operating revenues (2023: 62%) while the top five customer generated approximately 47% of operating revenues (2023: 45%). As a result of its exposure to a small number of customer, the Group manages this risk through active and frequent communication with key customers, acquisitions of new customers, and through monitoring of relevant competitors and market conditions both locally and internationally.

The Group expects increased risks associated with maintaining market position (both in terms of international and domestic customers) due to the strengthening of competitors. To lessen this effect, the Group aims to further increase its competitiveness by increasing productivity and capacity and modernising its technology, which it expects to achieve to a large extent through the realisation of planned capital investments coupled with the expected refurbishment of local railways.

29. Related party transactions

The Company has a related relationship with is majority shareholders (and companies under their control) and its subsidiaries and associates. The most important individual shareholder of the company Luka Rijeka d.d. on the date of the financial statements is company Port Acquisitions a.s with a share of 34,34% in the share capital and voting rights of the Company.

Given that the Republic of Croatia holds 25,02% of share capital and voting rights of the Group / Company via CERP and has significant influence over the Group/Company, the State and entities under its control or influence are also considered related parties. However, for the purposes of related party disclosures, routine transactions with various communal entities or other bodies controlled by the State with respect to taxes, levies or with respect to standard purchases of basic consumables are not considered or disclosed as related party transactions.

Furthermore, key management personnel including close family members of key management personnel and entities controlled, jointly controlled or significantly influenced by key management personnel and their close family members, are also considered related parties and disclosed in accordance with the definitions contained in International Accounting Standard 24 Related Party Disclosures ("IAS 24").

29. Related party transactions (continued)

Transactions with State and entities under its control or influence

Receivables and sales with the State and related parties:

(in TEUR)	2024	2023
Port Authority of Rijeka		
Rent of premises and provision of regular services	392	631
Receivables as at 31 December	1	44
Jadrolinija d.d.		
Sales of services	16	18
Receivables as at 31 December	3	2
Croatia insurance Group		
Insurance claims	-	4
Receivables as at 31 December	-	-
HŽ Cargo d.o.o		
Sales of services	15	7
Receivables as at 31 December	-	1
Total sales	**423**	**660**
Total receivables as at 31 December	**4**	**47**

29. Related party transactions (continued)

Payables and purchases with the State and related parties:

(in TEUR)	**2024**	**2023**
HEP Group		
Purchase of electricity	1.627	3.459
Liabilities as at 31 December	135	289
HŽ Cargo d.o.o.		
Purchase of transport services	81	30
Liabilities as at 31 December	-	26
INA Group		
Purchase of fuel	1	1
Liabilities as at 31 December	-	8
Faculty of Maritime studies in Rijeka		
Purchase of services	-	1
Liabilities as at 31 December	-	-
Total purchases	**1.709**	**3.491**
Total liabilities as at 31 December	**135**	**323**

Transactions with owners - Port Acquisitions a.s.

During 2024, there were no transactions with Port Acquisitions a.s.. As at 31 December 2024 and 31 December 2023, the Group and the Company did not have any receivables or payables towards Port Acquisitions a.s..

Transactions with subsidiaries

During 2024, the Company purchased goods and services from subsidiaries in the amount of EUR 2.131 thousand (2023: EUR 2.225 thousand) and at 31 December 2024 owed to subsidiaries EUR 765 thousand (2023: EUR 663 thousand). During 2024, the Company sold goods and services to subsidiaries in the amount of EUR 18 thousand (2023: EUR 20 thousand) and at 31 December 2024 had receivables from subsidiaries in the amount of EUR 59 thousand (2023: 2 thousand euro).

29. Related party transactions (continued)

Transactions with equity accounted investees

The Group enters into transactions with the associate company Jadranska vrata d.d. where Luka Rijeka d.d. has a 49% ownership interest. Transactions with the associate relating to balances in the statement of financial position as at 31 December 2024 and 31 December 2023 and transactions in the statement of comprehensive income for the years then ended are as follows:

(in TEUR)	**2024**	**2023**
Trade receivables	5	218
Sales revenue and other income	10	36
Other financial income (*Note 12*)	2.450	-

Transactions with State bodies

Concession fees

During 2024, in relation to the Concession Agreement, the Group paid fixed concession fees toward the Port Authority of Rijeka in the amount of EUR 522 thousand (2023: EUR 513 thousand) and recognized expenditure related to variable concession fees in the amount of EUR 203 thousand (2023: EUR 221 thousand). As at 31 December 2024, the Group had outstanding payables toward the Port Authority of Rijeka with respect concession and related expenses of EUR 55 thousand (31 December 2023: EUR 54 thousand).

Remuneration to the Management Board members

Key management of the Company comprises the Management Board and consists of 3 persons (2023: 2 persons). During 2024, the Group paid out EUR 205 thousand to the Management Board (2023: EUR 190 thousand) with respect to gross salaries (including contributions on salaries).

30. Contingent liabilities and assets

Exposure to court cases

As at the reporting date, there are number of legal proceeding against the Group which stem from regular commercial activities and court cases including former employees.

Based on consultation with legal advisors, management applied its judgment as described in more detail in note 4 and estimated that the legal proceedings the Group is involved in should not give rise to significant losses apart from those already provided for as detailed in note 26.

Potential penalties arising from minimal service limits defined in the Concession arrangement

According to the Concession agreement in place, from 2016 onward the Group is obligated to maintain minimal service levels defined in quantities of transshipped cargo and based on the initial business plans submitted to the Port Authority of Rijeka at the inception of the agreement. Should the minimal service levels not be met, the Port Authority of Rijeka would be entitled to charge concession penalties based on the variance of actual versus initially planned service levels.

Current service levels are considerably lower than those included in the initial business plans. Calculated potential penalties by the Company, without interest, amount to approximately EUR 17,1 million, of which EUR 1,8 million relates to 2016, EUR 1,7 million to 2017, EUR 1,8 million for 2018, EUR 2,1 million for 2019, EUR 1,9 million for 2020, EUR 2 million for 2021, 1,8 EUR million for 2022, EUR 1,9 million for 2023 and EUR 2,1 million for 2024.

The Group is actively communicating with the port authority with respect to updating minimal levels of service and their alignment with current market conditions. Given the fact that the port authority historically did not charge these amounts and taking into account the changed market conditions as opposed to those present at the initial determination of minimal service level, the Group does not expect that the amount will be charged but it cannot exclude this entirely.

31. Concession related right-of-use assets, liabilities and contractual commitments

As described in note 4, the Group and Company applied IFRS 16 to account for the recognition of right-of- use assets and liabilities arising from the Concession Agreement.

As stipulated in the Concession Agreement modified at the end of 2011, the extension of the concession period up to 2042 was granted in return for expenditure to be made by the Group during the term of the concession in the total amount of EUR 146,5 million in relation to investments into rehabilitation of the port infrastructure and investments in equipment (a total of EUR 87,1 million of required expenditure) as well as in relation to maintenance of concession assets in the amount of EUR 59,4 million.

The Group recognised liabilities for concession assets with right-of-use as the present value of expected payments for infrastructure related expenditure and fixed or in-substance fixed concession fees, and has also recognised a corresponding right-of-use asset at cost less accumulated amortisation and impairment losses.

Expenditure related to investments into equipment and maintenance of the port concession area are disclosed as contractual commitments and will be recognised as assets (in case of investments into equipment) or expenditure (in case of maintenance) when they are incurred.

During 2024, the Group remeasured the ROU liability related to infrastructure capital expenditure in order to reflect the modification in timeline of expected lease payments with a discount rate of 3,5% (2023: 3,5%) based on currently expected interest rates on long term debt. The effect of the remeasurement was accounted for as a change in the ROU liability with a corresponding effect on the ROU asset.

31. Concession related right-of-use assets, liabilities and contractual commitments (continued)

The movement in the concession related right-of-use assets for the Group and Company was as follows:

(in TEUR)	**Concession assets with right-of-use**
Cost	
At 1 January 2023	**46.213**
Effect of remeasurement	1.040
At 31 December 2023	**47.253**
Effect of remeasurement	(1.229)
At 31 December 2024	**46.024**
Accumulated amortisation and impairment	
At 1 January 2023	**25.783**
Charge for the year	1.073
At 31 December 2023	**26.856**
Charge for the year	1.094
At 31 December 2024	**27.950**
Carrying amount	
At 31 December 2023	**20.397**
At 31 December 2024	**18.074**

31. Concession related right-of-use assets, liabilities and contractual commitments (continued)

The movement in the liabilities for concession assets with right-of-use for the Group and Company was as follows:

(in TEUR)	**Liabilities for concession assets with right of use**
At 1 January 2023	**36.735**
Non-cash transactions	
Unwiding of discount	1.331
Exchange rate differences	-
Effect of remeasurement	1.041
Cash transactions (i)	
Payment of concession fees	(513)
Infrastructure related expenditure	(14.516)
At 31 December 2023	**24.078**
Non-cash transactions	
Unwiding of discount	823
Exchange rate differences	-
Effect of remeasurement	(1.229)
Cash transactions (i)	
Payment of concession fees	(570)
Infrastructure related expenditure	(9.405)
At 31 December 2024	**13.697**

(i) Cash transactions with respect to movements in liabilities for concession assets with right-of-use are presented within cash flows from financing activities.

Maturity analysis of liabilities for concession assets with right-of-use is as follows:

(in TEUR)	**31.12.2024**	**31.12.2023**
Up to 1 year - current portion of liability	66	9.093
1 - 2 years	146	3.068
2 - 3 years	829	5.915
3 - 4 years	4.729	362
4 - 5 years	6.825	4.475
Over 5 years	1.102	1.164
Net book value	**13.697**	**24.078**

31. Concession related right-of-use assets, liabilities and contractual commitments (continued)

The structure and status of total and outstanding expenditure requirements stipulated by the Concession Agreement, as at the reporting date is shown below:

(in TEUR)	**Executed** up to 2024	**Outstanding** *2024-2042*	**Total**
Infrastructure related expenditure	53.832	12.945	66.777
Equipment related expenditure	19.496	857	20.353
Maintenance of concession assets	35.139	24.261	59.400
	108.467	**38.063**	**146.530**

Where not specifically prescribed, the allocation of total expenditure to periods was allocated based on best estimate of expected timing of expenditure and classified by type based on management interpretations for the purpose of applying IFRS 16.

32. Events after the reporting date

There were no events after the reporting period that would have a significant impact on the Group and the Company's financial statements as at 31 December 2024 or for the year then ended or that are of such significance to the Group and the Company's operations that they would require disclosure in the notes to the financial statements.