

2019

LUKA KOPER GROUP

**NON-AUDITED REPORT OF LUKA
KOPER GROUP AND
LUKA KOPER, D. D.,
JANUARY – SEPTEMBER 2019**

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INTRODUCTION

1 Performance highlights of Luka Koper Group, January - September 2019

The activities related to setting up new business model of the provision of port services continued also in the third quarter of 2019.

1,699

NUMBER OF EMPLOYEES	2019/2018	+ 40 %
	2019/PLAN 2019	+ 0 %

The number of employees in January - September 2019 with respect to January - September 2018 increased by 40 percent resp. by 482 employees, reaching the number of 1,699 employees, since the Group started to implement the action plan for the implementation of the port service provision strategy. In Luka Koper Group, 468 new recruitments were realised in the third quarter of 2019, whereof 284 recruitments within the framework of the action plan for implementing the port services provision strategy.

With aim to employ 346 needed workers, Luka Koper, d. d., selected four recruitment agencies, representing tier four of the business model of implementation of the port services provision strategy. Until 30 September 2019, the agencies posted to Luka Koper, d. d., first 73 workers, to whom are guaranteed the same rights as to regularly employed workers.

The number of employees in January - September 2019 is on the level of plan.

174 MILLION EUR

NET REVENUE FROM SALE	2019/2018	+ 3 %
	2019/PLAN 2019	- 4 %

In January – September 2019, net revenue from sale amounted to EUR 174 million and exceeded by 3 percent resp. EUR 5.6 million the achieved net revenue in 2018. Net revenue from sale from marketing activity exceeded the result from the previous year by 2 percent resp. by EUR 3.2 million, revenue from the performance of public utility service of regular maintenance of port infrastructure, intended for the public transport, exceeded the result of the previous year by 75 percent resp. by EUR 2.4 million.

Higher revenue from the marketing activity was generated, primarily from the warehousing and increase of some prices and more favourable cargo structure.

In January - September 2019, Luka Koper Group net revenue from sale was 4 percent resp. EUR 6.5 million below the planned net revenue from sales. Net revenue from sale of Luka Koper Group from the market activity lagged behind the planned revenue from sale by 1 percent resp. by EUR 2.3 million, revenue from the performance of the public utility service for the regular maintenance of the port's infrastructure, destined for public transport lagged behind the plan by 43 percent resp. by EUR 4.2 million.

In January – September 2019, the maritime throughput stood at 18 million tons, which was at a comparable level of a last year throughput. The growth of the throughput with in comparison to the previous year Luka Koper Group achieved in product groups of containers and liquid cargoes. The lower maritime throughput of Luka Koper Group was achieved at the Bulk cargoes terminal, due to reduced needs of our customer, importing thermal coal through the port of Koper and due to unfavourable market conditions in the coal-based power generation in Italy. The throughput of cars was also lower, which reflects the existing market situation of reduced car sale in our European key markets and in China. Lower throughput of general cargoes results from a lower throughput of steel bars, lower timber throughput is attributable to lower needs of North African market.

In January – September 2019, the maritime throughput was 3 percentage below planned.

Maritime throughput per cargo Groups in 2018 and 2019

CARGO GROUPS (in tons)	1–9 2018	1–9 2019	Index 2019/2018
General cargoes	1,100,661	942,061	86
Containers	7,132,763	7,246,442	102
Cars	867,385	791,711	91
Liquid cargoes	2,698,955	3,218,298	119
Dry and bulk cargoes	5,861,028	5,540,419	95
TOTAL	17,660,793	17,738,931	100

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in January – September 2019 amounted to EUR 61 million, which is 23 percent resp. EUR 18 million decline in comparison with 2018. Not including the received compensation for the crane in 2018 and in 2019, not including the sale of the building with the pertaining land in Prisoje in 2018, not including the reversal of provisions for lawsuits in 2018 and not including the transshipment fee in 2019, earnings before interest, tax, depreciation and amortisation (EBITDA) in January – September 2019 would be lower by EUR 4.3 million in comparison to the achieved in 2018. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in January - September 2019 was 10 percent resp. EUR 5.4 million EUR ahead on the planned.

35 %

EBITDA MARGIN	2019/2018	- 25 %
	2019/PLAN 2019	+ 14 %

EBITDA margin of Luka Koper Group in January - September 2019 amounted to 35 percent, which is 25 percent resp. 11.9 percentage point below the EBITDA margin in 2018. Not including the received compensation for the crane in 2018 and in 2019, not including the sale of the building with the pertaining land in Prisoje in 2018, not including the reversal of provisions for lawsuits in 2018 and not including the transshipment fee in 2019, the EBITDA margin in January – September 2019 would be lower by 9 percent resp. by 3.8 percentage point in comparison to the achieved in 2018.

EBITDA margin of Luka Koper Group in January – September 2019 was 14 percent resp. 4.2 percentage point ahead on the planned.

35 MILLION EUR

NET PROFIT OR LOSS	2019/2018	- 29 %
	2019/PLAN 2019	+ 17 %

Net profit or loss of Luka Koper Group in January – September 2019 amounted to EUR 35 million, which is 29 percent resp. 14 million EUR decline in comparison to 2018. Not including the received compensation for the crane in 2018 in 2019, not including the sale of the building with the pertaining land in Prisoje in 2018, not including the reversal of provisions for lawsuits in 2018 and not including the transshipment fee in 2019, net profit or loss in January – September 2019 would be lower by 7 percent resp. by EUR 2.6 million than the level achieved in 2018. In January - September 2019, the net profit of Luka Koper Group was 17 percent resp. EUR 5.1 million ahead on the planned.

25 MILLION EUR

INVESTMENTS	2019/2018	+ 258 %
	2019/PLAN 2019	- 24 %

In January – September 2019, Luka Koper Group allocated EUR 25 million for investments in property, plant and equipment, investment property and intangible assets¹, which is EUR 18.1 million ahead on January - September 2018, investments were mainly allocated to the transshipment machinery, new entrance to the port and the construction of a new berth.

In January – September 2019 investments was 24 percentage resp. EUR 7.8 million below the plan.

11.5 %

RETURN ON EQUITY (ROE)	2019/2018	- 35 %
	2019/PLAN 2019	+ 16 %

In January - September 2019, the return on equity (ROE)² amounted to 11.5 percent, which is 35 percent resp. 6.2 percentage decline when compared to 2018.

Return on Equity (ROE) in January – September 2019 was 16 percent resp. 1.6 percentage point ahead on the planned.

0.1

NET FINANCIAL INDEBTEDNESS/EBITDA	2019/2018	- 38 %
	2019/PLAN 2019	- 63 %

Indicator of net financial indebtedness/EBITDA³ in January – September 2019 amounted to 0.1 in 2018 to 0.2. Low value of the net financial indebtedness/EBITDA shows a high level of financial stability of Luka Koper, d. d., and Luka Koper Group and readiness to enter in a more intensive investment cycle, planned for the years to come.

Indicator of net financial indebtedness/EBITDA in January – September 2019 was planned to 0,4.

¹ Not including the advances for equipment

² The indicator is calculated on the basis of annualised data.

³ Indicator is calculated on the basis of annualised data.

1.1 Financial indicators

Key performance indicators of Luka Koper, d. d., and Luka Koper Group in January – September 2019, in comparison to January – September 2018

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 – 9 2018	1 – 9 2019	IND 2019/ 2018	1 – 9 2018	1 – 9 2019	IND 2019/ 2018
Income statement						
Net revenue from sale	165,515,474	170,822,838	103	168,246,822	173,820,118	103
Earnings before interest and taxes (EBIT) ⁴	55,821,096	37,054,837	66	56,761,050	38,520,293	68
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ⁵	77,201,054	58,753,710	76	78,785,849	60,770,735	77
Profit or loss from financing activities	2,128,629	2,642,875	124	667,310	1,211,300	182
Profit before tax	57,949,725	39,697,712	69	58,925,166	40,869,443	69
Net profit or loss	47,747,807	33,598,174	70	48,574,168	34,536,727	71
Added value ⁶	116,345,822	111,831,608	96	122,968,497	118,230,646	96

	31. 12. 2018	30. 9. 2019	IND 2019/ 2018	31. 12. 2018	30. 9. 2019	IND 2019/ 2018
Statement of financial position						
Assets	553,542,206	576,696,251	104	572,242,060	595,485,433	104
Non-current assets	433,899,168	444,940,808	103	445,660,208	456,264,251	102
Current assets	119,643,038	131,755,443	110	126,581,852	139,221,182	110
Equity	362,644,965	377,774,988	104	393,878,805	409,358,865	104
Non-current liabilities with provisions and long-term accruals	137,848,415	145,740,530	106	124,316,097	132,074,039	106
Short-term liabilities	53,048,826	53,180,733	100	54,047,158	54,052,529	100
Financial liabilities	107,273,741	112,603,482	105	91,262,420	96,779,855	106

⁴ Earnings before interest and taxes (EBIT) = operating revenue – operating expenses

⁵ Earnings before tax, depreciation and amortisation (EBITDA) = operating profit (EBIT) + amortisation

⁶ Added value = net revenue from sale capitalised own products and services + other revenue – costs of goods, material, services – other operating expenses without operating expenses from revaluation.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 – 9 2018	1 – 9 2019	IND 2019/ 2018	1 – 9 2018	1 – 9 2019	IND 2019/ 2018
Investments						
Investments in property, plant and equipment, investment property and intangible assets ⁷	6,547,764	24,413,287	373	7,025,330	25,129,593	358

Ratio (in %)	Luka Koper, d. d.			Luka Koper Group		
	1 – 9 2018	1 – 9 2019	IND 2019/ 2018	1 – 9 2018	1 – 9 2019	IND 2019/ 2018
Return on sales (ROS) ⁸	33.7%	21.7%	64	33.7%	22.2%	66
Return on equity (ROE) ⁹	18.9%	12.1%	64	17.7%	11.5%	65
Return on assets (ROA) ¹⁰	11.9%	7.9%	67	11.7%	7.9%	67
EBITDA margin ¹¹	46.6%	34.4%	74	46.8%	35.0%	75
EBITDA margin related to the market activity ¹²	47.6%	35.6%	75	47.7%	36.1%	76
Financial liabilities/equity	34.7%	29.8%	86	27.7%	23.6%	85
Net financial debt /EBITDA ¹³	0.4	0.4	99	0.2	0.1	62

Maritime throughput (in tons)	Luka Koper, d. d.			Luka Koper Group		
	1 – 9 2018	1 – 9 2019	IND 2019/ 2018	1 – 9 2018	1 – 9 2019	IND 2019/ 2018
Maritime throughput	17,660,793	17,738,931	100	17,660,793	17,738,931	100

Number of employees	Luka Koper, d. d.			Luka Koper Group		
	1 – 9 2018	1 – 9 2019	IND 2019/ 2018	1 – 9 2018	1 – 9 2019	IND 2019/ 2018
Number of employees	1,034	1,540	149	1,217	1,699	140

⁷ Not including the advances for equipment

⁸ Return on sales (ROS) = earnings before interest and taxes(EBIT) /net revenue from sale

⁹ Return on equity (ROE) = net profit or loss / average equity

Indicator is calculated based on annualised data

¹⁰ Return on assets (ROA) = net profit or loss / average assests

Indicator is calculated on the basis of annualised data

¹¹ EBITDA margin = operating earnings before amortisation (EBITDA) / net revenue from sale

¹² EBITDA margin from the market activity = operating earnings before amortisation (EBITDA) / net revenue from the sale from market activity

¹³ Net financial indebtedness/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA

Indicator is calculated on the basis of annualised data

Key performance indicators of Luka Koper, d. d., and Luka Koper Group in January – September 2019 in comparison to the Plan January - September 2019

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019
Net revenue from sale	176,875,805	170,822,838	97	180,296,839	173,820,118	96
Earnings before interest and taxes (EBIT)	32,468,034	37,054,837	114	33,529,055	38,520,293	115
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹⁴	53,741,033	58,753,710	109	55,383,595	60,770,735	110
Profit or loss from financing activities	2,106,418	2,642,875	125	737,553	1,211,300	164
Profit before tax	34,574,452	39,697,712	115	35,202,431	40,869,443	116
Net profit or loss	28,936,578	33,598,174	116	29,419,026	34,536,727	117
Added value ¹⁵	108,802,563	111,831,608	103	114,857,697	118,230,646	103

Statement of financial position	PLAN 30. 09. 2019	30. 09. 2019	IND 2019/ PLAN 2019	PLAN 30. 09. 2019	30. 09. 2019	IND 2019/ PLAN 2019
Assets	560,916,228	576,696,251	103	580,419,551	595,485,433	103
Non-current assets	454,890,051	444,940,808	98	466,622,012	456,264,251	98
Current assets	106,026,178	131,755,443	124	113,797,539	139,221,182	122
Equity	369,781,582	377,774,988	102	403,189,101	409,358,865	102
Non-current liabilities with provisions and long-term accruals	142,829,102	145,740,530	102	129,025,309	132,074,039	102
Short-term liabilities	48,305,544	53,180,733	110	48,205,142	54,052,529	112
Financial liabilities	110,920,236	112,603,482	102	94,860,236	96,779,855	102

¹⁴ Earnings before interest, taxes, depreciation and amortisation(EBITDA) = operating profit (EBIT) + amortisation

¹⁵ Added value = net revenue from sale + capitalised own products and services + other revenue – costs of goods, material, services – other operating expenses without operating expenses from revaluation..

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019
Investments						
Investments in property, plant and equipment, investment property and intangible assets ¹⁶	32,408,923	24,413,287	75	32,888,861	25,129,593	76

Ratios (in %)	Luka Koper, d. d.			Luka Koper Group		
	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019
Return on sales (ROS) ¹⁷	18.4%	21.7%	118	18.6%	22.2%	119
Return on equity (ROE) ¹⁸	10.5%	12.1%	115	9.8%	11.5%	116
Return on assets (ROA) ¹⁹	6.9%	7.9%	114	6.8%	7.9%	116
EBITDA margin ²⁰	30.4%	34.4%	113	30.7%	35.0%	114
EBITDA margin related to the market activity ²¹	32.2%	35.6%	111	32.5%	36.1%	111
Financial liabilities/equity	30.0%	29.8%	99	23.5%	23.6%	100
Net financial debt /EBITDA ²²	0.7	0.4	60	0.4	0.1	37

Maritime throughput (in tons)	Luka Koper, d. d.			Luka Koper Group		
	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019
Maritime throughput	18,213,651	17,738,931	97	18,213,651	17,738,931	97

Number of employees	Luka Koper, d. d.			Luka Koper Group		
	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019	PLAN 1 – 9 2019	1 – 9 2019	IND 2019/ PLAN 2019
Number of employees	1,524	1,540	101	1,691	1,699	100

¹⁶ Not including the advances for the equipment

¹⁷ Return on sales (ROS) = operating profit (EBIT) / net revenue from the sale

¹⁸ Return on equity (ROE) = net profit or loss / average equity
Indicator calculated on the basis of annualised data

¹⁹ Return on assets (ROA) = net profit or loss / average assets
Indicator calculated on the basis of annualised data

²⁰ EBITDA margin = earnings before interest, tax, depreciation and amortisation (EBITDA) / net revenue from the sale

²¹ EBITDA margin from the sale = earnings before tax, depreciation and amortisation (EBITDA) / net revenue from the sale from the market activity

²² Net financial indebtedness/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA
The indicator is calculated on the basis of annualised data

2 Introductory note

Compliant with the Market and Financial Instrument Act, Ljubljana Stock Exchange Rules as well as Guidelines and Disclosure for Listed Companies, Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper discloses this Non-Audited Report on the performance of Luka Koper Group and Luka Koper, d. d., for January – September 2019.

This Non-Audited Report of Luka Koper Group and Luka Koper, d. d., January – September 2019 can be examined at Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper and on the company's website www.luka-kp.si, from 29 November 2019 onwards.

The company promptly publishes any pertinent changes to information contained in the prospectus for stock exchange listing on SEOnet, the electronic information system.

This Non-Audited Report on the performance of Luka Koper Group and Luka Koper, d. d., in January – September 2019 was addressed by the company's Supervisory Board at its regular session on 29 November 2019.

3 Presentation of Luka Koper

3.1 Profile of the company Luka Koper, d. d., as of 29 November 2019

Company name	LUKA KOPER, pristaniški in logistični sistem, delniška družba
Short company name	Luka Koper, d. d.
Registered office	Koper
Business address	Koper, Vojkovo nabrežje 38, 6000 Koper/Capodistria
Company's legal form	Joint stocking company
	Phone: 05 66 56 100
	Fax: 05 63 95 020
	Email: portkoper@luka-kp.si
	Website: www.luka-kp.si
	Sustainable development: http://www.zivetispristaniscem.si
Company registration	Okrožno sodišče v Kopru pod vložno številko 066/10032200
Company registration number	5144353000
Tax number	SI 89190033
Issued shared capital	EUR 58.420.964,78
Number of shares	14.000.000 of ordinary shares
Share	Ljubljana Stock Exchange
Share-ticket symbol	LKPG
President of the Management Board	Dimitrij Zadel
Member of the Management Board	Metod Podkrižnik
Member of the Management Board	mag. Irma Gubanec
Member of the Management Board – Labour Director	Vojko Rotar
President of the Supervisory Board	Uroš Ilič, M.Sc.
Luka Koper d.d. core activity	Seaport and logistics system and service provider
Luka Koper Group activities	Various support and ancillary services in relation to core activity

3.2 Luka Koper Group structure

Companies consolidated within the Luka Koper Group provide various services which accomplish the comprehensive operation of the Port of Koper.

Group Luka Koper as at 30 September 2019

- Luka Koper, d. d.
- Subsidiary companies
 - Luka Koper INPO, d. o. o., 100 %
 - Adria Terminali, d. o. o., 100 %
 - Luka Koper Pristan, d. o. o., 100 %
 - Logis-Nova, d. o. o., 100 %
 - Adria Investicije, d. o. o., 100 %
 - TOC, d. o. o., 68,13 %

Associated companies

- Adria Transport, d. o. o., 50 %
- Adria-Tow, d. o. o., 50 %
- Adriaфин, d. o. o., 50 %
- Avtoservis, d. o. o., 49 %

4 Corporate Management and Governance

Luka Koper, d. d. Management

As at 30 September 2019, Luka Koper, d. d., Management Board comprised the following members:

- Dimitrij Zadel, President of the Management Board, commenced a five-year term on 29 December 2017,
- Metod Podkrižnik, Member of the Management Board, commenced a five-year term on 29 December 2017,
- Irma Gubanec, M.Sc., commenced a five-year term on 29 December 2017,
- Vojko Rotar, Member of the Management Board – Labour Director commenced a five-year term on 16 February 2018.

A presentation of Luka Koper, d. d., Members of the Management Board is available on the company's website <https://luka-kp.si/slo/vodstvo-druzbe-193>.

Luka Koper, d. d., Supervisory board

The Luka Koper, d. d., Supervisory Board is composed of nine members, six of whom are elected by the General Shareholders' Meeting and three by Workers' Council. They are elected for a four-year term.

As of 30 September 2019, the Supervisory Board comprised:

Representatives of the Shareholders

- Uroš Ilić, M.Sc., President of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Andraž Lipolt, M.Sc., Deputy President of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Rado Antolovič, Ph.d., Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Milan Jelenc, M.Sc., Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28th General Shareholders' Meeting),
- Barbara Nose, Member of the Supervisory Board, commenced a four-year mandate on 1 July 2017 (28 General Shareholders' Meeting),

- Tamara Kozlovič, M.Sc., Member of the Supervisory Board, commenced a four-year mandate on 22 August 2019 (32th General Shareholders' Meeting).

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Representatives of the Employees

- Mladen Jovičić, Member of the Supervisory Board, commenced a four-year term on 8 April 2017,
- Marko Grabljevec, Member of the Supervisory Board, commenced a four-year term on 18 January 2016,
- Rok Parovel, Member of the Supervisory Board, commenced a four-year term on 12 September 2016.

External member of the Supervisory Audit Committee

Mateja Treven, M.Sc., appointed on 22 February 2019.

BUSINESS REPORT

5 Significant events, news and achievements in January - September 2019

JANUARY

- The Government of the Republic of Slovenia unanimously adopted the investment programme for the second railway track Divača–Koper project, and thus gave the go-ahead to the start of preparation works
- Luka Koper published the first public tender for the selection of external contractors for industrial cleaning services.
- In January 2018, Luka Koper, d. d., began the procedure of refinancing part of its long-term loans payable, and completed it in January 2019. Long-term loan contracts were signed with two banks, i.e. Intesa Sanpaolo, d. d., and SID, d. d., for the period of 10 years and for the total amount of EUR 43.7 million, each bank providing a half. By refinancing part of its loans, the Company has prolonged the maturity of its sources of funds, while also replacing part of its variable-rate sources of funds with fixed interest rate sources and reducing financing costs.
- Upon the completion of the tax inspection performed by the Financial Administration of the Republic of Slovenia with regard to the corporation tax return for 2017, Luka Koper, d. d., received a notice of reassessment and has settled the obligation. The Company appealed against the notice
- On 15 January 2019, Luka Koper received a request from the Ministry of Infrastructure to issue permissions to register a title of the land .

FEBRUARY

- On the basis of the Act regulating the construction, operation and management of the second track of the Divača – Koper railway on line, the Government of Slovenia issued the specifying the types of freight to be included in individual freight categories for the purposes of transshipment fee calculation.
- In the category of large companies, Luka Koper ranked in the group of seven finalists of the research project Golden Thread (Zlata nit) 2018, which selects and awards the best and most distinguished employers.

MARCH

- Luka Koper started to pay the transshipment fee, intended to the second railway track Divača-Koper project.
- In the event of the Port's Day held in Cairo, the representatives of Luka Koper met the Egyptian business partners.
- Under the patronage of the Ministry of Infrastructure, Slovenian Maritime Administration, Faculty of Maritime Studies and Luka Koper a round-table on the protection of the marine environment was held in occasion of the Slovenian Maritime Day.
- The cruise ship Viking Star launched this year's cruising season.
- The Ports of Koper, Venice and Trieste signed the joint protocol for permanent cross-border cooperation on port security in the Northern Adriatic.
- At the conference Transport and Logistics of the South-Eastern Europe and Danube region, Luka Koper was awarded Brand Leader Award 2019.

APRIL

- Luka Koper attended the largest world's cruise fair Seatrade Cruise Global 2019 in Miami.
- Luka Koper became a honorary member of the Polish Baltic-Adriatic regions.
- With the aim of promoting Slovenian sector of transport and logistics, the representatives of Luka Koper, d. d., joined the delegation of the Chamber of Commerce and Industry of Slovenia visiting India.
- Luka Koper, d. d., granted recognitions to the best suppliers in 2018, notably to the companies GES, Varmig and Metalna – SRM.
- Luka Koper, d. d., presented its development plans to the heads of municipal offices and to the counsellors of the Municipality of Koper.

MAY

- On May 10, 2019 the second official gate to the Port of Koper was opened. The new Sermin entrance will facilitate the access in the port, reduce truck traffic in the town and contribute to better and safer port's services.
- The contract for the construction of the RO-RO berth in the Basin III was signed.
- The public procurement award procedure for the construction of piles for the Pier I was concluded.
- Tender for the selection of the contractor for the construction of the garage was published on the public procurement website.
- The contract for the construction of the sixth group of tracks in the rear areas of the Basin III was concluded. The new rail access will shorten transport routes up to loading points,

increase the productivity and safety, facilitating the arrival of larger wagon compositions.

- On May 22, 2019 the Company received the resolution on the completion of the inspection inspection procedure from 2017 in relation to the exceeding of noise limit values toward Koper.
- The largest container ship so far, 15.200 TEU Maersk Hamburg, moored in the Port of Koper.
- Luka Koper, d. d., presented itself to Polish business partners at the Port's day held in Warsaw.
- A new regular container railway connection between the container terminal of Luka Koper, d. d., and the Austrian terminals Enns and Salzburg was put into service.
- More than 4.000 visitors could visit the port and its activities at the traditional Port's day.
- For the third time Luka Koper, d. d., was selected in the international tender as the of the German corporation Daimler, as the most suitable for the transport of cars from Europe to the Far East.
- Luka Koper presented its services at the specialised project cargoes trade Breakbulk Europe.
- Luka Koper, organised the annual meeting with business partners from Serbia which was held in Belgrade.
- Luka Koper, d. d., presented the advantages of the transport route through the port of Koper to the representatives of Japanese companies operating in Europe, in Vienna.
- Luka Koper, d. d., introduced online trucks' booking system (VBS – Vehicle booking system).
- At the Forum on the respect of human rights, Luka Koper, d. d., signed a commitment for the Corporate responsibility to respect human right.
- French shipping company CMA CGM launched a new regular weekly container service connecting Koper with Algerian port Skikda.

JUNE

- On 28 June 2019, the shareholders of Luka Koper, d. d., gathered for the 31th General Shareholders' Meeting . At the meeting, the shareholders:
- Took a decision on the proposal for the appropriation of the accumulated profit for the year 2018 in the amount of EUR 29.252.442,43 :
- A portion in the amount of EUR 18.620.000,00 is to be used for dividend pay-out in the gross value of EUR 1,33 per ordinary share,
- The residual amount of accumulated profit in the amount of EUR 10.632.442,43 remains unappropriated.
- Granted discharge for the business year 2018 to the Management Board and Members of the

- Supervisory Board, except for Mladen Jovičić.
- Adopted changes and the amendments to the Company's Statute.
 - Luka Koper, d. d., jointly with 19 logistic companies and under the auspices of the public agency Spirit presented the Slovenian transport route in the largest logistic fair Transport Logistic held in Munich
 - Within the framework of the meeting of the presidents of States, integrated in the Three seas initiative, in which Luka Koper, d. d., took part also in the business forum, and participated in the panel transport.
 - At the EXPO fair, held in Ningbo, China Luka Koper, d. d., jointly with some Slovenian companies presented the advantages of the Southern transport route in Europe through the Port of Koper. Jointly with the State delegation Luka Koper, d. d., paid also visit to the largest tudi Chinese shipping company Cosco.
 - Due to a railway accident near Hrastovlje, the port of Koper remained without the railway connection with the hinterland for four days.
 - Luka Koper, d. d., presented itself at the Austrian Logistics Day held in Linz.
 - In the publication Port's knots, distributed to 15.300 households in the Municipality of Koper and Municipality of Ankaran, Luka Koper, d. d., presented its activities in the field of sustainable development and planned investments.
 - As reported by Verkehr, the Austrian trade magazine specialised logistics, the port of Koper handled most the Austrian overseas cargo also in 2018.
 - Luka Koper, d. d., convened the 32th General Shareholders' Meeting to be held on August 21, 2019, when the owners voted on a new representative in the Supervisory board.
 - Ljubljana and Zagreb Stock Exchange started to calculate joint ADRIaprime index, which is composed of selected companies and among them ranks also Luka Koper, d. d.

JULY

- The driving in of test piles for the extension of the Pier I, which will ensure further development and increase the international competitiveness of the port, started.
- The European independent agency for the selection and promotion of the most successful business people and companies, awarded Luka Koper, d. d., as the best company in south-eastern and central Europe.
- United Nations Trade and Development agency Agencija (UNCTAD) published a list of best connected container ports according to the LSCI (Liner Shipping Connectivity) index . The Port of Koper placed 80th on this year's list and it is the highest ranked container port in the Adriatic area.

AUGUST

- The contractor for the construction of the garage house at the Car terminal, which will increase the warehousing facilities for vehicles, was selected.
- On August 21, 2019 expired the term of the office of the Member of the Supervisory Board Sabini Mozetič. On August 22, Tamara Kozlovič was appointed a new Member of the Supervisory Board.
- The largest cruise ship MS Koningsdam sailed to the Cruise terminal in the Port of Koper.

SEPTEMBER

- First group of workers of the tier II of new strategy, which will carry out some port's works through recruitment agencies, started to work.
- Rail Cargo Operator Hungary (RCO) introduced a new regular railway service between the Romanian town Ploiesti and container terminal of Luka Koper.
- The conference on the inauguration of the European corridor RFC11 and Amber Rail Freight Corridor, of which part is The Port of Koper, was held in Koper.

6 Relevant post-balance events

OCTOBER

- As first Japanese logistics provider, the multinational company Yusen, opened its representative office in Koper.
- Luka Koper, d. d., hosted the business delegation from Saudi Arabia and business delegation from Japan.
- Business delegation of the Chinese shipping company COSCO, one of the largest container shipping companies, recording the highest percent of the throughput growth in Koper in recent years in comparison to other shipping companies, paid visit to the Port of Koper.
- Cruise terminal achieved a new milestone, the number of cruise passengers totalled 110,505, exceeding the previous record.

NOVEMBER

- In November, Luka Koper, d. d., organized traditional autumn gatherings - Port's Days with business partners in key markets. The progress of ongoing investments and most significant achievements in the previous year were presented to our business partners in Prague, Budapest, Bratislava and Vienna.

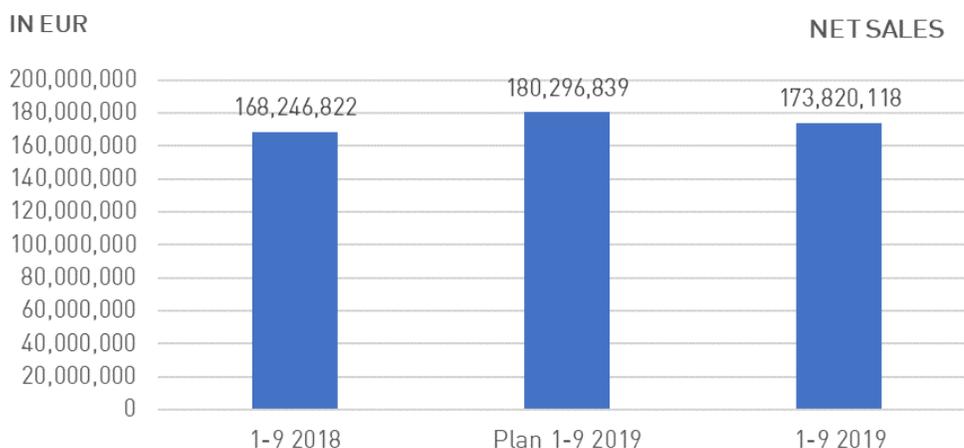
7 Performance analysis of Luka Koper Group in January – September 2019

7.1 Performance of LUKA KOPER GROUP in January – September 2019

NET REVENUE FROM SALE

In January – September 2019, net revenue from sale amounted to EUR 173.8 million, which is 3 percent resp. EUR 5.6 million ahead on January – September 2018.

Net revenue from sale of Luka Koper Group



Net revenue from sale of Luka Koper Group from the market activity in January – September 2019 exceeded the result from the previous year by 2 percent resp. by EUR 3.2 million, revenue from the performance of the public utility service of regular maintenance of the port's infrastructure intended to public transport, exceeded the result of the previous year by 75 percent resp. by EUR 2.4 million, thus resulting in the increase of total revenue of Luka Koper Group in January - September 2019 by 3 percent resp. by EUR 5.6 million EUR upper than achieved in January - September 2018.

At the same achieved maritime throughput as in previous year, net revenue from market activity were higher by 2 percent resp. by EUR 3.2 million. Higher revenue was achieved

mainly from the warehousing due to the slower dispatch of goods, increase in some prices and more favourable cargo throughput structure.

CAPITALIZED OWN PRODUCTS AND SERVICES

In January – September 2019, capitalized own products and services amounted to EUR 74.4 thousand, which was a decrease of 9 percent resp. EUR 780.5 thousand compared to 2018. As from the October 2018, the maintenance of the port's infrastructure was transferred from the company Luka Koper INPO, d. o. o., to Luka Koper, d. d., and this resulted in the decrease of capitalized own products and services.

OTHER REVENUE

Other revenue of Luka Koper Group in January - September 2019 amounted to EUR 3.4 million EUR, which was a decrease by 75 percent resp. by EUR 10.1 million in comparison with 2018. Reported among other revenue in January - September 2018 was the compensation in the amount of EUR 9.3 million, received for the damaged quay crane which was hit in June by a ship, due to strong winds and which consequently collapsed.

In January - September 2019, the largest share of revenue was the revenue from subsidies, grants and similar revenue in the amount of EUR1.2 million, which refer mainly to received revenue utilised from retained contributions in the amount of used earmarked revenue in the subsidiary company Luka Koper INPO, d. o. o., and received compensations for penalties in the amount of EUR 1.2 million, whereof the revenue from the accrued compensation for the collapsed quay crane amounted to EUR 448.8 thousand EUR.

OPERATING EXPENSES

In January – September 2019, the operating expenses of Luka Koper Group amounted to EUR 138.8 million, which is 10 percent resp. EUR 12.9 million EUR ahead on 2018. Within the operating expenses, in comparison with 2018, all types of costs increased, except the costs of services and other operating costs.

The cost of material of Luka Koper in January - September 2019 amounted to EUR 12.8 million, which is 1 percent resp. EUR 163.4 thousand ahead on 2018. The cost of replacement parts slightly increased, and the cost of energy slightly decreased.

In the first nine months of 2019, the cost of services of Luka Koper Group amounted to EUR 40.2 million, which was a decrease of 1 percent resp. EUR 567 thousand EUR in comparison with 2018. In 2019, the cost of services rendered in connection with the core activity decreased by 26 percent resp. EUR 5.8 million, since Luka Koper Group undertook the action

plan for the implementation of port services. The maintenance costs increased in the amount of 44 percent resp. EUR 1.9 million EUR. As from March 1, 2019, Luka Koper, d. d., started to pay the transshipment fee, which amounted to EUR 3.5 million for May – September 2019, resulting in increase of costs of other services.

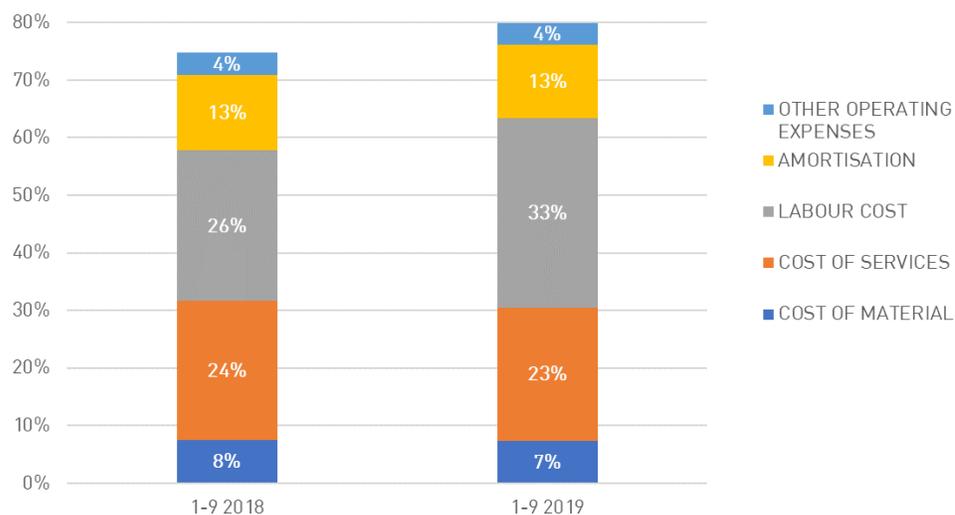
In January – September 2019, labour costs of Luka Koper Group amounted to EUR 57.2 million, which is 30 percent resp. EUR 13.3 million EUR ahead on 2018, due to a higher number of employees. As at 30 September 2019, the companies within the Luka Koper Group employed a total of 1,699 persons, which was an increase of 40 percent resp. 482 persons. In January - September 2019, 468 new recruitments were realised in Luka Koper Group, whereof 284 employments within the framework of the implementation of port services provision strategy.

In the first nine months of 2019, costs of amortisation of Luka Koper Group amounted to EUR 22.3 million, which is 1 percent resp. EUR 225.6 thousand EUR ahead on the comparable period 2018.

Other operating costs in January – September 2019 amounted to EUR 6.4 million, which is 4 percent resp. EUR 237 thousand EUR decline in comparison with 2018.

The share of operating expenses in net revenue from sale in January - September 2019 accounted for 79.9 percent, which is 5 percentage point ahead on the comparable period in 2018. In comparison with 2018, share of labour within the net revenue from sale increased, share of costs of material and services decreased, share of costs of amortisation and other operating costs stood at the same level.

Share of single operating expenses within net revenue from sale of Luka Koper Group



EARNINGS BEFORE INTEREST AND TAXES (EBIT)

In January – September 2019, the operating profit (EBIT) of Luka Koper Group amounted to EUR 38.5 million, which is 32 percent resp. EUR 18.2 million decline in comparison with 2018. Lower earnings before interest and taxes (EBIT) in 2019, in comparison to 2018, are attributable to higher labour costs in the amount of EUR 13.3 million, higher costs of transshipment fee in the amount of EUR 3.5 million in comparison to 2018 and the received compensation for the damaged crane in 2018 in the amount of EUR 9.3 million. Not including the received compensation for the crane in 2018 and 2019, not including the sale of the building with the pertaining land in Prisoje in 2018, not including the reversal of provisions for lawsuits in 2018 and not including the transshipment fee in 2019, the operating profit (EBIT) in January – September 2019, would be by 10 percent resp. by EUR 4.5 million lower than the achieved EBIT in 2018.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of Luka Koper Group in January – September 2019, amounted to EUR 60.8 million, which is 23 percent resp. EUR 18 million decline than in 2018.

The EBITDA margin of Luka Koper Group in January - September 2019 amounted to 35 percent, and decreased by 25 percent resp. by 11.9 percentage points in comparison with 2018.

PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit or loss from financing activities in January – September 2019 amounted to EUR 1.2 million, in the comparable period in 2018, Luka Koper Group achieved the financial result amounting to EUR 667.3 thousand. In 2019, the results of associated companies increased in the amount of EUR 278.4 thousand, the financial liabilities for bank loans in the amount of EUR 284.8 thousand, due to executed refinancing of more costly loans with less costly ones. Results of associated companies in 2019 increased the profit before tax of Luka Koper Group by EUR 1.1 million, which is 24 percent resp. EUR 359 thousand EUR ahead on 2018.

NET PROFIT OR LOSS

Net profit or loss of Luka Koper Group in January – September 2019 amounted EUR 34.5 million EUR, which is 29 percent resp. EUR 14 million decline compared to 2018. Not including the received compensation for the crane in 2018 and in 2019, not including the sale of the building with the pertaining land in Prisoje in 2018, not including the reversal of provisions for lawsuit in 2018 and not including the transshipment fee in 2019, the net profit or loss in January – September 2019 would be lower by 7 percent resp. by EUR 2.6 million than the achieved net profit in 2018.

FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 30 September 2019, the balance sheet of Luka Koper Group amounted to EUR 595.5 million, which is 4 percent resp. EUR 23.2 million increase in comparison with the balance as at 31 December 2018.

As at 30 September 2019, 77 percent of the balance sheet of Luka Koper Group accounted for non-current assets. Compared to the year-end of 2018, this was an increase of 2 percent resp. EUR 10.6 million. Other assets, among which are accounted advances given for the purchase resp. construction of property, plant and equipment, investment property or intangible assets, which are still not in its possession, increased by EUR 6.9 million.

As at 30 September 2019, current assets of Luka Koper Group were higher by 10 percent resp. by EUR 12.6 million EUR compared to the balance as at 31 December 2018.

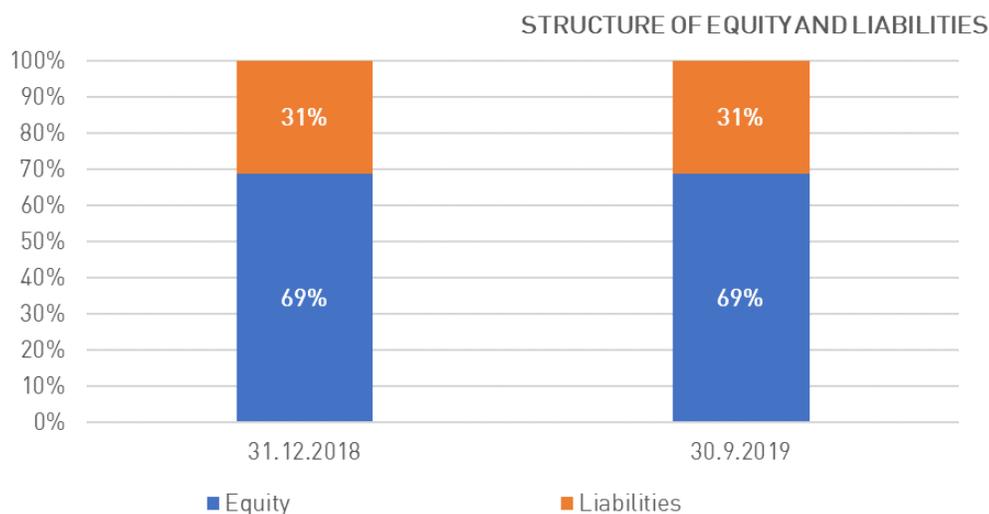
Cash and cash equivalents increased by EUR 5.4 million. Trade and other receivables stood at EUR 51 million, which is 12 percent resp. EUR 5.4 million ahead on 2018. An increase was recorded in trade receivables. Other receivables increased by EUR 6.1 million, whereof by EUR 3.1 million from the increase short-term deferred costs, related to the decision of the Financial Administration of the Republic of Slovenia with regard to the corporation tax return for 2017. The company appealed against the decision.

As at 30 September 2019, the equity of Luka Koper Group amounted to EUR 409.3 million, EUR and increased by 4 percent resp. EUR 15.5 million EUR in comparison to the year-end 2018 due to the net profit brought forward. As at 30 September 2019, the equity accounted for 68.7 percent of the balance sheet total.

As at 30 September 2019, non-current liabilities including long-term provisions and long-term accrued costs and deferred revenue of the Luka Koper Group were 6 percent resp. EUR 7.8 million ahead on 31 December 2018. Non-current loans from refinancing of existing bank sources, with new, cheaper loans with 10 years maturity increased. In January 2019, Luka Koper, d. d., signed two long-term loan contracts with Intesa Sanpolo, d. d. and SID, d. d. in total amount of EUR 43.7 million, which consequently prolongs the maturity of its sources of funds. Both loans have lower fixed interest rate.

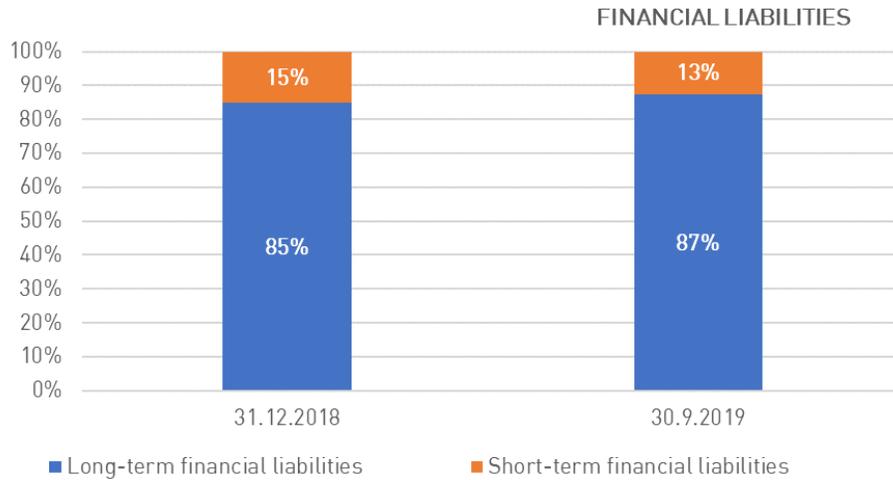
As at 30 September 2019, current liabilities of Luka Koper Group stood at the same level as at 31 December 2018. Current loans decreased by EUR 2.1 million, corporate tax liabilities decreased by EUR 9.2 million accrued costs resp. expenses increased by EUR 11.9 million.

Structure of Luka Koper Group liability



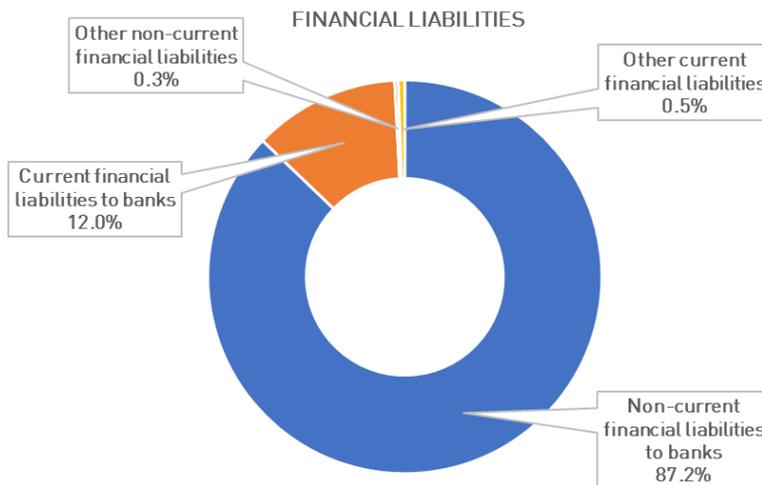
As at 30 September 2019, financial liabilities of the Luka Koper Group amounted to EUR 96.8 million, which is 6 percent resp. EUR 5.5 million ahead on 31 December 2018. Non-current loans increased.

Structure of Luka Koper Group liabilities by maturity



Non-current financial liabilities to banks as at 30 September 2019 accounted for 87.2 percent of total financial liabilities. Their share decreased by 2.3 percentage point in comparison to the balance as at 31 December 2018.

Financial liabilities of Luka Koper Group as at 30 September 2019



As at 30 September 2019, financial liabilities of Luka Koper were related to the variable interest rate, with exception of two new bank loans, which were concluded in January 2019 at more favourable, fixed interest rate. Share of loans with variable interest rate as at 30 September 2019 amounted to 54.45 percent, share of loans with fixed interest amounted to

44.55 percent. In this way, the Group reduced total financial liabilities and reduced the exposure to the interest rate risk considerably.

The share of financial liabilities in equity as at 30 September 2019 amounted to 23.6 percent, which is 4 percentage point decline in comparison with the balance as at 31 December 2018.

Implementation of plans of Luka Koper Group

In January - September 2019, Luka Koper Group generated net revenue from sale in the amount of EUR 173.8 million, which is 4 percent resp. EUR 6.5 million below the planned net revenue from sales.

In January – September 2019, net revenue from sale of Luka Koper Group from the market activity lagged behind the planned revenue from sale by 1 percent resp. by EUR 2.3 million, revenue from the performance of the public utility service for the regular maintenance of the port's infrastructure, destined for public transport lagged behind the plan by 43 percent resp. by EUR 4.2 million. Deviations from the plan was due to the delayed approval of the investment maintenance plan by the competent Ministry, which was approved on 29 April 2019, whilst the plan of the regular maintenance of the port's infrastructure was approved on 6 February 2019.

In January - September 2019, earnings before interest and taxes (EBIT) of Luka – Koper Group 2019 amounted to EUR 38.5 million, which is 15 percent resp. EUR 5 million ahead on the planned, due to the lower costs of material, services and labour in comparison to the planned. Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in January - September 2019 amounted to EUR 60.8 million, which is 10 percent resp. EUR 5.4 million EUR ahead on the planned.

EBITDA margin of Luka Koper Group in January – September 2019 amounted to 35 percent, which is 14 percent resp. 4.2 percentage point ahead on the planned.

EBITDA margin of Luka Koper Group from the market activity in January – September 2019 amounted to 36.1 percent, which is 11 percent resp. 3.7 percentage point ahead on the planned.

In January - September 2019, the net profit of Luka Koper Group amounted to EUR 34.5 million, which is 17 percent resp. EUR 5.1 million ahead on the planned.

Return on Equity (ROE) in January – September 2019 amounted to 11.5 percent, which is 16 percent resp. 1.6 percentage point ahead on the planned.

7.2 Summary of the performance of LUKA KOPER, D. D., January – September 2019

Comparison of the results achieved by Luka Koper, d. d., in January - September 2019 and 2018

In January – September 2019, the net revenue from sale of Luka Koper, d. d., amounted to EUR 170.8 million, which is 3 percent resp. EUR 5.3 million ahead on the comparable period last year. The net revenue from sale of Luka Koper, d. d., from the market activity in January - September 2019 exceeded the results of the previous year by 2 percent EUR 2.9 million EUR, the revenue from the performance of the public utility service of regular maintenance of the port's infrastructure, intended for the public transport, exceeded the results of the previous year by 75 percent resp. by EUR 2.4 million; as a result, the total revenue of Luka Koper, d. d., in January - September 2019 was by 3 percent resp. by EUR 5.3 million higher than in the previous year.

Earnings before interest and taxes (EBIT) of Luka Koper, d. d., in January - September 2019 amounted to EUR 37.1 million, which was a decrease by 34 percent resp. EUR 18.8 million when compared to the equivalent period in 2018. Lower earnings before interest and taxes (EBIT) in 2019, in comparison with 2018, is attributable to higher labour costs amounting to EUR 13.8 million, by EUR 3.5 million higher transshipment fee and the received compensation for the crane in 2018 in the amount of EUR 9.3 million. Not including the received compensation for the crane in 2018 and in 2019, not including the sale of the building with pertaining land in Prisoje in 2018, not including the reversal of provisions for lawsuits in 2018 and not including the transshipment tax in 2019, the operating profit (EBIT) in January – September 2019 would decrease by 11 percent resp. by EUR 5 million when compared to the achieved operating profit in the equivalent period in 2018.

Net profit or loss of Luka Koper, d. d., in January – September 2019 amounted to EUR 33.6 million, which is 30 percent resp. EUR 14.1 million decrease in comparison to 2018. Not including the received compensation for the crane in 2018 and in 2019, not including the sale of the building with the pertaining land in Prisoje in 2018, not including the reversal of provisions in 2018 and not including the transshipment fee in 2019, net profit or loss for January – September 2019 would decrease by 7 percent resp. by EUR 2.8 million in comparison with the profit generated in 2018.

Implementatio of plans of Luka Koper, d. d.

Net revenue from sale of Luka Koper, d. d., in January - September 2019 amounted to EUR 170.8 million, which is 3 percent resp. EUR 6.1 million below the planned net revenue from sale. Net revenue from sale of Luka Koper, d. d., from the market activity in January – September 2019 lagged behind the plan by 1 percent resp. by EUR 1.9 million, whilst the revenue from the performance of the public utility service of regular maintenance of the port's infrastructure destined to public traffic lagged behind the plan by 43 percent resp. by EUR 4.2 million.

The operating profit (EBIT) of Luka Koper, d. d., in January – September 2019 amounted to EUR 37.1 million, which is 14 percent resp. EUR 4.6 million ahead on the planned. Higher operating profit (EBIT) resulted from lower operating expenses, lower cost of material, services and labour than budgeted.

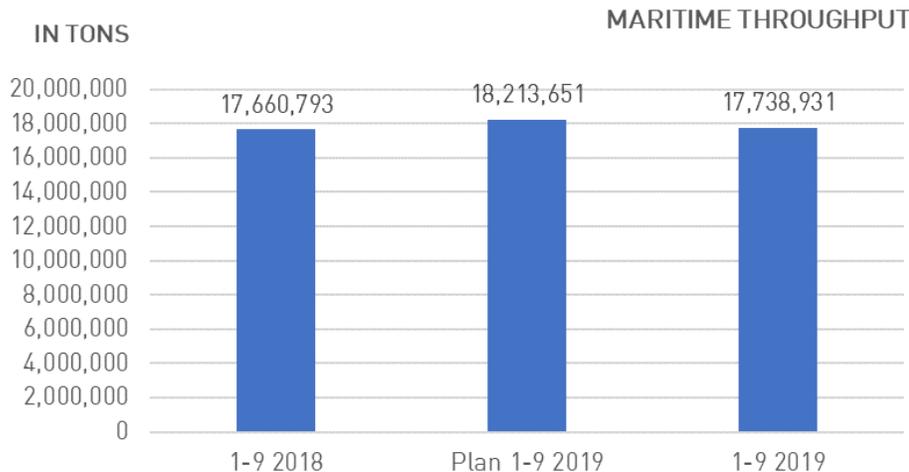
Net profit or loss of Luka Koper, d. d., in January - September of 2019 amounted to EUR 33.6 million EUR, which is 16 percent resp. EUR 4.7 million ahead on the planned.

8 Marketing: product groups and markets

8.1 Maritime throughput

The maritime throughput of the Luka Koper Group in January – September 2019 amounted to 17.7 million tons, which was at the level of the comparable period in the previous year and 3 percent decline in comparison with the planned maritime throughput. In comparison with the preceding year, in January – September 2019, Luka Koper Group recorded 5 percent decline of loaded goods and increased the volume of unloaded goods onto/from the ship by 3 percent.

January – September 2018 and 2019 cargo tonnage throughput and plan for 2019

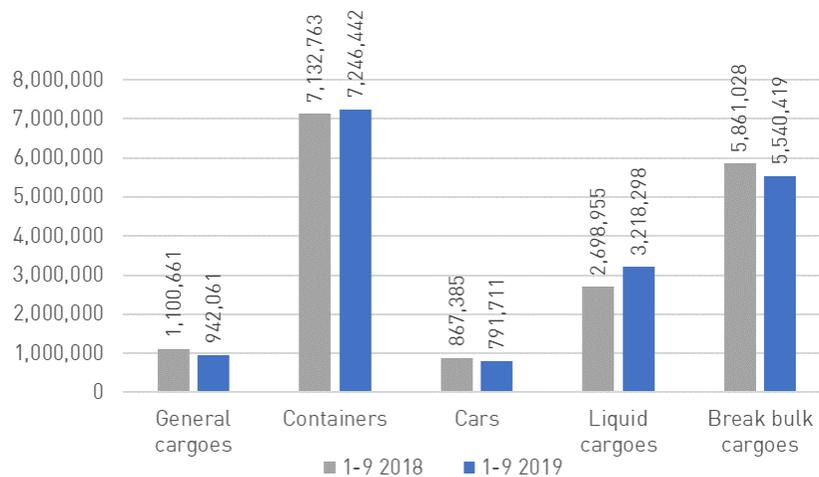


8.2 Cargo structure by cargo types

In the whole structure of the maritime throughput prevailed containers, of which share remained unchanged in comparison to 2018, as well as the share of cars. The share of liquid cargoes increased by 3 percentage point in comparison to 2018, the share of dry bulk and bulk cargoes increased by 2 percentage points and the share of general cargoes by one percentage point.

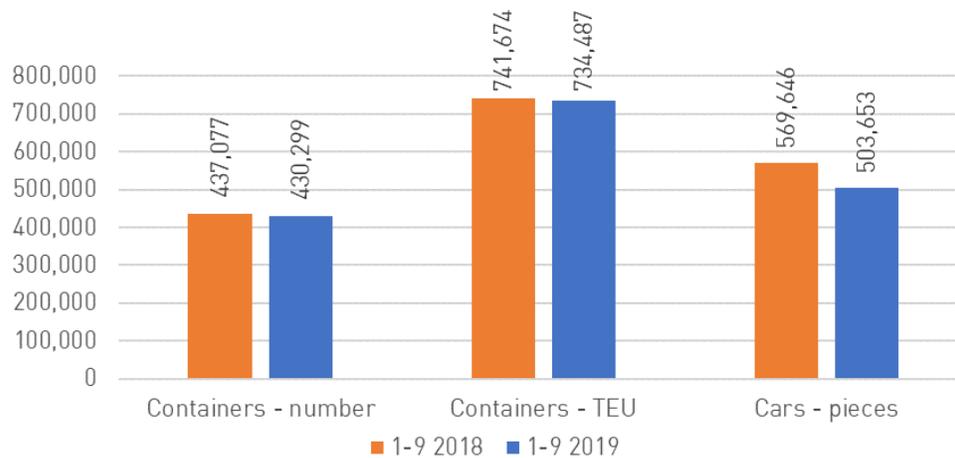
Maritime throughput in tonnes per cargo types in 2018 and in 2019

PRODUCT GROUP (in tonnes)	1-9 2018	1-9 2019	Index 2019/2018
General cargoes	1,100,661	942,061	86
Containers	7,132,763	7,246,442	102
Cars	867,385	791,711	91
Liquid cargoes	2,698,955	3,218,298	119
Dry bulk and bulk cargoes	5,861,028	5,540,419	95
TOTAL	17,660,793	17,738,931	100

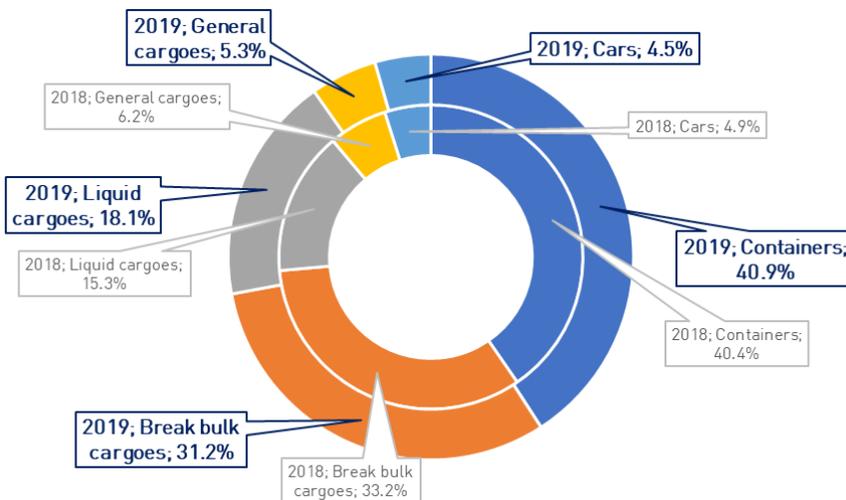


Containers throughput (in TEU) and vehicles (in units) in 2018 and 2019

CARGO TYPES	1-9 2018	1-9 2019	Index 2019/2018
Containers – number	437,077	430,299	98
Containers – TEU	741,674	734,487	99
Cars – units	569,646	503,653	88



Structure of maritime cargo throughput by cargo type, January - September 2019 and percentage change in relation to January - September 2018



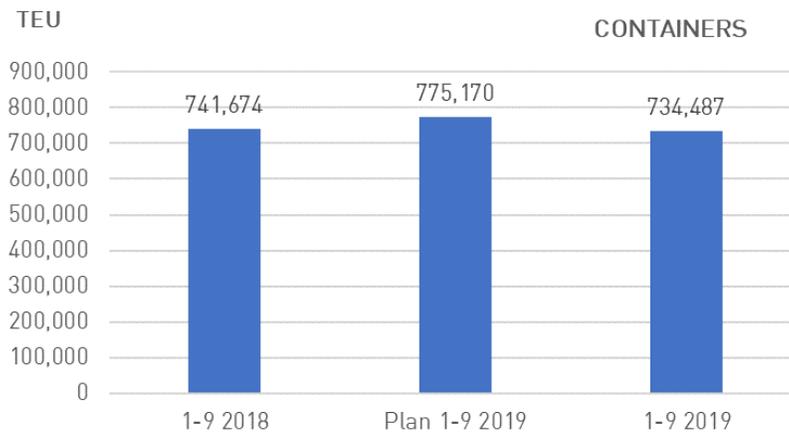
GENERAL CARGOES

Within the general cargoes, Luka Koper Group in January - September 2019 achieved 14 percent lower throughput in comparison to the comparable period last year. The maritime throughput within the general cargoes decreased by 16 percent due to a lower throughput of iron products. In timber throughput was recorded 10 percent lower export of timber due to a reduced need of the North African market.

CONTAINERS

In nine months of 2019, the Container terminal recorded lower throughput of containers v in comparison with the equivalent period in 2018. The recorded throughput of 734,487 TEUs, decreased by one percent in comparison to the equivalent period last year. The share of full containers in the total throughput in comparison with 2018 has not changed significantly.

Maritime throughput of containers in January – September 2018 and 2019 and the plan for 2019 (in TEU)



CARS

In January - September 2019, 503,653 cars were handled, which is 12 percent decline in comparison with the equivalent period in 2018. The lower throughput this year reflects current market situation of reduced sale of vehicles in our key markets in Europe. 272.5 thousand cars were loaded onto the ships, 231.2 thousand cars were unloaded.

Throughput of vehicles in January - September 2018 and 2019 and the plan for 2019 (in units)



LIQUID CARGOES

In January – September 2019, the throughput of liquid cargoes in comparison with the equivalent period in 2018, increased by 19 percent. In the product group of liquid cargoes, the throughput increased by 21 percent in comparison to the previous year. This increase is attributable to a higher turnover of fuel, destined to the hinterland and domestic market. Within the throughput of petroleum products, Luka Koper Group achieved 10-percentage increase in comparison with January – September 2018.

DRY AND BULK CARGOES

In January - September 2019, the maritime through of dry and bulk cargoes decreased by 5 percent in comparison with January – September 2018.

In January – September 2019, the maritime throughput at the Dry and Break cargoes terminal decreased by 5 percent in comparison with the previous year, due to a more intensive supply last year due to the partial closure because of the blast furnace overhaul, which took place from the mid July until the end of September 2018, and due to unfavourable market conditions in the coal-based generation of power in Italy.

The throughput in the product group of bulk cargoes in January - September 2019 was by 7 percent lower than in the preceding year. Luka Koper Group recorded the decrease in the throughput of soya and grain.

9 Non-financial investments

In January – September 2019, Luka Koper Group allocated EUR 25.2 million for the investments in the property, plant and equipment, property investments and intangible assets, which is EUR 18.1 million ahead on January - September 2018. In January - September 2019, Luka Koper, d. d., allocated for investments EUR 24.4 million, which was 97 percent of investments of Luka Koper Group.

Largest implemented investments were the following:

- ◆ Purchase of eight terminal tractors with trailers,
- ◆ Purchase of five E-RTG cranes for the needs of the container terminal,
- ◆ Completion of the construction of the road access to the new gate at Sermin,
- ◆ Continuation of the construction of the RO-RO berth in the Basin III,
- ◆ Finalisation of the installation of the fire-pumping system with two vertical pumps.

10 Development activity

In January - September 2019, Luka Koper, d. d., implemented several activities in the field of research and development aiming to support the port's development and started the preparations of the Strategic business plan for the period up to 2025.

The emphasis was on faster implementation of priority infrastructure projects, also in connection with the possibility of obtaining grants to this end.

There are challenges in the field of new technologies, in the disposal and processing of the dredged material, generated at the maintenance of adequate depths along the operational quayside, environmental (noise management), energy, IT and security issues, as well as new developments in marketing.

- Within the open public tender of the programme INTERREG, the company, as partner, in January - September 2019 joined the applications in the following projects:
 - ◆ CLEAN BERTH - Programme Interreg Italy-Slovenia, (water quality monitoring and detection of hazardous substances).
 - ◆ BioMedCoast - Programme Interreg Mediterranean (provision of biodiversity and natural ecosystem in the ports area and its surroundings).
 - ◆ DLT4PLT - Programme Interreg Mediterranean (implementation of blockchain technology in logistics).

Throughout the whole period January - September 2019, the activities related to the implementation of approved projects and disbursement of the funds, were carried out.

- With regard to European projects, the following activities of Luka Koper, d. d., as leading partner in three projects from the programme CEF, should be emphasized:
 1. NAPA4CORE - investments in the port's infrastructure; the project has been prolonged until 31 December 2020, allowing the co-funding of the construction of investments which are included in the project, and the performance of which is delayed,
 2. CarEsmatic - investments in the port's infrastructure, the project was prolonged until 30 March 2020
- As partner, Luka Koper, d. d., implemented the activities on the following projects:
 - ◆ GAINN4MOS (CEF) - study on the potential of LNG in compliance with the Directive on the deployment of alternative fuels infrastructure,

- ◆ ELEMED (CEF) - study on technical possibilities of on-shore power supply systems for ships during mooring in the Directive on the deployment of alternative fuels infrastructure,
 - ◆ SAURON (Horizon 2020) researches and development in the field of technologies for the improvement of the port's security.
- In the European territorial cooperation programmes, the activities continued on the following projects:
- ◆ TalkNet (programme Central Europe) – studies on fostering the connectivity between the ports, inland terminals and transport operators and efficient management of terminals as well as transport connections,
 - ◆ SECNET (programme Interreg VA Italy – Slovenia) – improvements in the port's security,
 - ◆ SUPAIR – solutions for the reduction of negative environmental impacts of the maritime transport and port's activities,
 - ◆ ISTEN - solutions for the improvements of the intermodal connections with the hinterland,
 - ◆ AD RIPASS - solutions related to data about traffic flows, congestions and bottlenecks on the transport corridors.

The projects of the European territorial cooperation programmes are relevant as they place the Port of Koper in the European institutional environment, especially from the aspect of planning of Trans-European transport corridors, environmental protection, as well as cultural heritage, port's security, sustainable energy supply, digitalization and similar.

- On projects, co-funded from structural funds, the activities continued on the following projects:
- Competence centre Logins - support of education and competence development in logistics,
- Within Smart digitalisation specialisation, Luka Koper, d. d., continued the implementation of the project:
 - ◆ NMP (Exploitation of the biomass potential for the development of the advanced materials and bio-based products) – pilot study in researches of the good use of the sea sludge.

In the first nine months of 2019, the Company received the approval of 5 new projects, which already started:

- ◆ Reif – Programme Interreg Central Europe (electronic control over cargo conveyed by rail)

- ◆ IntraGreenNodes – Programme Interreg Central Europe (infrastructure for the energy-self-sufficiency facilities)
- ◆ ComodalCE – Programme Interreg Central Europe (digital recognition of container traffic by rail)
- ◆ Infrastress – Programme Horizon2020 (prevention, recognition and responses to combined security threats on the infrastructure of specific relevance)
- ◆ Development of a sustainable growth model Port' – programme of the agency ARRS (nautical characteristics of waterways, impact of seabed interventions from the biodiversity aspect, pollution of flows and sediment re-suspension).

11 LKPG share

The share of Luka Koper identified as LKPG identified as LKPG is listed in the first quotation of Ljubljana Stock Exchange. As at 30 September 2019, the share ended its trading with 16.7 percent lower value than in the comparable period last year. On the last trading day the third quarter 2019, the price of the LKPG share amounted to EUR 25.00 EUR per share.

In January - September 2019, the ownership structure slightly changed. As at 30 September 2019, 9,381 shareholders were registered in the register, which was 349 less than in 2018. The Republic of Slovenia is the company's major shareholder.

Ten largest shareholders in Luka Koper, d. d., as at 30 September 2019

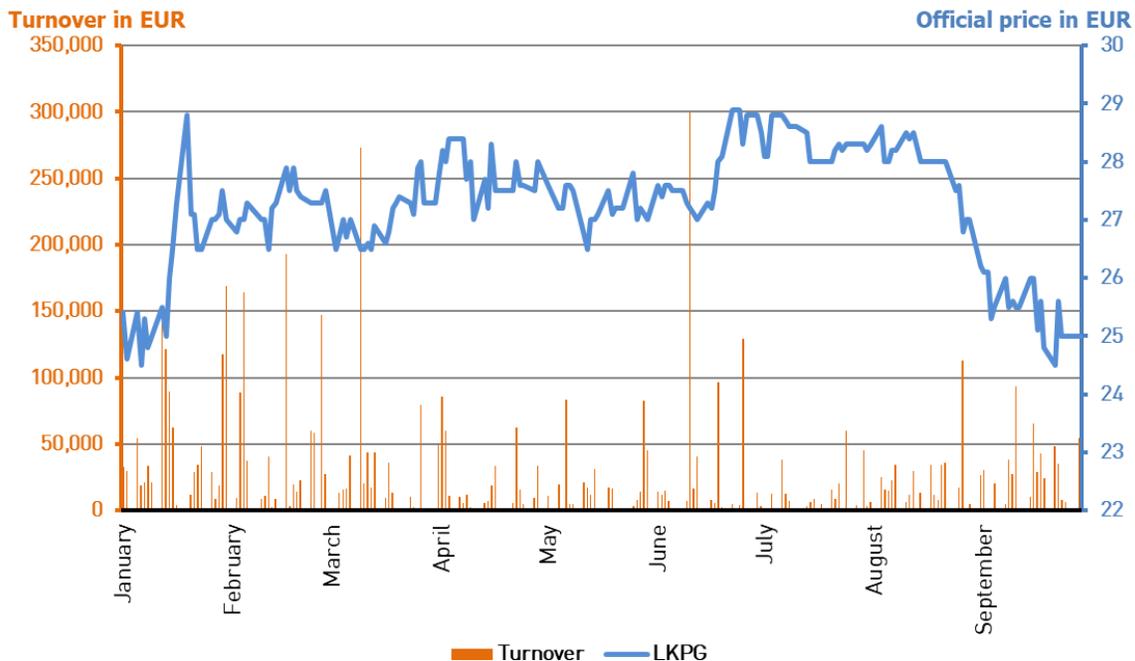
Shareholders	Number of shares 30.09.2018	Percentage stake 2018 (in %)	Number of shares 30.09.2019	Percentage stake (in %)
Republic of Slovenia	7,140,000	51.00	7,140,000	51.00
Slovenski državni holding, d. d.	1,557,857	11.13	1,557,857	11.13
Kapitalska družba, d. d.	696,579	4.98	696,579	4.98
Municipality of Koper	439,159	3.14	439,159	3.14
Citibank N.A. – fiduciary account	317,884	2.27	390,413	2.79
Hrvatska poštanska banka, d. d. – fiduciary account	130,582	0.93	138,582	0.99
Raiffeisen Bank International AG (RBI)	12,849	0.09	116,774	0.83
Zavarovalnica Triglav, d. d.	113,568	0.81	113,568	0.81
NLB skladi – Slovenija mešani	80,500	0.58	99,782	0.71
Utilico Emerging Markets Trust Plc	98,400	0.70	99,230	0.71
Total	10,581,378	75.62	10,791,944	77.09

11.1 Trading in LKPG

In the first nine months of 2019, the average daily price of Luka Koper, d. d., stood at EUR 27.22, whilst its overall value fluctuated between EUR 24.50 and EUR 28.90. The highest daily price was EUR 28.90, the lowest EUR 24.00. As at 30 September 2019, the market capitalisation of Luka Koper, d. d., shares amounted to EUR 350,000,000 EUR.

There were 1,119 transactions and block trades with aggregate value of EUR 5,436,132 EUR, whereby 201,819 shares changed ownership. In this period, the SBITOP index achieved 6.3 growth.

Changes in the daily LKPG share price and daily turnover in 2019



Relevant data on LKPG share

	1 – 9 2018	1 – 9 2019
Number of shares as at 30. September	14.000.000	14.000.000
Number of ordinary no par value shares	14.000.000	14.000.000
Closing price as at 30 September (in EUR)	30.00	25.00
Book value of shares as of 30 September (in EUR) ²³	25.09	26.98
Ratio between average weighed price (P/B) ²⁴	1.20	0.93
Average market price (in EUR) ²⁵	31.91	26.94
Average book value of share (in EUR) ²⁶	24.21	26.81
Ratio between average weighed market price and average book value of share	1.32	1.00
Net earning per share (EPS) (in EUR) ²⁷	4.55	3.20
Ratio between market price and earnings per share (P/E) ²⁸	6.60	7.81
Market capitalisation as of 30 September (in mio EUR) ²⁹	420.00	350.00
Turnover – all transactions (in mio EUR)	14.21	5.44

11.2 Number of LKPG shares held by the Supervisory Board and Management Board members

	Shareholder	Ownership as at 30 September 2019
Supervisory Board	Tamara Kozlovič, Member of the Supervisory Board	94
	Uroš Ilić, President of the Supervisory Board	55
	Marko Grabljevec, Member of the Supervisory Board	10
	Rok Parovel, Member of the Supervisory Board	8

²³ Book value of share = equity / number of shares

²⁴ Ratio between market price and book value of share (P/B) = closing share price / book value of share

²⁵ Weighted average market price is calculated as a ratio between total value of LKPG stock exchange transaction and the aggregate number of LKPG shares traded across the period

²⁶ Average book value of the LKPG is calculated on the basis of average monthly ratio between equity and number of ordinary shares.

²⁷ Earnings per share (EPS) = net profit or loss / number of shares

Indicator is calculated on the basis of annualised data

²⁸ Ratio between the market price and earnings per share (P/E) = closing share per price / earnings per share (EPS)

Indicator is calculated on the basis of annualised data

²⁹ Market capitalisation = closing share price * number of shares

As at 30 September 2019, other Members of the Supervisory Board and Members of the Management Board of Luka Koper, d. d., did not own the company's shares.

11.3 Treasury shares, authorised capital, conditional capital increase

As at 30 September 2019, Luka Koper, d. d., held no treasury shares. The applicable Articles of association do not provide for categories of authorised capital up to which the Management Board could increase the share capital. The company had no basis for the conditional increase in the share capital.

11.4 Rules on restrictions and disclosure on trading with company's shares and shares of related parties

In compliance with Ljubljana Stock Exchange recommendations, Luka Koper, d. d., adopted the Rules on trading with issuer's shares. These Rules represent an additional assurance on equal information to all interested public on relevant business events in the company and are important in strengthening the trust of investors and the corporate reputation. The purpose of the Rules is to enable the persons to trade in shares of Luka Koper and to prevent any possible trading based on insider information. At the same time, the Rules enable mandatory reporting in accordance with the law on the sale and purchase of company's shares to the Securities Market Agency.

12 Risk management

In 2019, the activities related to risk management continued, since besides the regular monitoring of the risk exposure, we implemented several risk mitigation measures.

Market risks have been monitored with a due diligence, since the global economic outlook is deteriorating due to increasing trade and political tensions, undermining the trade. An eventual economic slowdown, forecast regarding the decline of market growth and other negative risks in the international context (protectionism, geopolitical risks) is the threat for all product groups. Luka Koper Group has been facing market risks, resulting from highly competitive environment and entrance of the shipping companies in the ownership of neighbouring ports, by means of which a part of cargoes may be redirected. Besides that, neighbouring ports pay a great attention to the enhancing of the competitiveness in the field of railway connections. Luka Koper Group manages risk with market activities, directed in the acquisition of new businesses, which would replace the loss of throughput, with improvements in business processes and implementation of strategic investments.

Main strategic risks, deriving from the external environment, remain the uncertainty relating to the construction of the second railway track of the existing railway line and outdated, insufficient capacities and risks associated with the availability of the first railway track due to emergency situations, thereby undermining further growth of throughput until the construction of the second railway track. In the beginning of 2019 a project group, which will start to implement the activities aimed to increase the fluidity of the existing railway infrastructure, was formed with aim to reduce strategic risks, related to the capacities issues and the fluidity of the railway transport. On January 24, the Government of the Republic of Slovenia, unanimously adopted the investment programme related to the second track of the Divača-Koper railway line, which estimates the completion of the second track railway line in 2025.

The activities related to the risk management in relation to the implementation of key investment project, continue. In July, we started the driving in of test piles for the extension of the Pier I, the public tender was published for the extension of the Pier. The construction of the aforesaid important infrastructural project is a strategic investment which will ensure further development, increase international competitiveness of the port and significantly contribute to keep the leading position among container terminals in the Northern Adriatic. The entire investment is expected to be completed by 2021. In 2020, the construction of a new ro-ro berth, garage house with capacity of 6.000 vehicles and tracks group VI will be completed for the needs of car and Ro-Ro terminal. In 2019, the entrance in Sermin was opened, the building permit for the entrance in Bertoki is in the process of being obtained. The investments will increase warehousing and berthing capacities and improve the internal logistics in the transshipment of vehicles.

In the third quarter of 2019, In the second quarter of 2019, the activities of the establishment of a new business model of the implementation of port's services, which will reduce the related risks, continued. Until 30 September 2019, besides other employments, 304 persons were employed within the tier 1 of the implementation of port's services provision strategy. In June 2019, four recruitment agencies, through which 346 workers will work in the port, were selected. Until 30 September 2019, the recruitment agencies posted first 73 workers to the company. The public tender for the performance of the cars transport and additional services at the Car and Ro-Ro Terminal was published within the tier III.

In 2018, the modified Decree on limit values for environmental noise indicators environment (Official Gazette of the RS, No. 43/18), entered into force, on the basis of which, on February 28, 2019, the Company received the Decision on the modification of the environmental permit with respect to the noise emissions in the environment, due to which the risk remains at the acceptable level.

Among the financial risks we recognise risk relating to change in fair value, interest rate risk, liquidity risk, currency and credit risk and risk relating to adequate capital structure. In January 2018, Luka Koper, d. d., started and in January 2019 completed the refinancing of long-term loans. By refinancing part of its loans, the Company has prolonged the maturity of its sources of funds, while also replacing part of its variable-rate sources of funds with fixed interest rate sources, whereby an adequate ratio between cost efficiency and interest risk management was established. A significant increase of interest rates is not expected in 2019, according to the latest projections EURIBOR should remain negative over a longer period.

SUSTAINABLE DEVELOPMENT

The commitment of Luka Koper, d. d., to the sustainable development ensures that the future development will be friendly to the local community, natural environment and employees. The Port's development and the growing throughput impose even a greater care for the environment and spatial planning, whereby the balance is achieved among environmental and social aspects as well as economic requirements.

13 Natural environment

The Port of Koper is a part of the town of Koper and meanwhile the part of a sensible natural environment. Therefore, each step made bearing in mind the surrounding population, towards the improvement of the quality of life of the local community and towards the preservation of natural spaces for future generations. The Port of Koper is also the only port in the Northern Adriatic with established quality system for the environmental protection, occupational safety and health, food safety management and others.

13.1 Care for the environment

Being aware that the port's impacts on the environment occur, Luka Koper, d. d., committed itself in its business policy to the sound environmental management wishing to preserve for future generations. Monitoring and management of environmental impacts has so become the part of regular working activities, whereby Luka Koper, d. d., cooperates with competent authorities.

The most important goals in the area of natural environment in 2019:

- To successfully carry out the audit in compliance with EMAS requirements;
- First certification for the standard SIST ISO 50001,
-
- To reduce emissions of dust at all ten port's locations to 200 mg/m²day and max 5 deviations from 120/th measurements in the course of the year,
- To keep the value of PM10 particles (the size up to 10 µm) emissions below 30 µg/m³ in the entire Port's area (in direction towards Ankaran, Koper and Bertoki),
- To keep the percentage of separately collected waste above 89 percent,
- To decrease night-time noise to 48 dBA in the direction of Koper,
- To keep the daily-time noise level to 58 dB in front of closest buildings outside the Port's area and the night-time to 53 dB,

- To modernise the drainage at the Dry Bulk Terminal and the modernisation of the treatment plant at the Livestock Terminal and to replace some oil interceptors,
- To keep specific consumption of energy at the last year level, despite the increased throughput and enlarged storage areas and namely for motor fuel 0,245l/t, for electric energy 1.17 kWh/t, potable water 6.4 l/t
- Without taking actions (inspection and internal) in environmental interventions,
- Without pollution outside the Port's aquatorium,
- To ensure an efficient and adequate system of the supply with water for fire extinguishing in the port's area and the provision of an adequate provision of fire-fighting for specific buildings.

13.2 EMAS certificate

In 2010, Luka Koper, d. d., Luka Koper, d. d., was awarded the most important environmental certificate EMAS (SI 00004). At the end of 2017 the company received the inspection decision due to the exceeding noise limit values toward Koper, and the certificate could not be renewed.

At the end of May 2019, Luka Koper, d. d., succeeded to complete the open environmental decision and currently is being preparing for a new assessment in relation to the compliance with EMAS regulation. A new assessment which will be carried out by the environmental verifier in April 2020, is needed.

The pre-aud concerning the energy management system, in compliance with ISO 50001, which is in course of finalisation of procedures and remedial of recorded deficiencies, was carried out. The certification will be carried out in two parts and namely in December 2019 and in January 2020.

13.3 Atmosphere

Striving for a constant reduction in emissions that are produced by the performance of port activities involves many activities. The most important measures for the reduction in dusting are the introduced technology of applying paper mill sludge to the coal and iron ore disposal area. Paper mill sludge builds a solid layer that prevents drifting of dust. In the first nine months of 2019, 1.049 tons of paper mill sludge were disposed.

13.3.1 Quantity of health hazardous dust particles (PM₁₀)

Control measurements of the total volume of dust carried by Luka Koper, d. d., yet from 2002 on ten measurement points in the Port. We have set the annual goal not to exceed 200

mg/m²day and the average of measurement values for the reported period is 111 mg/m²day. In January – September 2019 the company did not recorded any deviation. The law does not prescribe limit values resp. permitted deviations for such measurements.

	1 – 9 2018	1 – 9 2019	INDEX 2019/2018
Average value of dust deposits (mg/m ² day))	111	111	100

13.3.2 Quantity of health hazardous dust particles (PM₁₀)

Statutory prescribed measurements of fine dust particles (PM₁₀), are carried out by an authorised organisation and are continuously measured on three points within the Port. The measurements taken in the first half of 2018 were below the target value 30 µg/m³ and statutory set up volume of 40 µg/m³. The results from two measurement devices are shown automatically every hour on the Port's web page online Living with the Port www.zivetispristaniscem.si.

Comparison of mean values of PM₁₀, January – September 2018 and 2019

	1 – 9 2018	1 – 9 2019	INDEX 2019/2018
Ankaran - Rožnik	15 µg/m ³	17 µg/m ³	113
Bertoki	21 µg/m ³	23 µg/m ³	109
Koper – Cruise terminal	12 µg/m ³	16 µg/m ³	133

13.3.3 Emissions of dust particles on key sources

Since the permitted values of dust particles emissions of key sources are stipulated by law, we perform measurements in the direct vicinity of dust-generating sources (e.g. at loading/unloading of wagons, trucks and ships. The threshold of permitted value of emissions is 20 mg/m³. In January – September 2019, the company has not yet performed the statutory measurements for 2019, they will be performed in the last quarter of 2019.

13.4 Waste management

Various types of waste are generated in the Port of Koper. In terms of the commitment for the environment, Luka Koper, d. d., regularly provides for waste separation, recycling and waste processing. The waste separation is carried out at all terminals, by the users of the

economic zone and on ships. Separately collected waste materials are delivered to external waste-processing contractors and agents, whereas organic waste is processed at the composting plant in the port. Luka Koper, d. d., also collaborates with external companies in relation to waste processing.

In the first nine months of 2019, the share of sorted separately collected waste was 91 percent, and thereby thereby the set objective of 89 of sorted separately collected waste was exceeded. In the aforesaid period, the Company provided for the removal of worn-out bicycles, which served as transport means in in the port and the removal of the worn-out and written-off port's machinery, which was deposited for longer time within the Port zone. The latter continue to be addressed in autumn/winter time.

13.5 Noise

Noise levels are continuously monitored by devices at three peripheral points around the port, and the results are published online via the Living with the Port www.zivetispristaniscem.si.

Average noise levels (in dB), January – September 2018 and 2019

1 - 9 2018			1 - 9 2019*			Threshold values 2019- according to a new Decree on noise pollution
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L _D =53	L _D =53	L _D =63	L _D =40	L _D =46	L _D =53	L _D =65
L _V =51	L _V =51	L _V =63	L _V =37	L _V =43	L _V =52	L _V =60
L _N =49	L _N =50	L _N =63	L _N =35	L _N =42	L _N =51	L _N =55
L _{DVN} =56	L _{DVN} =57	L _{DVN} =69	L _{DVN} =43	L _{DVN} =49	L _{DVN} =58	L _{DVN} =65

Legend: L_D – daily noise level, L_V – evening noise level, L_N – night noise level, L_{DVN} – noise level day – evening – night

* Data in table for 2019 show the noise without ships and in the front of the first buildings outside the Port's zone, data for 2018 show the noise in the Port, considering the noise the noise of ships.

In 2018, a new Decree on the threshold values of environmental noise came into force, on the basis of which Luka Koper, d. d., in 2019 obtained a new environmental permit setting the noise level. The results for the first quarter 2019 are in compliance with the requirements of the environmental permit and a newly adopted Decree. The Company has

set and determined objectives, of which threshold values are lower than statutory prescribed threshold values.

The Company implements measures to lower noise level, which were adopted for 2019.

13.6 Energy

Luka Koper, d. d., proceeds with the electrification of its cranes, and in 2019 purchased five new electrified RTG cranes³⁰, and in 2020 will construct additional charging stations APS³¹ for the expansion of the operating site of electrified RTG cranes at the container terminal.

Luka Koper, d. d., obtained also a study, which gives the insight in the supply of vessels with the liquified natural gas in the Port of Koper, and gives the directions for further steps for the introduction of this e energy product in the company's performance.

In 2019, Luka Koper, d. d., prepared the necessary documentation and established the system on the basis of which the external audit and the first certification in relation to the requirements of the standard for the energy management systems SIST ISO 50001, will be carried out.

13.6.1 Electricity and water consumption

In 2019, the use of electrified RTG cranes increased. The advantage of using the electric energy for driving cranes is in significantly higher efficiency of machinery, low noise level and practically zero local emissions of exhaust gases. This is also the main reason for the increase of a specific use of the use of electric energy in the first nine months of 2019 in comparison with 2018. The reason for a higher specific use of water consumption in the first six months of 2019 in comparison to the year 2018, is in slightly higher absolute water consumption.

Specific consumption of energy and water per handled tonne of the total throughput³², January – September 2018 and 2019

	1 – 9 2018	1 – 9 2019	INDEX 2019/2018
Consumption electric energy (kWh/t)	1.22	1.29	105
Motor fuel consumption (l/t)	0.231	0.220	96
Water consumption (l/t)	6.52	6.83	105

³⁰ RTG – Rubber Tyred Gantry Crane

³¹ APS – automatic plug system

³² Throughput = maritime throughput + stuffing/unstuffing of containers

Electricity consumption

The major consumers of the electric power in the port are the Container terminal and Bulk cargoes terminal. Among major consumers in the port are primarily quay cranes, food stuff, cold storage rooms at the Reefer terminal, conveyor belts for the transshipment of the dry bulk cargo, lighting and power supply to the reefer containers. In the first nine months of 2019, the company did not achieve the target value of specific electric energy consumption.

Motor fuel consumption

A lot of ground mechanisation, powered by diesel is used in the port's working processes. The major consumers are terminal tractors at the container terminal, which on average consume almost a half of the the total consumption of the motor fuel. In the first nine months of 2019, the company achieved the target value of specific consumption of the motor fuel.

Water

The company pays a great attention to the water as a vital good and for this reason numerous safety and treatment actions are implemented. Since the water is used mainly for sanitary purposes and for supply of vessels, the concern for an adequate purity of water is important. In the first nine months of 2019, the company did not achieve the target value of specific water consumption.

Potable water

The consumption of the potable water does not depend directly on the throughput. Due to a growing occupancy of the port and large number of trucks, as well as transport equipment, additional leakages on the water distribution network occur. In order to reduce water losses, repairs of leakages are constantly carried out, as well as repairs of hydrant network and water distribution network. In January - September 2019, measurements of the quality of the potable water at the Cruise terminal were carried out, and the results were in compliance with the law.

In the third quarter of 2019, also other measurements of the port's water distribution network were carried out, and the results were in compliance with the law.

Waste water

In the port mainly urban waste waters are generated and to a lower extent industrial waste water. Generated industrial waste waters are prior to the discharge adequately treated in own waste water treatment plants, urban waste waters are mainly treated in the Koper central waste treatment plant. In the second quarter of 2019, the authorised operator has carried out the sampling of waste waters at the washing facility DEPO, other samplings of process and sanitary waters from treatment plants, will be carried out by an authorised operator in autumn/winter time.

13.7 Effect of lighting

The lighting in the port area is in line with regulations and in a way that a light is not directed upwards. The lighting plan is published on the company's website <https://www.luka-kp.si/slo/zakonodaja-in-okolje-200>.

13.8 Marine protection

Pursuant to the provisions of the Concession Agreement for the performance of port activity, management, development and regular maintenance of port's infrastructure in the Koper's cargo port area, Luka Koper, d. d., regularly takes care to prevent and remove the consequences of the sea pollution. To carry out such activities we need special equipment, boats and skilled staff. We therefore regularly train the staff, provide training and drills. In exceptional events at sea Luka Koper, d. d., takes measures in compliance with the valid Protection and rescuing plan of Luka Koper, d. d., in case of industrial accidents.

In January – September 2019 35 incidents were recorded in the port's aquatorium. In all cases of pollution at sea, measures were taken in accordance to the activation scheme of forces and resources for minor accident, and the consequences of pollution were successfully dealt with within the concession area.

Statistical data on intervention at sea, January – September 2018 and 2019

	1 – 9 2018	1 – 9 2019	INDEX 2019/2018
Number of accidents at sea	18	35	194
Number of interventions in the Port's aquatorium	18	31	172
Number of incidents not requiring intervention	0	4	-
Number of pollution incidents outside the Port's aquatorium	0	0	-

The results of measuring from the modern measuring station for monitoring of the sea quality, which is installed at the entrance into the Port Basin III, are published on the website <http://www.zivetispristaniscem.si/>.

Within the project of the co-funded project SUPAIR, underwater camera, current meter and underwater sound meter were installed.

14 Human resources

Thanks to their knowledge, skills, energy and focus on the achievement of Company's business objectives, the employees are an essential foundation for the Company's success.

The guidance of approaches to the HR management is the Human resources management strategy 2016–2020, which supports the Business strategy of Luka Koper Group and Luka Koper, d. d., for 2016–2020, which among development priorities emphasizes the increase of productivity, efficiency and competitiveness of services.

Cooperation, responsibility, respect, commitment and creativity are the values of all employees, the Luka Koper Group realises in practice.

14.1 Recruitment, turnover rate and employment structure

As at 30 September 2019, the Luka Koper Group hold 1.699 employees, which is 482 more than as at 30 September 2018, and which is 40-percentage increase. Intensive growth of number of employees results from the changes of the business model resp. introduction of the three-tier model related to the implementation of the port service provision strategy in the company Luka Koper, d. d. Besides 1,540 regularly employed persons in September 2019, Luka Koper, d. d., hired also 73 agency workers.

In January - September 2019, 468 employees were recruited in Luka Koper Group, which is 321 employments more than in the comparable period last year. The largest part of new employments results from the process of implementation of the port service provision strategy and primarily involves jobs in the basis throughput processes in Luka Koper, d. d. The tier I comprises the regular employment.

At the end of 2018, Luka Koper, d. d., published a public tender for the selection of recruitment agencies to provide 346 workers (tier II of the business model) for performing port services. In June 2019, 4 recruitment agencies were selected via public procurement procedures. Until 30 September 2019, recruitment agencies posted first 73 workers in Luka Koper, d. d., who are guaranteed equal rights and obligations as regularly employed staff.

In 2019, three public tenders for outsourcing service providers – outsourced contractors, which fall within the tier III of the business model. The procedures related to the public procurement are in progress and expectedly will be finalised by the end of the year 2019.

Number of employees in Luka Koper Group

	30.09.2018	30.09.2019	Index 2019/2018
Luka Koper, d. d.	1,034	1,540	149
Luka Koper INPO, d. o. o.	152	127	84
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	23	24	104
TOC, d. o. o.	4	4	100
Luka Koper Group	1,217	1,699	140

Comparison between recruitment, termination and turnover rate

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) ³³	
	1 – 9 2018	1 – 9 2019	1 – 9 2018	1 – 9 2019	1 – 9 2018	1 – 9 2019
Luka Koper, d. d.	132	462	24	15	2.3	1.0
Luka Koper Group	147	468	38	15	3.0	0.9

The number of departures from Luka Koper Group was significantly lower than in the same period in 2018. Among the reasons of the termination of the employment relationship prevail the retirements on the ground of age, to the minor extent consensual terminations of employment, in one case the employee's death.

Consequently, the staff turnover in Luka Koper Group in first nine months of 2019, was low resp. significantly lower than in 2018 due to a significant level of recruitment.

14.2 Occupational health and safety

Health and safety at work in accordance with the guidelines of the BS OHSAS 18001 of Luka Koper, d. d., are approved by internal and external audits. Likewise, the modification of the internal standard ISO 45001 is followed through various external trainings in order to be prepared for the transition when the standard is approved.

The company is striving to implement preventive actions with trainings, additional education, raising of the awareness of employees' and other persons present in the port.

³³ Method for calculating turnover rate = [number of departures / (initial number of employees + new recruitments)] x 100

Each severe and recurrent injury is examined and adequate actions are taken in order to prevent any recurrence of similar incidents.

Injuries at work

Parties involved	1 – 9 2018		1 –9 2019	
	All injuries	Whereof major injuries	All injuries	Whereof major injuries
Luka Koper, d. d.	10	0	17	0
Providers of port services	31	0	16	0
Outsourcing companies	4	0	10	0
Subsidiaries	9	0	5	0

The target for 2019 of maximum 16 occupational injuries per million hours worked hours, was achieved. In the first nine months of 2019, the indicator shows 9.6 injuries per million hours worked.

In January - September 2019, there was no serious injury at work and no collective injury at work in the port's area, so the objective of zero serious occupational injuries in the first nine months of 2019, has been achieved.

In the first nine months of 2019, 30,5 collisions per million hours worked occurred. Therefore, the target of 25 collisions in the internal transport per million hours worked for 2019 has not been achieved.

14.3 Education, training and development of employees

In the first nine months of 2019, Luka Koper Group provided on average higher number of hours of training than in the equivalent period last year and namely 15.3 hours of training per employee in Luka Koper Group and 16.2 hours in Luka Koper, d. d. The higher number of training is attributable to the intensive recruitment of workers involved in jobs in the basis throughput process and their training resp. operation of different types of machinery. 85 percent of training was in-house training.

70 percent of employees in Luka Koper Group resp. 73 percent of employees in Luka Koper, d. d., were involved in the training.

Through the training agreement Luka Koper Group co-funds 1.5 co-funds almost one percent of employees with aim to obtain a higher level of education.

Luka Koper, d. d., allocated one scholarship for the academic year 2018/19.

Luka Koper d. d., and Adria Terminali d. o. o., were involved again in the project Competence center for HR development in logistics Logins, which will disburse grants from 50 – percent co-funding of the education and training of employees until 2022.

15 Commitment to the community

Corporate social responsibility is an integral part of the corporate governance of Luka Koper. Due to the embedment of the Port in the urban space and the impact of its activities on the environment, Luka Koper endeavours to minimize the negative impacts of its activity and contribute to the boosting of the quality of life and the local environment. It is actively involved in local and wider community life as sponsor and donator of sport, cultural, humanitarian, environmental and educational organisations. In January - September 2019, EUR 985.2 thousand were used for these purposes. A substantial part of sponsorships and donations is related to a long-term partnership relations with beneficiaries, such as promising athletes, clubs, organisations and associations. In the beginning of January 2019, Luka Koper, d. d., published the call of the fund Living with the port, on which 357 applicants from the local and wider social environment will apply for funding of socially beneficial projects, events and operation of organisations. In compliance with publicly available criteria, 251 applicants received sponsorships and donations in the total amount of EUR 129.2 thousand. The most high-visibility events, financially supported by Luka Koper, where the Istrian marathon, Primorska Summer festival, Ironman and Koper Symphony.

Luka Koper is conscious that good relationship with stakeholders in its environment depend on up-to-date, transparent and correct communication. Information on performance, developments and events are provided to the public directly or through diverse communication channels, such as: websites www.zivetispristaniscem.si and www.luka-kp.si, monthly Port's gazette, press releases, press conferences, interviews, articles, publications on the Ljubljana Stock Exchange website and through the social websites Facebook, Instagram, LinkedIn and Youtube.

The publication Port's knots, representing Luka Koper, d. d., activities, successes and challenges in the field of the sustainable development is destined to the inhabitants living in the close vicinity of the port and who are particularly affected by port's activities impacts. 15.300 households close vicinity of the port and who are particularly affected by port's activities impacts. 15.300 households in the Municipality of Koper and the Municipality of Ankaran received the publication. The new management of the Municipality of Koper and municipal counsellors were informed about Luka Koper, d. d., development plans. Both work groups, set up on the basis of the Letter of Intent concluded between between Luka Koper, d. d., and Municipality of Koper in July 2018 reactivated: one group tackles mitigating measures aiming to reduce the noise in the Port , the other topics related to the warehouse 3, which is on the basis of the Letter of Intent, intended for a long term for social activities.

Although the Port is the customs zone and the entrance is limited, yearly almost 20.000 of organised groups of visitors, guided by Members of the Club of retired employees of Luka

Koper, visit the port. Most of them are school groups. Within the framework of the traditional Port's day held on May 18, 2019, more than 4.000 visitors visited the port.

ACCOUNTING REPORT

16 Financial Statements of Luka Koper, d. d., and Group Luka Koper

16.1 Income Statement

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018*	1-9 2019	1-9 2018*
Revenue	170,822,838	165,515,474	173,820,118	168,246,822
Capitalised own products and services	69,629	0	74,414	854,886
Other income	2,227,421	12,435,395	3,449,558	13,586,373
Cost of material	-12,672,018	-12,225,792	-12,820,995	-12,657,569
Cost of services	-42,505,329	-43,057,986	-40,174,531	-40,741,506
Employee benefits expense	-52,799,763	-39,026,178	-57,181,647	-43,869,954
Amortisation and depreciation expense	-21,698,873	-21,379,958	-22,250,442	-22,024,799
Other operating expenses	-6,389,068	-6,439,859	-6,396,182	-6,633,203
Operating profit	37,054,837	55,821,096	38,520,293	56,761,050
Finance income	3,300,688	3,103,768	1,768,945	1,540,447
Finance expenses	-657,813	-975,139	-557,645	-873,137
Profit or loss from financing activity	2,642,875	2,128,629	1,211,300	667,310
Profit or loss of associates	0	0	1,137,850	1,496,806
Profit before tax	39,697,712	57,949,725	40,869,443	58,925,166
Income tax expense	-6,127,350	-10,133,392	-6,360,528	-10,279,839
Deferred taxes	27,812	-68,526	27,812	-71,159
Net profit for the period	33,598,174	47,747,807	34,536,727	48,574,168
Net profit attributable to owners of the company	0	0	34,519,162	48,559,959
Net profit attributable to non-controlling interests	0	0	17,565	14,209
Net earnings per share	2.40	3.41	2.47	3.47

* As from 1 January 2019, the Luka Koper, d. d./Luka Koper Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects are disclosed under point 17 d) Changes in accounting policies.

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

16.2 Statement of Other Comprehensive Income

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Profit for the period	33,598,174	47,747,807	34,536,727	48,574,168
Actuarial gains or losses from post-employment benefits	-366,815	0	-366,816	0
Deferred tax on actuarial gains or losses	32,935	0	32,935	0
Items not to be reclassified into profit/loss in future periods	-333,880	0	-333,881	0
Change in revaluation surplus of available-for-sale financial assets	600,190	792,110	-126,371	1,013,157
Deferred tax on revaluation of available-for-sale financial assets	-114,461	-150,501	23,585	-192,500
Change in fair value of hedging instruments	0	99,343	0	99,343
Deferred tax on change in value of hedging instruments	0	-18,875	0	-18,875
Item that are or may be reclassified subsequently to profit or loss	485,729	722,077	-102,786	901,125
Total comprehensive income for the period	33,750,023	48,469,884	34,100,061	49,475,293

16.3 Statement of Financial Position

(in EUR)	Luka Koper, d. d.			Group Luka Koper		
	30 Sep 2019	Restated 31 Dec 2018*	Restated 1 Jan 2018*	30 Sep 2019	Restated 31 Dec 2018*	Restated 1 Jan 2018*
ASSETS						
Property, plant and equipment	355,291,673	351,296,446	367,738,151	369,864,633	365,784,723	385,168,843
Investment property	24,407,983	24,616,101	26,467,395	15,130,136	14,870,578	14,900,170
Intangible assets	2,232,542	2,605,462	3,122,833	2,479,531	2,894,095	3,467,042
Other assets	11,630,347	4,542,623	79,988	11,730,547	4,780,591	79,988
Delnice in deleži v družbah v Skupini	4,533,063	4,533,063	4,533,063	0	0	0
Shares and interests in associates	6,737,709	6,737,709	6,737,709	13,562,495	13,754,815	13,376,467
Other non-current investments	32,037,675	31,437,485	30,499,584	35,397,787	35,524,158	34,217,435
Loans given and deposits	7,131	13,876	22,592	12,633	19,378	22,592
Non-current operating receivables	41,105	41,108	41,772	41,105	70,818	41,772
Deferred tax assets	8,021,580	8,075,295	8,325,304	8,045,384	7,961,052	8,231,345
Non-current assets	444,940,808	433,899,168	447,568,391	456,264,251	445,660,208	459,505,654
Assets held for sale	0	0	0	0	0	864
Inventories	1,345,313	1,322,412	1,037,066	1,345,313	1,322,412	1,037,066
Deposits and loans given	8,953	8,716	8,413	79,975	79,802	79,541
Trade and other receivables	50,015,123	44,724,743	37,810,196	50,556,463	45,385,484	38,741,762
Assets from contracts with customer	426,308	210,861	210,861	426,308	210,861	210,861
Terjatve za davek od dohodka	1,968,281	0	4,115,392	1,783,032	0	4,528,725
Cash and cash equivalents	77,991,465	73,376,306	28,202,589	85,030,091	79,583,293	32,374,215
Current assets	131,755,443	119,643,038	71,384,517	139,221,182	126,581,852	76,973,034
TOTAL ASSETS	576,696,251	553,542,206	518,952,908	595,485,433	572,242,060	536,478,688
EQUITY AND LIABILITIES						
Share capital	58,420,965	58,420,965	58,420,965	58,420,965	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703	89,562,703	89,562,703	89,562,703	89,562,703
Revenue reserves	174,901,853	174,901,853	145,607,356	174,901,853	174,901,853	145,607,356
Reserves arising from valuation at fair value	10,678,982	10,507,002	9,799,716	11,091,357	11,507,892	10,498,049
Retained earnings	44,210,485	29,252,442	17,206,843	75,153,605	59,274,576	46,100,910
Equity of owners of the parent	0	0	320,597,583	409,130,483	393,667,989	350,189,983
Non-controlling interests	0	0	0	228,382	210,816	192,336
Equity	377,774,988	362,644,965	320,597,583	409,358,865	393,878,805	350,382,319
Provisions	19,258,890	19,460,792	20,217,568	19,733,638	19,936,175	20,701,828
Deferred income	24,992,026	23,651,341	18,221,285	26,733,782	25,567,895	20,326,466
Loans and borrowings	100,361,166	93,431,499	116,682,274	84,361,166	77,431,499	100,682,274
Other non-current financial liabilities	200,895	0	0	285,409	0	0
Non-current operating liabilities	927,553	1,304,783	967,102	960,044	1,380,528	1,045,243
Non-current liabilities	145,740,530	137,848,415	156,088,229	132,074,039	124,316,097	142,755,811
Loans and borrowings	11,621,175	13,685,558	16,060,399	11,621,175	13,685,558	16,060,399
Other current financial liabilities	420,246	156,684	372,169	512,105	145,363	372,169
Income tax liabilities	0	9,254,382	0	0	9,244,938	0
Trade and other payables	41,139,312	29,952,202	25,834,528	41,919,249	30,971,299	26,907,990
Current liabilities	53,180,733	53,048,826	42,267,096	54,052,529	54,047,158	43,340,558
TOTAL EQUITY AND LIABILITIES	576,696,251	553,542,206	518,952,908	595,485,433	572,242,060	536,478,688

*As from January 1, 2019, Luka Koper, d. d./Luka Koper Group started to apply a new standard IFRS 16 and applied a retrospective method, therefore a comparable data are not corrected. The adjustment refers to the reclassification of advances given for the purchase/construction of property, plant and equipment. The effects of a new standard and applied amendments of accounting policies are disclosed under item 17 d) Changes in accounting policies.

16.4 Statement of Cash Flows

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	Restated 1-9 2018*	1-9 2019	Restated 1-9 2018*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	33,598,174	47,747,807	34,536,727	48,574,168
Adjustments for:				
Amortisation/Depreciation	21,698,873	21,379,959	22,250,442	22,024,799
Reversal and impairment losses on property, plant and equipment, and intangible assets	65	5,800	65	6,740
Gain on sale of property, plant and equipment, intangible assets and investment property	-1,200	-787,761	-17,939	-764,223
Allowances for receivables	278,070	112,790	278,199	305,954
Collected written-off receivables and liabilities	-182,012	-1,040,378	-182,012	-1,042,978
Reversal of provisions	-266,565	-643,396	-266,565	-643,396
Finance income	-3,300,688	-3,103,768	-1,768,945	-1,540,447
Finance expenses	657,813	975,140	557,645	873,137
Recognised results of subsidiaries under equity method	0	0	-1,137,850	-1,496,806
Income tax expense and income (expenses) from deferred taxes	6,099,538	10,201,918	6,332,716	10,350,998
Profit before change in net current operating assets and taxes	58,582,068	74,848,111	60,582,483	76,647,946
Change in other assets	-7,087,724	-2,415,135	-6,949,956	-2,583,177
Change in operating receivables	-5,568,710	-3,829,719	-5,465,227	-3,830,933
Change in inventories	-22,901	-151,841	-22,901	-151,841
Change in assets (disposal group) held for sale	0	1,502,198	0	1,502,197
Change in operating liabilities	7,094,900	4,023,364	6,846,141	3,713,766
Change in provision	-303,298	201,602	-303,934	329,751
Change in non-current deferred income	1,340,685	3,914,918	1,165,887	3,871,800
Cash generated in operating activities	54,035,020	78,093,498	55,852,492	79,499,509
Interest expenses	-648,584	-1,182,884	-548,186	-1,057,684
Tax expenses	-17,350,013	1,751,612	-17,388,498	2,101,966
Net cash from operating activities	36,036,423	78,662,226	37,915,808	80,543,791
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	164,562	215,299	171,326	221,188
Prejete dividende in deleži v dobičku odvisnih družb	195,214	241,634	0	0
Prejete dividende in deleži v dobičku pridruženih družb	1,330,171	1,280,634	1,330,171	1,280,634
Dividends received and share of profits – other companies	1,574,471	1,306,215	1,597,619	1,319,259
Proceeds from sale of property, plant and equipment, and intangible assets	1,200	824,577	17,940	770,963
Proceeds from sale, less investments and loans given	6,508	5,904	6,688	253
Acquisition of property, plant and equipment, and intangible assets	-20,698,306	-6,627,752	-21,586,036	-6,937,276
Net cash used in investing activities	-17,426,180	-2,753,489	-18,462,292	-3,344,979
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	43,716,356	0	43,716,356	0
Repayment of non-current borrowings	-27,714,285	0	-27,714,285	0
Repayment of current borrowings	-11,136,787	-11,003,346	-11,136,787	-11,211,091
Payment of the leased asset	-233,696	0	-245,331	0
Dividends paid	-18,626,672	-17,222,412	-18,626,672	-17,222,412
Net cash used in financing activities	-13,995,084	-28,225,758	-14,006,719	
Net increase in cash and cash equivalents	4,615,159	47,682,979	5,446,798	
Opening balance of cash and cash equivalents	73,376,306	28,202,590	79,583,293	32,374,215
Closing balance of cash and cash equivalents	77,991,465	75,885,569	85,030,091	32,374,215

* As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The adjustment refers to the reclassification of given advances for the purchase/construction of property, plant and equipment. The effects of the application of a new standard and the applied changes in accounting policies are disclosed under item 17 d) Changes in accounting policies.

16.5 Statement of Changes in Equity of Luka Koper, d. d.

(in EUR)							Reserves arising on valuation at fair value			Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses		
Balance at 31 Dec 2017 - restated	58,420,965	89,562,703	18,765,115	126,842,241	17,206,841	10,893,275	-80,471	-1,013,085	320,597,584	
Changes of equity – transactions with owners										
Dividends paid	0	0	0	0	-17,220,000	0	0	0	-17,220,000	
	0	0	0	0	-17,220,000	0	0	0	-17,220,000	
Total comprehensive income for the period										
Profit for the period	0	0	0	0	47,747,807	0	0	0	47,747,807	
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	641,609	0	0	641,609	
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	80,468	0	80,468	
	0	0	0	0	47,747,807	641,609	80,468	0	48,469,884	
Balance at 30 September 2018	58,420,965	89,562,703	18,765,115	126,842,241	47,734,648	11,534,884	0	-1,013,085	351,847,471	
Balance at 31 December 2018	58,420,965	89,562,703	18,765,115	156,136,738	29,252,443	11,653,397	0	-1,146,395	362,644,966	
Changes of equity – transactions with owners										
Dividends paid	0	0	0	0	-18,620,000	0	0	0	-18,620,000	
	0	0	0	0	-18,620,000	0	0	0	-18,620,000	
Total comprehensive income for the period										
Profit for the period	0	0	0	0	33,598,174	0	0	0	33,598,174	
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	485,729	0	0	485,729	
Actuarial gains/losses, less tax	0	0	0	0	0	0	0	-333,880	-333,880	
	0	0	0	0	33,598,174	485,729	0	-333,880	33,750,023	
Changes within equity										
Other changes in equity	0	0	0	0	-20,131	0	0	20,131	0	
	0	0	0	0	-20,131	0	0	20,131	0	
Balance at 30 September 2019	58,420,965	89,562,703	18,765,115	156,136,738	44,210,485	12,139,126	0	-1,460,144	377,774,988	

16.6 Consolidated Statement of Changes in Equity of Luka Koper Group

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
Balance at 31 Dec 2017 - restated	58,420,965	89,562,703	18,765,115	126,842,241	46,100,910	11,671,809	-80,468	-1,093,285	350,189,990	192,336	350,382,323
Equity changes - transactions with owners											
Dividends paid	0	0	0	0	-17,220,000	0	0	0	-17,220,000	0	-17,220,000
	0	0	0	0	-17,220,000	0	0	0	-17,220,000	0	-17,220,000
Total comprehensive income for the period											
Profit for the period	0	0	0	0	48,559,959	0	0	0	48,559,959	14,209	48,574,168
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	820,657	0	0	820,657	0	820,657
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	80,468	0	80,468	0	80,468
	0	0	0	0	48,559,959	820,657	80,468	0	49,461,084	14,209	49,475,293
Balance at 30 September 2018	58,420,965	89,562,703	18,765,115	126,842,241	77,440,869	12,492,466	0	-1,093,285	382,431,074	206,545	382,637,619
Balance at 31 December 2018	58,420,965	89,562,703	18,765,115	156,136,738	59,274,576	12,730,680	0	-1,222,788	393,667,989	210,817	393,878,806
Equity changes - transactions with owners											
Izplačilo dividend	0	0	0	0	-18,620,000	0	0	0	-18,620,000	0	-18,620,000
	0	0	0	0	-18,620,000	0	0	0	-18,620,000	0	-18,620,000
Total comprehensive income for the period											
Profit for the period	0	0	0	0	34,519,162	0	0	0	34,519,162	17,565	34,536,727
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-102,786	0	0	-102,786	0	-102,786
Actuarial gains/losses, less tax	0	0	0	0	0	0	0	-333,881	-333,881	0	-333,881
	0	0	0	0	34,519,162	-102,786	0	-333,881	34,082,495	17,565	34,100,060
Changes within equity											
Other changes in equity	0	0	0	0	-20,131	0	0	20,131	0	0	0
	0	0	0	0	-20,131	0	0	20,131	0	0	0
Balance at 30 September 2019	58,420,965	89,562,703	18,765,115	156,136,738	75,153,609	12,627,894	0	-1,536,538	409,130,483	228,382	409,358,865

17 Notes to the Separate Financial Statements

Luka Koper, d. d., a port operator and logistic provider (hereinafter: Company), with registered office at Vojkovo nabrežje 38, Koper in Slovenia is the controlling company of the Luka Koper Group (hereinafter: Group). Non-audited separate financial statements of Luka Koper, d. d. and non-audited consolidated financial statements of Luka Koper Group, for January – September 2019 resp. as at 30 September 2019 are presented hereinafter. Consolidated financial statements refer to the financial statements of the controlling company and the associated companies.

Subsidiaries included in the consolidated financial statements:

- Luka Koper INPO, d. o. o., 100 %
- Adria Terminali, d. o. o., 100 %
- Luka Koper Pristan, d. o. o., 100 %
- TOC, d. o. o., 68.13 %

Associates included in the consolidated financial statements:

- Adria Transport, d. o. o., 50 %
- Adria-Tow, d. o. o., 50 %
- Adriaфин, d. o. o., 50 %
- Avtoservis, d. o. o., 49 %

Companies excluded from the consolidated financial statements as at 30 September 2019:

- Logis-Nova, d. o. o., 100 %
- Adria Investicije, d. o. o., 100 %

The companies Adria Investicije, d. o. o., and Logis-Nova, d. o. o., were not included in the consolidated financial statements as they are not considered significant for a fair presentation on the Group's financial position. They operate in a limited scope and without employees. If operations of the companies should change considerably, they would be included in the Group's consolidated statements.

a) Statement of compliance

The interim Report has been compiled in accordance with the International Accounting standards 34 – Interim Financial Reporting. The company's financial statements have been compiled in accordance with International Reporting Standards as adopted by the International Accounting Standards (IASB) and European Union and in compliance with Companies Act RS.

b) Basis for the compilation of financial statements

The financial statements are compiled in euros (EUR), rounded to the nearest unit. Through these consolidated financial statements the company wants to provide the broadest sphere of users useful information on the company's performance from January – September 2019, in comparison with the

comparable data for the previous year, together with the company's financial position as at 30 September 2019 in comparison with 31 December 2018.

Financial statements of Luka Koper, d. d. and consolidated financial statements of Luka Koper Group for the reporting period January – September 2019 are not audited, whilst they were audited for the comparable period as at 31 December 2018.

c) Use of estimates and judgements

Preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are formed based on past experience and expectations in the accounting period.

Estimates, judgements and assumptions are reviewed on a regular basis. Actual results may differ from these situations, hence estimates and underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised in the period for which the estimates are modified, or in the coming periods that are impacted by respective changes.

d) Changes in accounting policies

The non-audited financial statements of the Luka Koper, d. d. for the reporting period are compiled in accordance with the same accounting policies and principles that were applicable in 2018, except for the following changes:

- IFRS 16 – Leases

On 1 January Luka Koper, d. d. and the Luka Koper Group started to apply the standard IFRS 16 – Leases which replaces the standard IAS 17.

The scope of application of IFRS 16 comprises leases of all assets with a few exceptions. Pursuant to the Standard, lessees should recognise all leases through profit and loss under a single lessee accounting model without making a distinction between an operating or a finance lease, in the same manner that finance lease are recognised pursuant to IAS 17. IFRS 16 supersedes IAS 17 – Leases and related interpretations. The Standard allows two exemptions in recognising assets, i.e. when underlying asset is of low value (such as personal computer) and for short-term leases (leases with a term of less than 12 months). As the date of beginning of lease, the lessee is required to recognise the obligation to make lease payments (i.e. a lease liability) and the asset representing the right to use the underlying leased asset for the duration of the lease (i.e. right-of-use asset).

Under IFRS, the contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lessees shall recognise separately interest expense with respect to the lease liability and depreciation costs from the right-of-use asset. The right-of-use asset is depreciated, and interest is added to the liabilities. This results in a concentrated pattern of expense for most leases, even if the lessee pays a fixed annual rent. If certain events should occur (such as changes in the lease period, changes in the value of future lease payments due to variations in the index or rate, based on which lease payment is determined), lessees shall have to remeasure the lease

liability, in general, lessees recognise the remeasurement value of lease liability as an adjustment to the right-of-use asset.

The introduction of the new standard will not substantially change the lease accounting for the lessor and from the lessor's perspective, the distinction between the operating lease and finance lease remains in force.

Luka Koper, d. d./Luka Koper Group has examined and analysed all lease contracts. The standard allows for exemptions in the recognition of leases, i.e. for leases with a lease term of 12 months or less, and for leases where the underlying asset is of low value. The Company has elected to apply exemptions and thus accounts for lease payments as an expense in January – September 2019. There are two possible transitions to the new standard; the Company has opted for transition without affecting its statement of financial position (modified retrospective method) and implemented the standard as of 1 January 2019.

Based on analysis results, the Company/Luka Koper Group has estimated the values of the right-of-use and lease liability. Values of the right-of-use and lease liability have been estimated by discounting the future cash flows for the period of lease. Cash flows are discounted based on a pondered interest rate realised by the Company/Luka Koper Group when raising non-current loans. Depreciation resulting from the right-of-use is calculated based on the remaining lease term.

The impact of IFRS 16 in January – September 2019:

Statement of financial position:

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	1 Jan 2019	30 Sep 2019	1 Jan 2019
ASSETS	461,067	680,417	657,640	711,561
Right-of-use	461,067	680,417	657,640	711,561
LIABILITIES	461,900	680,417	649,364	711,561
Lease liabilities	461,900	680,417	649,364	711,561

Income Statement:

(in EUR)	Luka Koper, d. d.	Group Luka Koper
	1-9 2019	1-9 2019
Depreciation of right-of-use	-233,696	-245,331
Rentals	236,506	257,572
Operating profit	2,810	12,241
Finance lease expenditure	-3,643	-3,965
Profit/loss before tax	-833	8,276

Lease costs related to exemptions:

(in EUR)	Luka Koper, d. d.	Group Luka Koper
	1-9 2019	1-9 2019
Short term rental	43,988	93,214
Low asset value	37,587	40,417
Variable rental	1,393	1,992
Total rental cost	82,968	135,622

- **Provisions for retirement benefits and jubilee premiums**

In accordance with statutory requirements and the collective agreement, Luka Koper d. d./Luka Koper Group is liable to pay jubilee premiums and termination benefits on retirement. These payments are measured using the method of accounting that requires that an actuarial liability is assessed on the basis of expected salary growth from the valuation date until the employee's anticipated retirement. This means that benefits are accrued in proportion to the work performed. The assessed liability is recognised as the present value of expected future expenditure. Anticipated salary growth and employee turnover are also considered as part of measurement.

Actuarial gains or losses for termination benefits in the current year are recognised in other comprehensive income under equity based on an actuarial calculation, whereas current and previous employee benefits and interest expenditure are recognised in profit or loss. Current employee benefit costs and interest expenditure as well as actuarial gains and losses, Luka Koper, d. d./Luka Koper Group recognises in profit or loss for jubilee premiums.

The calculation of provisions for retirement benefits and jubilee premiums is based on the actuarial calculation as at 30 June 2019 (using data as at 30 June 2019), which took into account the following assumptions:

- Currently applicable amount of termination benefits and jubilee premiums.
- Mortality rate that is based on mortality tables from 2007 applicable to Slovenia and presented separately for men and women, decreased by 10 percent (active population). As at 30 June 2019, this means an overall 0.3-percent death rate for employees in the next financial year (considering the number of employees).
- Staff fluctuation, declining on a straight-line basis from 2.0 percent at 15 years to 0.5 percent at 55 years, thereupon remaining constant at 0.0 percent. In total, this indicates an annual fluctuation of one percent for the next year as at 30 June 2019.
- Foreseen retirement of individual employees has been taken into account based on data on employee gender, date of birth and length of service as at 30 June 2019 pursuant to Article 27 and 3rd indent of Article 28 (1) of Pension and Disability Insurance Act.
- For the period from 2019 till 2021 calculations, we used average salary increase rates for the Republic of Slovenia as outlined in Spring Forecast of Economic Trends 2019 (Institute of

Macroeconomic Analysis and Development). Average salaries in Slovenia are expected to increase as of 2022 by an annual two percent due to inflation and by one percent due to real growth. It is assumed that the amounts as set the Decree on the Levels of Reimbursed Work-related Expenses and of Certain Income not to be included in Tax Base.(Official Gazette of the Republic of Slovenia No. 140/06 and 76/08) will not increase by 2020, whereby an increase of these amounts is expected subsequently in line with inflation.

- Increase in basic gross salaries and variable components is taken into account in the amount of annual inflation, increased by 0.2 percent from 2022 onwards; basic gross salary growth due to promotions is taken into account at 0.5 percent yearly, the bonus for total years of service is taken into account at 0.5 percent of the basic salary for each full year of service. In case of four individual contracts, the bonus for total years in service does not apply. Accordingly, the nominal monthly salary growth rate -in view of inflation and actual growth – would be 2.0 percent next year, 2.3 percent in 2021 and 2.2. percent from 2022 onwards.
- The discount rate for the calculation as at 30 June 2019 at 0.7 percent on the basis of the yield of Slovenian government bond as at 28 June 2019, and by interpolation with respect to the average weighted duration of the Company's commitments.

- **Disclosure of advances given for the purchase of property, plant and equipment**

Luka Koper, d. d./Group values its property, plant and equipment under the cost model. Among assets in acquisition Luka Koper, d. d./Luka KoperGroup accounted for also advances given for the purchase or their construction. The item 16.6 of IAS establishes the principles for recognising property, plant and equipment and namely:

- this is an asset owned by Luka Koper, d. d. /Luka Koper Group to be used in production or supply of products or performance of services, rent it for office use, and
- according to the expectations, it can be used in more than one accounting period.

In this respect Luka Koper, d. d./Luka Koper Group reclassified given advances for the purchase and the construction of property, plant and equipment, whereby such asset in acquisition is still not in its possession, among other assets.

The effect of changes in accounting policies as per single items are shown below:

Statement of Financial Position:

(v evrih)	Luka Koper, d. d.					
	Restated 31.12.2018	Change in accounting policy	Previously reported 31.12.2018	Restated 1.1.2018	Change in accounting policy	Previously reported 1.1.2018
ASSETS						
Property, plant and equipment	351,296,446	-4,542,623	355,839,069	367,738,151	-79,988	367,818,139
Investment property	24,616,101		24,616,101	26,467,395		26,467,395
Intangible assets	2,605,462		2,605,462	3,122,833		3,122,833
Other assets	4,542,623	4,542,623	0	79,988	79,988	0
Shares and interests in associates	6,737,709		6,737,709	6,737,709		6,737,709
Other non-current investments	31,437,485		31,437,485	30,499,584		30,499,584
Loans given and deposits	13,876		13,876	22,592		22,592
Non-current operating receivables	41,108		41,108	41,772		41,772
Deferred tax assets	8,075,295		8,075,295	8,325,304		8,325,304
Non-current assets	433,899,168	0	433,899,168	447,568,391	0	447,568,391
Assets held for sale	0		0	0		0
Inventories	1,322,412		1,322,412	1,037,066		1,037,066
Deposits and loans given	8,716		8,716	8,413		8,413
Trade and other receivables	44,724,743		44,724,743	37,810,196		37,810,196
Assets from contracts with customer	210,861		210,861	210,861		210,861
Terjatve za davek od dohodka	0		0	4,115,392		4,115,392
Cash and cash equivalents	73,376,306		73,376,306	28,202,589		28,202,589
Current assets	119,643,038	0	119,643,038	71,384,517	0	71,384,517
TOTAL ASSETS	553,542,206	0	553,542,206	518,952,908	0	518,952,908
EQUITY AND LIABILITIES						
Share capital	58,420,965		58,420,965	58,420,965		58,420,965
Capital surplus (share premium)	89,562,703		89,562,703	89,562,703		89,562,703
Revenue reserves	174,901,853		174,901,853	145,607,356		145,607,356
Reserves arising from valuation at fair value	10,507,002		10,507,002	9,799,716		9,799,716
Retained earnings	29,252,442		29,252,442	17,206,843		17,206,843
Equity of owners of the parent	0	0	0	320,597,583	0	320,597,583
Non-controlling interests	0	0	0	0	0	0
Equity	362,644,965	0	362,644,965	320,597,583	0	320,597,583
Provisions	19,460,792		19,460,792	20,217,568		20,217,568
Deferred income	23,651,341		23,651,341	18,221,285		18,221,285
Loans and borrowings	93,431,499		93,431,499	116,682,274		116,682,274
Non-current operating liabilities	1,304,783		1,304,783	967,102		967,102
Non-current liabilities	137,848,415	0	137,848,415	156,088,229	0	156,088,229
Loans and borrowings	13,685,558		13,685,558	16,060,399		16,060,399
Other current financial liabilities	156,684		156,684	372,169		372,169
Income tax liabilities	9,254,382		9,254,382	0		0
Trade and other payables	29,952,202		29,952,202	25,834,528		25,834,528
Current liabilities	53,048,826	0	53,048,826	42,267,096	0	42,267,096
TOTAL EQUITY AND LIABILITIES	553,542,206	0	553,542,206	518,952,908	0	518,952,908

(v evrih)	Group Luka Koper					
	Restated 31.12.2018	Change in accounting policy	Previously reported 31.12.2018	Restated 1.1.2018	Change in accounting policy	Previously reported 1.1.2018
ASSETS						
Property, plant and equipment	365,784,723	-4,780,591	370,565,314	385,168,843	-79,988	385,248,831
Investment property	14,870,578		14,870,578	14,900,170		14,900,170
Intangible assets	2,894,095		2,894,095	3,467,042		3,467,042
Other assets	4,780,591	4,780,591	0	79,988	79,988	0
Shares and interests in associates	13,754,815		13,754,815	13,376,467		13,376,467
Other non-current investments	35,524,158		35,524,158	34,217,435		34,217,435
Loans given and deposits	19,378		19,378	22,592		22,592
Non-current operating receivables	70,818		70,818	41,772		41,772
Deferred tax assets	7,961,052		7,961,052	8,231,345		8,231,345
Non-current assets	445,660,208	0	445,660,208	459,505,654	0	459,505,654
Assets held for sale	0		0	864		864
Inventories	1,322,412		1,322,412	1,037,066		1,037,066
Deposits and loans given	79,802		79,802	79,541		79,541
Trade and other receivables	45,385,484		45,385,484	38,741,762		38,741,762
Assets from contracts with customer	210,861		210,861	210,861		210,861
Terjatve za davek od dohodka	0		0	4,528,725		4,528,725
Cash and cash equivalents	79,583,293		79,583,293	32,374,215		32,374,215
Current assets	126,581,852	0	126,581,852	76,973,034	0	76,973,034
TOTAL ASSETS	572,242,060	0	572,242,060	536,478,688	0	536,478,688
EQUITY AND LIABILITIES						
Share capital	58,420,965		58,420,965	58,420,965		58,420,965
Capital surplus (share premium)	89,562,703		89,562,703	89,562,703		89,562,703
Revenue reserves	174,901,853		174,901,853	145,607,356		145,607,356
Reserves arising from valuation at fair value	11,507,892		11,507,892	10,498,049		10,498,049
Retained earnings	59,274,576		59,274,576	46,100,910		46,100,910
Equity of owners of the parent	393,667,989	0	393,667,989	350,189,983	0	350,189,983
Non-controlling interests	210,816	0	210,816	192,336	0	192,336
Equity	393,878,805	0	393,878,805	350,382,319	0	350,382,319
Provisions	19,936,175		19,936,175	20,701,828		20,701,828
Deferred income	25,567,895		25,567,895	20,326,466		20,326,466
Loans and borrowings	77,431,499		77,431,499	100,682,274		100,682,274
Non-current operating liabilities	1,380,528		1,380,528	1,045,243		1,045,243
Non-current liabilities	124,316,097	0	124,316,097	142,755,811	0	142,755,811
Loans and borrowings	13,685,558		13,685,558	16,060,399		16,060,399
Other current financial liabilities	145,363		145,363	372,169		372,169
Income tax liabilities	9,244,938		9,244,938	0		0
Trade and other payables	30,971,299		30,971,299	26,907,990		26,907,990
Current liabilities	54,047,158	0	54,047,158	43,340,558	0	43,340,558
TOTAL EQUITY AND LIABILITIES	572,242,060	0	572,242,060	536,478,688	0	536,478,688

Statement of Cash Flows

(in EUR)	Luka Koper, d. d.			Group Luka Koper		
	Restated 1-9 2018	Change in accounting policy	Previously reported 1-9 2018	Restated 1-9 2018	Change in accounting policy	Previously reported 1-9 2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit for the period	47,747,807	0	47,747,807	48,574,168	0	48,574,168
Adjustments for:						
Amortisation/Depreciation	21,379,959	0	21,379,959	22,024,799	0	22,024,799
Reversal and impairment losses on property, plant and equipment, and intangible assets	5,800	0	5,800	6,740	0	6,740
Gain on sale of property, plant and equipment, intangible assets and investment property	-787,761	0	-787,761	-764,223	0	-764,223
Allowances for receivables	112,790	0	112,790	305,954	0	305,954
Collected written-off receivables and liabilities	-1,040,378	0	-1,040,378	-1,042,978	0	-1,042,978
Reversal of provisions	-643,396	0	-643,396	-643,396	0	-643,396
Finance income	-3,103,768	0	-3,103,768	-1,540,447	0	-1,540,447
Finance expenses	975,140	0	975,140	873,137	0	873,137
Recognised results of subsidiaries under equity method	0	0	0	-1,496,806	0	-1,496,806
Income tax expense and income (expenses) from deferred taxes	10,201,918	0	10,201,918	10,350,998	0	10,350,998
Profit before change in net current operating assets and taxes	74,848,111	0	74,848,111	76,647,946	0	76,647,946
Change in other assets	-2,415,135	-2,415,135	0	-2,583,177	-2,583,177	0
Change in operating receivables	-3,829,719	0	-3,829,719	-3,830,933	0	-3,830,933
Change in inventories	-151,841	0	-151,841	-151,841	0	-151,841
Change in assets (disposal group) held for sale	1,502,198	0	1,502,198	1,502,197	0	1,502,197
Change in operating liabilities	4,023,364	0	4,023,364	3,713,766	0	3,713,766
Change in provision	201,602	0	201,602	329,751	0	329,751
Change in non-current deferred income	3,914,918	0	3,914,918	3,871,800	0	3,871,800
Cash generated in operating activities	78,093,498	-2,415,135	80,508,633	79,499,509	-2,583,177	82,082,686
Interest expenses	-1,182,884	0	-1,182,884	-1,057,684	0	-1,057,684
Tax expenses	1,751,612	0	1,751,612	2,101,966	0	2,101,966
Net cash from operating activities	78,662,226	-2,415,135	81,077,361	80,543,791	-2,583,177	83,126,968
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	215,299	0	215,299	221,188	0	221,188
Prejete dividende in deleži v dobičku odvisnih družb	241,634	0	241,634	0	0	0
Prejete dividende in deleži v dobičku pridruženih družb	1,280,634	0	1,280,634	1,280,634	0	1,280,634
Dividends received and share of profits – other companies	1,306,215	0	1,306,215	1,319,259	0	1,319,259
Proceeds from sale of property, plant and equipment, and intangible assets	824,577	0	824,577	770,963	0	770,963
Proceeds from sale, less investments and loans given	5,904	0	5,904	253	0	253
Acquisition of property, plant and equipment, and intangible assets	-6,627,752	2,415,135	-9,042,887	-6,937,276	2,583,177	-9,520,453
Net cash used in investing activities	-2,753,489	2,415,135	-5,168,624	-3,344,979	2,583,177	-5,928,321
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of current borrowings	-11,003,346	0	-11,003,346	-11,211,091	0	-11,211,091
Dividends paid	-17,222,412	0	-17,222,412	-17,222,412	0	-17,222,412
Net cash used in financing activities	-28,225,758	0	-28,225,758			-28,433,503
Net increase in cash and cash equivalents	47,682,979	0	47,682,979			48,765,144
Opening balance of cash and cash equivalents	28,202,590	0	28,202,590	32,374,215	0	32,374,215
Closing balance of cash and cash equivalents	75,885,569	0	75,885,569	32,374,215	0	81,139,359

18 Additional Notes to the Income Statement

Revenue

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Revenue from sales with domestic customers based on contract with customer	54,916,858	49,159,909	57,445,981	51,249,355
- services	54,875,394	49,143,716	57,404,517	51,233,162
- goods and material	41,464	16,193	41,464	16,193
Revenue from sales with foreign customers based on contract with customer	114,666,892	115,279,329	115,274,058	116,056,511
- services	114,666,892	115,279,329	115,274,058	116,056,511
Revenue from sales with domestic customers from rentals	1,235,905	1,073,535	1,096,896	938,255
Revenue from sales with foreign customers from rentals	3,183	2,701	3,183	2,701
Total	170,822,838	165,515,474	173,820,118	168,246,822

Other revenue

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Other operating income	449,777	2,471,535	1,662,214	3,594,258
Reversal of provisions	266,565	643,396	266,565	643,396
Subsidies, grants and similar income	0	0	1,195,698	1,143,661
Revaluation operating income	183,212	1,828,139	199,951	1,807,201
Income on sale of property, plant and equipment and investment property	1,200	787,761	17,939	764,223
Collected written-off receivables and written-off liabilities	182,012	1,040,378	182,012	1,042,978
Other income	1,777,644	9,963,860	1,787,344	9,992,115
Compensations and damages	1,201,241	9,986,560	1,203,070	10,014,274
Subsidies and other income not related to services	371,269	495,884	371,269	495,885
Other income	205,134	-518,584	213,005	-518,044
Total	2,227,421	12,435,395	3,449,558	13,586,373

Received compensations and damages of Luka Koper, d. d. in the first nine months of 2019 amounted to EUR 1,201,241, and were mostly related to the received compensations for damage in the amount of EUR 752,491 EUR and accrued received compensation for collapsed quay crane.

Subsidies, grants and similar revenue in Luka Koper Group mostly account for retained contributions on salaries of employees in the amount of earmarked in the subsidiary Luka Koper INPO, d. o. o..

Cost of material

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Cost of material	0	0	1,419	984
Cost of auxiliary material	1,969,349	1,921,713	2,051,598	2,271,510
Cost of spare parts	4,661,071	4,248,690	4,541,327	4,089,697
Cost of energy	5,540,329	5,643,994	5,693,627	5,850,608
Cost of office stationary	168,782	135,026	178,428	142,928
Other cost of material	332,487	276,369	354,596	301,842
Total	12,672,018	12,225,792	12,820,995	12,657,569

Cost of services

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Port services	18,282,463	23,943,274	16,458,297	22,252,242
Cost of transportation	223,820	205,962	190,574	145,824
Cost of maintenance	6,525,693	5,392,435	6,317,704	4,400,454
Rentals	82,968	262,157	135,622	369,002
Reimbursement of labour-related costs	281,917	203,942	300,277	218,046
Costs of payment processing, bank charges and insurance premiums	850,332	605,800	897,321	683,104
Cost of intellectual and personal services	1,104,202	1,045,887	1,127,046	1,066,819
Advertising, trade fairs and hospitality	1,110,020	697,933	1,114,616	698,098
Costs of services provided by individuals not performing business activities	237,173	273,277	247,720	285,868
Sewage and disposal services	797,295	689,134	453,472	381,890
Information support	2,056,680	2,134,574	2,163,137	2,274,856
Concession-related costs	5,815,448	5,797,754	5,815,448	5,797,754
Transshipment fee	3,481,889	0	3,481,889	0
Costs of other services	1,655,429	1,805,857	1,471,408	2,167,549
Total	42,505,329	43,057,986	40,174,531	40,741,506

Within the cost of services, a major share represented cost of port services of the controlling company. The decrease is primarily attributable to the commencement of the implementation of the port service provision strategy.

As result of higher operating expenses, the concession costs increased.

As of March 2019, the controlling company started to pay the transshipment fee, pursuant to the Act regulating the construction, operation and management of Divača-Koper railway line.

Employee benefits expense

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Wages and salaries	34,739,287	25,637,117	37,556,348	28,732,631
Wage compensations	5,003,199	3,993,417	5,462,171	4,532,168
Costs of additional pension insurance	1,395,951	1,141,666	1,536,730	1,299,857
Employer's contributions on employee benefits	6,610,989	4,898,132	7,136,349	5,477,882
Annual holiday pay, reimbursements and other costs	5,050,337	3,355,846	5,490,049	3,827,416
Total	52,799,763	39,026,178	57,181,647	43,869,954

In the first nine months, labour costs increased in comparison with the preceding year, primarily because of additional recruitments. As at 30 September, the number of employees in Luka Koper, d. d. increased by 506 in comparison to the number of employees as at 30 September 2018 (at Luka Koper Group, 482 additional employments were realised).

Amortisation and depreciation expense

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018*	1-9 2019	1-9 2018*
Depreciation of buildings	9,804,489	9,734,005	10,166,049	10,152,046
Depreciation of equipment and spare parts	10,695,828	10,674,561	11,074,144	11,157,107
Depreciation of small tools	12,109	12,813	12,664	14,074
Depreciation of investment property	428,348	461,149	181,789	158,798
Amortisation of intangible assets	515,676	488,703	557,320	530,366
Depreciation of investment into foreign-owned assets	8,727	8,727	13,145	12,408
Depreciation of right-of-use	233,696	0	245,331	0
Total	21,698,873	21,379,958	22,250,442	22,024,799

* As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects are disclosed under point 17 d) Changes in accounting policies.

Other expenses

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Provisions	41,436	185,252	41,436	185,252
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	65	5,800	65	6,740
Expenses for allowances for receivables	278,070	112,790	278,199	305,954
Levies that are not contingent upon employee benefits expense and other types of cost	5,112,657	5,298,492	5,117,020	5,304,133
Donations	164,600	2,232,542	167,900	138,000
Environmental levies	98,227	132,938	85,728	118,196
Awards and scholarship to students inclusive of tax	11,920	6,156	11,920	7,757
Awards and scholarship to students	2,200	2,000	2,200	2,000
Other costs and expenses	679,893	560,981	691,714	565,171
Total	6,389,068	6,439,859	6,396,182	6,633,203

Among levies that are not contingent upon labour costs and other types of costs the Company/Group mostly account for the uses of the construction land.

Finance income and finance expenses

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	1-9 2019	1-9 2018	1-9 2019	1-9 2018
Finance income from shares and interests	3,136,156	2,888,483	1,597,619	1,319,259
Finance income from shares and interests in Group companies	231,514	301,634	0	0
Finance income from shares and interests in associated companies	1,330,171	1,280,634	0	0
Finance income from shares and interests in other companies	1,574,471	1,306,215	1,597,619	1,319,259
Finance income - interest	614	7,831	745	8,025
Interest income - other	614	7,831	745	8,025
Finance income from operating receivables	163,918	207,454	170,581	213,163
Finance income from operating receivables due from others	163,918	207,454	170,581	213,163
Total finance income	3,300,688	3,103,768	1,768,945	1,540,447
Finančni odhodki iz finančnih naložb	0	0	0	0
Finance expenses – interest	-629,425	-914,116	-529,239	-810,089
Interest expenses – Group companies	-100,508	-104,027	0	0
Interest expenses – banks	-525,274	-810,089	-525,274	-810,089
Financial expenses arising from lease liabilities to others	-3,379	0	-3,965	0
Financial expenses arising from lease liabilities to Group companies	-264	0	0	0
Finance expenses for financial liabilities	-28,388	-61,023	-28,406	-63,048
Finance expenses for trade payables	-470	-25	-470	-48
Finance expenses for other operating liabilities	-27,918	-60,998	-27,936	-63,000
Total finance expenses	-657,813	-975,139	-557,645	-873,137
Net financial result	2,642,875	2,128,629	1,211,300	667,310

* As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects are disclosed under point 17 d) Changes in accounting policies.

Finance income from shares refers to profits of companies from 2018.

In the reported period, finance expenses for interests to banks amounted to EUR 525,274, which is EUR 284,815 decrease in comparison to the equivalent period in the previous year. The decrease in finance expenses is attributable to the completed refinancing of expensive loans with cheaper ones in Luka Koper, d. d..

Profit

Luka Koper, d. d.

In January – September 2019, the Company generated the operating profit in the amount of EUR 37,054,837, in the comparable period in the previous year EUR 55,821,096. The financial result was positive and amounted to EUR 2,642,875, likewise it was positive in the same period last year when it amounted to EUR 2,128,629. The profit before tax amounted to EUR 39,697,712, in the same period last year it amounted to EUR 57,949,725. The corporate income tax in the amount of EUR 6,127,350 and deferred taxes were calculated. In the first nine months of 2019 Luka Koper, d. d., generated the net profit in the amount of EUR 33,598,174, whilst the net profit in the comparable period of the previous year amounted to EUR 47,747,807.

Luka Koper Group

In January – September 2019, the Luka Koper Group generated the operating profit in the amount of EUR 38,520,293, in the equivalent period last year EUR 56,761,050. The financial result was positive and amounted to EUR 1,211,300, likewise it was positive in the same period last year when it amounted to EUR 667,310. The attributed result of associated companies amounted to EUR 1,137,850, in the comparable period last year to EUR 1,496,806. The profit before tax amounted to EUR 40,869,443 EUR, in the comparable period last year to EUR 58,925,166. In the first nine months of 2019, Luka Koper Group generated the net profit in the amount of EUR 34,536,727 (in the comparable period last year EUR 48,574,168), whereof EUR 34,519,162 is attributable to the owner of the controlling company (the comparable period last year EUR 48,559,959), to owners of non-controlling interests 17,565 EUR (in the comparable period in the previous year, EUR 14,209). The non-controlling interest pertains to the co-owner of the subsidiary TOC, d. o. o..

(in EUR)	30 Sep 2019	30 Sep 2018	30 Jun 2019	30 Sep 2018
Net profit for the period	33,598,174	47,747,807	34,536,727	48,574,168
Total number of shares	14,000,000	14,000,000	14,000,000	14,000,000
Basic and diluted earnings per share	2.40	3.41	2.47	3.47

19 Additional Notes to the Statement of Financial Position

Property, plant and equipment

(in EUR)	Luka Koper, d. d.			Group Luka Koper		
	30 Sep 2019	Restated 31 Dec 2018*	Restated 1 Jan 2018*	30 Sep 2019	Restated 31 Dec 2018*	Restated 1 Jan 2018*
Land	15,165,920	15,117,508	15,117,508	18,416,144	18,407,884	18,608,043
Buildings	237,853,722	235,321,649	245,729,683	246,594,010	244,601,048	256,773,809
Plant and machinery	84,766,070	82,744,918	91,568,985	87,140,095	84,648,570	94,289,995
Property, plant and equipment being acquired and advances given	17,044,894	18,112,371	15,321,975	17,056,744	18,127,221	15,497,002
Right-of-use	461,067	0	0	657,640	0	0
Total	355,291,673	351,296,446	367,738,151	369,864,633	365,784,723	385,168,849

* As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects of the application of a new standard and applied change on accounting policies are disclosed in item 17 d) Changes in accounting policies.

In January - September 2019, Luka Koper, d. d. invested in property, plant and equipment in the amount of EUR 24,388,543, whilst Luka Koper Group EUR 25,242,617.

The largest investments were the following:

- ◆ Purchase of eight terminal tractors with trailers,
- ◆ purchase of five E-RTG cranes for the needs of the container terminal,
- ◆ completion of the construction of the road access to the new gate at Sermin,
- ◆ continuation of the construction of the RO-RO berth in basin III,
- ◆ finalisation of the installation of the fire-fighting pumping station with two vertical pumps.

Right-of-use assets

(v evrih)	Luka Koper, d. d.		Skupina Luka Koper	
	30 Sep 2019	31 Dec 2018*	30 Sep 2019	31 Dec 2018*
Land	476	0	476	0
Buildings	47	0	63	0
Plant and machinery	2	0	14	0
Total	525	0	553	0

* As from 1 January 2019, the Company/Group started to apply a new Standard IFRS 16 and applied the adapted retrospective approach, therefore the comparable data are not corrected. The effects of the application of a new standard and applied change in accounting policies are disclosed in item 17 d) Changes in accounting policies.

Investment property

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Investment property - land	14,506,711	14,546,862	11,256,486	11,256,486
Investment property - buildings	9,901,272	10,069,239	3,873,650	3,614,092
Total	24,407,983	24,616,101	15,130,136	14,870,578

Among investment property are land and buildings, under a lease and property, which increase the value of non-current investment. Investment property is valued using the cost model.

Intangible assets

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,232,542	2,605,462	2,479,531	2,894,095
Total	2,232,542	2,605,462	2,479,531	2,894,095

Other assets

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	2019	2018	2019	2018
1 January – restated*	4,542,623	79,988	4,780,591	79,988
Increase	13,449,787	4,982,204	13,549,987	5,224,611
Transfer between property, plant and equipment	-6,362,063	-519,569	-6,600,031	-524,008
Reporting date	11,630,347	4,542,623	11,730,547	4,780,591

*The effects of amendments of the accounting policies are disclosed in item 17 d) Changes in accounting policies.

Among other assets Luka Koper, d. d./Group accounts for advances given for the purchase resp. for the construction property, plant, equipment, investment property and intangible assets, whereby these assets are still not in its possession.

Shares and interests in Group companies

As at 30 September 2019, shares and interests in Group companies amounted to EUR 4,533,063 (there are no changes since the previous year).

Shares in subsidiaries, are eliminated in the consolidation procedure in Group's financial statements.

Shares and interests in the associates

Luka Koper, d. d.

AS at 30 September 2019, shares and interests in associated companies amounted to EUR 6,737,709. In comparison with the situation as at 31 December 2018, their value stood at the same level.

Luka Koper Group

(in EUR)	2019	2018
Balance at 1 January	13,754,815	13,376,467
Pripisani dobički	1,137,851	1,496,806
- Adria Transport, d. o. o.	219,106	373,301
- Adria-tow, d. o. o.	559,539	349,123
- Adriaфин, d. o. o.	76,994	47,227
- Avtoservis, d. o. o.	282,212	727,155
Izplačilo dobička	-1,330,171	-1,280,634
- Adria Transport, d. o. o.	-200,000	-150,000
- Adria-tow, d. o. o.	-350,000	-400,000
- Adriaфин, d. o. o.	-100,000	-250,000
- Avtoservis, d. o. o.	-680,171	-480,634
Balance at 30 September	13,562,495	13,592,639

Other non-current investments

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Other investments measured at fair value through profit or loss	928,827	928,827	3,414,602	3,414,602
Other investments measured at fair value through comprehensive income	31,108,848	30,508,658	31,983,185	32,109,556
Total	32,037,675	31,437,485	35,397,787	35,524,158

Deferred tax

(in EUR)	Luka Koper, d. d.				Group Luka Koper			
	Deffered tax assets		Deffered tax liabilities		Deffered tax assets		Deffered tax liabilities	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Deferred tax assets and liabilities relating to:								
impairment of investments in subsidiaries	538,738	538,738	0	0	538,738	538,738	0	0
impairment of other investments and deductible temporary differences arising on securities	9,270,526	9,270,524	2,847,450	2,732,988	9,292,858	9,291,691	2,962,099	2,985,684
allowances for trade receivables	211,995	205,643	0	0	289,212	284,026	0	0
provisions for retirement benefits	333,929	285,021	0	0	368,282	319,374	0	0
provisions for jubilee premiums	59,859	54,374	0	0	64,410	58,924	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0	453,983	453,983	0	0
Total	10,869,030	10,808,283	2,847,450	2,732,988	11,007,483	10,946,736	2,962,099	2,985,684
Off-set with deffered tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,847,450	-2,732,988	-2,847,450	-2,732,988	-2,962,099	-2,985,684	-2,962,099	-2,985,684
Total	8,021,580	8,075,295	0	0	8,045,384	7,961,052	0	0

Trade and other receivables

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Current trade receivables:				
domestic costumers	20,273,957	17,894,351	21,071,087	18,602,598
foreign costumers	20,691,829	19,996,725	20,843,787	20,214,049
Current operating receivables due from Group companies	637,319	394,926	0	0
Current operating receivables due from associates	76,232	2,232,542	76,232	193,348
Current trade receivables	41,679,337	40,518,544	41,991,106	39,009,995
Kratkoročne terjatve iz naslova dividend	36,300	0	0	0
Advances and collaterals given	80,385	3,090,406	82,476	3,090,899
Short-term receivables related to fianncial revenues	30	0	32	1
Receivables due from the state	1,820,645	2,590,916	1,985,222	2,701,347
Other current receivables	131,129	107,015	158,881	124,861
Total trade receivables	43,747,826	46,306,881	44,217,717	44,927,103
Short-term deferred costs and expenses	5,843,839	251,036	5,915,289	251,669
Accrued income	423,458	206,020	423,457	206,712
Right-of-use	426,308	210,861	426,308	210,861
Other receivables	6,693,605	667,917	6,765,054	669,242
Total	50,441,431	44,935,604	50,982,771	45,596,345

In the firts quarter of 2019, the controlling company received from the Financial administration of the Republic of Slovenia a decision with regard to the Corporation tax return for 2017 in the amount of EUR 3,058,642 and has settled the obligation. The latter was recorded among accrued costs and expenses, since the Company appealed against this decision.

Short-term deferred costs and expenses comprise also accrued costs of the fee for the use of the construction land, costs of paid annual holiday pay, insurance costs and other future costs.

Movements of trade receivables of Luka Koper, d. d.:

(in EUR)	30 Sep 2019	Allowances 1 - 9 2019	31 Dec 2018	Allowances 2018
Outstanding and undue trade receivables	35,423,943	-63,879	32,876,470	-68,560
Past due receivables:	0	0	0	0
up to 30 days	5,241,963	-52,420	5,216,604	-52,710
31 to 60 days overdue	757,983	-75,798	329,195	-33,688
61 to 90 days overdue	327,072	-65,414	115,422	-24,916
91 to 180 days overdue	230,006	-74,916	157,425	-55,747
more than 180 days overdue	645,667	-614,871	635,473	-615,619
Total	42,626,634	-947,298	39,330,589	-851,240

Note: The amount comprises trade receivables, subsidiaries and associated companies.

Movements of trade receivables of Luka Koper Group:

(in EUR)	30 Sep 2019	Allowances 1 - 9 2019	31 Dec 2018	Allowances 2018
Outstanding and undue trade receivables	35,520,076	-66,457	33,075,479	-69,940
Past due receivables:				
up to 30 days	5,466,402	-54,664	5,486,120	-54,306
31 to 60 days overdue	801,010	-80,101	394,334	-40,316
61 to 90 days overdue	288,309	-57,662	121,865	-26,400
91 to 180 days overdue	234,543	-76,375	162,490	-57,860
more than 180 days overdue	1,040,654	-1,024,630	1,033,409	-1,014,881
Total	43,350,994	-1,359,889	40,273,698	-1,263,703

Note: The amount comprises trade receivables and associated companies.

Cash and cash equivalents

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Cash in hand	196	253	14,743	10,834
Bank balances	27,991,269	23,376,053	33,035,348	27,592,459
Current deposits	50,000,000	50,000,000	51,980,000	51,980,000
Total	77,991,465	73,376,306	85,030,091	79,583,293

Equity

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Share capital	58,420,965	58,420,965	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703	89,562,703	89,562,703
Revenue reserves	174,901,853	174,901,853	174,901,853	174,901,853
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>156,136,738</i>	<i>156,136,738</i>	<i>156,136,738</i>	<i>156,136,738</i>
Reserves arising from valuation at fair value	10,678,982	10,507,002	11,091,357	11,507,892
Retained earnings	10,612,311	-42,055	40,634,443	28,827,350
Net profit for the period	33,598,174	29,294,497	34,519,162	30,447,226
Equity of owners of the parent	377,774,988	362,644,965	409,130,483	393,667,989
Non-controlling interests	0	0	228,382	210,816
Equity	377,774,988	362,644,965	409,358,865	393,878,805

Provisions

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Provisions for retirement benefits and similar obligations	4,851,239	4,204,831	5,325,987	4,680,214
Provisions for legal disputes	14,407,651	15,255,961	14,407,651	15,255,961
Total	19,258,890	19,460,792	19,733,638	19,936,175

Provisions for retirement benefits and similar obligations in the controlling company as of 30 September 2019 amounted to EUR 4,851,239, which is EUR 646,408 increase in comparison with the equivalent period last year. The highest increase results from the provisions for retirement and jubilee benefits in the amount of EUR 572,573. The increase is based on the actuarial calculation, executed by a certified actuary on June 30, 2019, and results primarily from the implementation of the port services provision strategy and related increased number of employees.

Based on the actuarial calculation, the controlling company recognised unrealised actuarial loss for termination benefits of the current and previous year for in the amount of EUR 346,684, decreased by pertaining deferred taxes in other comprehensive income. Current service costs, both for termination premiums and jubilee premiums, in the amount of EUR 257,212 and interest costs in the amount of EUR

26,069 were recognised in income statement. The repayments for jubilee premiums and termination benefits amounted to EUR 77,523.

Movements in provisions Luka Koper, d. d.:

(in EUR)	Termination benefits	Jubilee premiums	Defined contribution retirement benefit plan	Total post-employment benefits	Claims and damages	Total
Balance at 31 Dec 2017	2,643,075	541,707	0	3,184,782	17,032,786	20,217,568
Movement:						
Formation	442,736	69,057	659,670	1,171,463	279,418	1,450,881
Transfer from current borrowings	0	0	216,280	216,280	0	216,280
Transfer	57,755	18,912	-90,183	-13,516	0	-13,516
Use	-126,406	-42,326	-153,505	-322,237	-312,847	-635,084
Reversal	-16,943	-14,998	0	-31,941	-1,743,396	-1,775,337
Balance at 31 Dec 2018	3,000,217	572,352	632,262	4,204,831	15,255,961	19,460,792
Movement:						
Formation	565,604	84,491	706,090	1,356,185	2,000	1,358,185
Transfer from current borrowings	0	0	0	0	0	0
Transfer	0	0	-207,452	-207,452	0	-207,452
Use	-50,775	-26,747	-424,803	-502,325	-584,891	-1,087,216
Reversal	0	0	0	0	-265,419	-265,419
Balance at 30 Sep 2019	3,515,046	630,096	706,097	4,851,239	14,407,651	19,258,890

Movements in provisions Group Luka Koper:

(in EUR)	Termination benefits	Jubilee premiums	Defined contribution retirement benefit plan	Total post-employment benefits	Claims and damages	Total
Balance at 31 Dec 2017	3,054,775	614,266	0	3,669,041	17,032,786	20,701,827
Movement:						
Formation	492,488	77,666	725,545	1,295,699	279,418	1,575,117
Transfer from current borrowings	0	0	216,280	216,280	0	216,280
Transfer	0	0	-90,183	-90,183	0	-90,183
Use	-168,497	-56,680	-153,505	-378,682	-312,847	-691,529
Reversal	-16,943	-14,998	0	-31,942	-1,743,396	-1,775,338
Balance at 31 Dec 2018	3,361,822	620,254	698,137	4,680,213	15,255,961	19,936,174
Movement:						
Formation	565,604	84,491	771,331	1,421,426	2,000	1,423,426
Use	-50,775	-26,747	-698,130	-775,652	-584,891	-1,360,543
Reversal	0	0	0	0	-265,419	-265,419
Balance at 30 Sep 2019	3,876,651	677,998	771,338	5,325,987	14,407,651	19,733,638

Defined contribution retirement benefit plan relates to post-employment benefit obligations (one-off payments on retirement).

Pursuant to Article 92 of IAS 37 – Provisions, Contingent liabilities and Contingent Assets, LukamKoper, d. d./ Luka Koper Group does not disclose the information on the legal obligations, since their disclosure would create a judgement on the Company's position in a dispute with other parties.

Deferred income

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Long-term deferred income for regular maintenance	20,692,642	19,208,191	20,692,642	19,208,191
Non-refundable grants received	4,299,384	4,443,150	4,655,052	4,868,526
Other non-current deferred income	0	0	1,386,088	1,491,178
Total	24,992,026	23,651,341	26,733,782	25,567,895

Pursuant to the Concession Agreement, Luka Koper, d. d. records deferred income on regular maintenance as non-current deferred income since it has the right and obligation to collect port dues,

which serve as income intended to cover the costs of performing public utility service of regular maintenance of the port infrastructure intended for public transport. With respect to any annual surplus of revenue over costs, the Company forms non-current deferred income for covering the costs of public utility service relating to regular maintenance of the port infrastructure in the coming years. In the event that costs exceeded the revenue, the Company would be utilising non-current deferred income.

The grant funds received refer to received EU fund, which are drawn in accordance with the assets' useful life. The grants received comprise non-refundable grants and advance payments received with respect to no-refundable funds for investments into EU development projects which are recorded by the controlling company and are utilised in accordance with their useful life. Under non-refundable funds received, the Group also records retained contributions on salaries of employees of the Luka Koper INPO, d. o. o., sheltered workshop, and namely contributions to insurance schemes for retirement pension, disability, sickness, and maternity. The assets were used in compliance with the Vocational Rehabilitation and Employment of Disabled Persons Act for covering 75 percent of salaries for disabled persons and labour costs for the staff who assist the disabled persons.

Group's other non-current deferred income comprises non-current deferred income earmarked to cover the costs of depreciation of fixed assets.

Non-current borrowings

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Non-current financial liabilities to Group companies	16,000,000	16,000,000	0	0
Non-current borrowings from domestic banks	59,115,264	50,464,286	59,115,264	50,464,286
Non-current borrowings from foreign banks	25,245,902	26,967,213	25,245,902	26,967,213
Total	100,361,166	93,431,499	84,361,166	77,431,499

Non-current financial liabilities to Group companies remained at the same level as 31 December 2018, whilst in Luka Koper Group they were excluded in the consolidation process.

In 2018, the controlling company Luka Koper, d. d., began the procedure of refinancing part of its long-term loans payable, and completed it in January 2019. Long-term loans were signed with two banks, i.e. Intesa Sanpaolo, d. d., and SID, d. d., for the period of 10 years and for a total amount of EUR 43,716,356, each bank providing a half. By refinancing part of its loans, the Company/Group has prolonged the maturity of its sources of funds, while also replacing part of its variable-rate sources of funds with fixed interest rate sources, and reducing financing costs.

Current borrowings

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Current borrowings from domestic banks	9,326,093	11,390,476	9,326,093	11,390,476
Current borrowings from foreign banks	2,295,082	2,295,082	2,295,082	2,295,082
Total	11,621,175	13,685,558	11,621,175	13,685,558

Trade and other payables

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Current liabilities to:				
domestic suppliers	14,622,126	16,727,441	14,959,389	17,063,746
foreign suppliers	2,591,759	474,164	2,603,120	491,391
Current liabilities to Group companies	580,756	2,232,542	0	0
Current liabilities to associates	125,020	84,498	125,020	84,498
Current trade payables	17,919,661	17,799,893	17,687,529	17,639,635
Current liabilities from advances	1,974,468	1,623,279	2,131,728	1,780,057
Current liabilities to employees	5,086,389	6,016,943	5,394,250	6,362,944
Current liabilities to state and other institutions	0	3,861	18,966	12,814
Total operating liabilities	24,980,518	25,443,976	25,232,473	25,795,450
Accrued costs	16,158,794	4,508,226	16,686,776	5,175,849
Other operating liabilities	16,158,794	4,508,226	16,686,776	5,175,849
Total	41,139,312	29,952,202	41,919,249	30,971,299

The accrued costs comprise the accrued costs for the concession fee, costs of commercial discounts, costs for the collective job performance, costs of 13th salary, interests for loans, costs of performance bonuses for employees under individual contracts, costs of unused holidays and accrued costs for invoices to be received.

Contingent liabilities

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Guarantees given	2,610,000	1,610,000	2,940,709	2,154,763
Securities given	2,925,640	3,360,506	2,925,640	3,360,506
Contingent liabilities under legal disputes	2,932,626	5,974,481	2,932,626	5,977,395
Commitments for the purchase of assets	52,377,302	32,160,873	52,879,302	32,662,873
Total contingent liabilities	60,845,567	43,105,859	61,678,277	44,155,537

Financial liabilities for the purchase of assets refer to concluded contracts for the purchase/construction of assets in the coming period.

Related parties transactions

Transactions with the Government of the Republic of Slovenia

Transactions between Luka Koper, d. d./ Luka Koper Group and the Government of the Republic of Slovenia in January – September 2019 were the following:

(v evrih)	Luka Koper, d. d.				Group Luka Koper			
	Payments in period 1-9 2019	Costs/ expenses in period 1-9 2019	Payments in period 1-9 2018	Costs/ expenses in period 1-9 2018	Payments in period 1-9 2019	Costs/ expenses in period 1-9 2019	Payments in period 1-9 2018	Costs/ expenses in period 1-9 2018
Concessions and water fee	6,569,538	5,815,448	5,985,456	5,797,754	6,569,538	5,815,448	5,985,456	5,797,754
Transshipment tax	3,032,290	3,481,889	0	0	3,032,290	3,481,889	0	0
Dividende	9,496,200	0	8,782,200	0	9,496,200	0	8,782,200	0
Corporate income tax (taxes and advance payments)	17,350,013	6,127,350	2,363,779	10,133,392	17,410,793	6,360,528	2,456,118	10,279,839
Other taxes and contributions	6,302,231	6,610,989	4,342,347	4,898,132	6,824,446	7,136,349	5,357,893	5,477,882
Total	42,750,272	22,035,676	21,473,782	20,829,278	43,333,267	22,794,214	22,581,667	21,555,475

Compared to the previous year, the highest increase was in corporate income tax, during payments. The increase is mainly referred to controlling company, namely of the difference in payment corporate income tax for 2018 in the amount of EUR 8,991,740 and from paid advances of corporate income tax, which amounted to EUR 1,011,954 (comparable year they amounted to EUR 262,642).

On the basis of the Act regulating the construction, operation and management of the second track of the Divača-Koper railway line, the controlling company started to pay the transshipment fee as from March 1, 2019.

Dividends were paid out to other two companies in majority state-owned, and namely SDH, d. d. (Slovenian Sovereign Holding) in the amount of EUR 2,071,950 EUR and Kapitalska družbi, d. d. in the amount of EUR 926,450.

The company/Group did not have other transactions with the Government of the Republic of Slovenia.

Transactions with companies in which the Republic of Slovenia has direct controlling influence

The share-holder related companies are those in which the Republic of Slovenia and SDH together directly hold at least 20 percent stake. The list of these companies is published on the Slovenian Sovereign Holding website (<https://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

Luka Koper, d. d.

In the first nine months of 2019, Družba Luka Koper, d. d., conducted transactions in the amount of EUR 9,264,334 and conducted transactions in the amount of EUR 8,104,365 EUR. Most of sales referred to services in connection with the port activity, major purchases represent also cost of railway transport, purchase of energy and insurance costs. As at 30 September 2019, Luka Koper, d. d., recorded receivables in the amount of EUR 2,577,336 and the liabilities in the amount of EUR 22,557,768 EUR. The largest part of liabilities includes the loan given by SID – Slovenska izvozna in razvojna banke, d. d., which was raised under market terms.

Luka Koper Group

In the first nine months of 2019, Luka Koper Group, conducted transactions in the amount of EUR 9,278,366 EUR referring to the sales to companies where the State has direct dominant influence, and transactions in the amount of EUR 8,155,282 EUR referring to the purchase. Most of sales referred to services in connection with the port activity, major purchases represent also cost of railway transport, purchase of energy and insurance costs. As at 30 September 2019, Luka Koper Group, recorded receivables in the amount of EUR 2,709,837 and liabilities in the amount of EUR 22,564,434. The largest part of liabilities includes the loan given by SID – Slovenska izvozna in razvojna banke, d. d., which was raised under market terms.

Transactions with natural persons

In January – September 2019 period, no other transactions between the Company/Group and Members of the management Board resp. Members of the Supervisory Board were recorded.

Financial instruments and financial risk management

Financial risks comprise:

1. risk management of the change in fair value,
2. management of interest rate,
3. management of liquidity risk,
4. management of currency risk
5. management of credit risk, and
6. risk management relating to adequate capital structure.

The company's /Group's management of financial risks has been organised within the finance and accounting department, since the accounting for subsidiaries is carried out within Luka Koper d. d.. The specifics of the existing economic environment make forecasting future financial categories even more demanding and introduce into the plans a higher degree of unpredictability and, consequently, higher level of risk. The company /Group has consequently tightened the control over individual financial categories.

1. Risk management relating to change in fair value

Luka Koper, d. d.

As at 30 September 2019, Luka Koper d. d. had invested 5.6 percent of its assets (at the end of the previous year 5.7 percent) in investments measured at fair value through the comprehensive income. The fair value risk associated with these investments is demonstrated through changes in stock market that affect the value of these assets and, consequently the potential gain on their disposal, whereas with investments in shares of other companies there is a risk for the sales value not to equal the value of the market transaction. This type of risk has been recognised with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 30 September 2019, the value of non-current investments at fair value amounted to EUR 32,037,675.

Sensitivity analysis of finance investments at fair value :

Risk of change at fair value of securities as at 30 September 2019

Change of index in %	Impact on equity
-10%	-3,203,768
10%	3,203,768

Risk of change at fair value of securities as at 31 December 2018

Change of index in %	Impact on equity
-10%	-3.143.749
10%	3.143.749

The sensitivity analysis of investments at fair value was based on the assumption of a 10-percent increase in the fair value of the index and accordingly such growth would result in an increase in the fair value of the market securities portfolio by EUR 3,203,768. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

If this was the case, the amount of the difference in fair value would be recognised as either an increase or decrease in other comprehensive income within equity for investments into securities, and within profit or loss for investments into other companies.

Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Sep 2019	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	32,037,675	31,108,848	0	928,827

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	31,437,485	30,508,658	0	928,827

Shares and interests measured at fair value were valued at publicly applicable exchange rates at the Ljubljana Stock Exchange and the list of quotations of mutual funds.

Luka Koper Group

As at 30 September 2019, Luka Koper Group had invested 5.9 percent of its assets (as at 31 December 2019, 6.2 percent) in investments measured at fair value through the comprehensive income. The fair value risk associated with these investments is demonstrated through changes in stock market that affect the value of these assets and,

consequently the potential gain on their disposal, whereas with investments in shares of other companies there is a risk for the sales value not to equal the value of the market transaction. This type of risk has been recognised with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 30 September 2019, the value of non-current investments at fair value amounted to EUR 35,397,787.

Sensitivity analysis of finance investments at fair value:

Risk of change at fair value of securities as at 30 September 2019

Change of index in %	Impact on equity
-10%	-3,539,779
10%	3,539,779

Risk of change at fair value of securities as at 31 December 2018

Change of index in %	Impact on equity
-10%	-3.552.416
10%	3.552.416

The sensitivity analysis of investments at fair value was based on the assumption of a 10-percent increase in the fair value of the index and accordingly such growth would result in an increase in the fair value of the market securities portfolio by EUR 3,539,779. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

If this was the case, the amount of the difference in fair value would be recognised as either an increase or decrease in other comprehensive income within equity for investments into securities, and within profit or loss for investments into other companies.

Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Sep 2019	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	35,397,787	31,983,185	0	3,414,602

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 2018	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
Assets measured at fair value				
Other interests and shares	35,524,158	32,109,556	0	3,414,602

Shares and interests measured at fair value were valued at publicly applicable exchange rates at the Ljubljana Stock Exchange and the list of quotations of mutual funds.

2. Management of interest rate risk

With respect to its liabilities, the Company/Group also faces interest rate risk as an unexpected growth in variable interest rates can have an adverse effect on the planned results.

Luka Koper, d. d.

In the overall structure of liabilities, the share of financial liabilities (without other liabilities), stood at the same level as in 2018, 19.4 percent. The effect of variable interest rate changes on future profit or loss after taxes is shown in the table below.

Possible interest rate fluctuations would consequently have an impact on 46.7 percent (as at 31 December 2018, this share amounted to 85.1 percent) of the Company's total borrowings. The remaining 53.3 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	30 Sep 2019	Exposure 30 Sep 2019	31 Dec 2018	Exposure 31 Dec 2018
Borrowings received at variable interest rate (without interest rate hedge)	52,265,984	46.7%	91,117,057	85.1%
Borrowings received at nominal interest rate	59,716,356	53.3%	16,000,000	14.9%
Total	111,982,340	100.0%	107,117,057	100.0%

Sensitivity analysis of borrowings from banks in view of the variable interest rate:

(in EUR)	Borrowings from banks under the variable interest rate	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
Balance at 30 Sep 2019				
3M EURIBOR	52,265,984	41,311	68,852	157,979
Total effect on interests expenses	52,265,984	41,311	68,852	157,979
Balance at 31 Dec 2018		2232542		
3M EURIBOR	58,545,629	43,893	73,156	202,243
6M EURIBOR	32,571,428	0	4,234	85,663
Total effect on interests expenses	91,117,057	43,893	77,390	287,906

Luka Koper Group

In the overall structure of liabilities, the share of financial liabilities (without other liabilities) increased from previous 15.9 percent in 2018 to 16.1 percent as at 30 September 2019. The effect of variable interest rate changes on future profit or loss after taxes is shown in the table below .

Possible interest rate fluctuations would consequently have an impact on 54.5 percent (as at 31 December 2018, this share amounted to 100 percent). The remaining 45.5 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	30 Sep 2019	Exposure 30 Sep 2019	31 Dec 2018	Exposure 31 Dec 2018
Borrowings received at variable interest rate (without interest rate hedge)	52,265,984	54.5%	91,117,057	100.0%
Borrowings received at nominal interest rate	43,716,356	45.5%	0	0.0%
Total	95,982,340	100.0%	91,117,057	100.0%

Sensitivity analysis of borrowings from banks in view of the variable interest rate:

(in EUR)	Borrowings from banks under the variable interest rate	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
Balance at 30 Sep 2019				
3M EURIBOR	52,265,984	41,311	68,852	157,979
Total effect on interests expenses	52,265,984	41,311	68,852	157,979
Balance at 31 Dec 2018				
3M EURIBOR	58,545,629	43,893	73,156	202,243
6M EURIBOR	32,571,428	0	4,234	85,663
Total effect on interests expenses	91,117,057	43,893	77,390	287,906

3. Management of liquidity risk

The liquidity risk is the risk that the company/Group will fail to settle its liabilities at maturity. The company/Group manages liquidity risk by regular planning of cash flows with diverse maturity. Additional measures for preventing from delays in receivable collection include regular monitoring of payments and immediate response to any delay and charging penalty interest in accordance with the uniform policy of receivable management.

(in EUR)	Luka Koper, d. d.					Total
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	
30 Sep 2019						
Loans and borrowings*	3,730,294	18,412,055	26,521,175	21,042,349	42,276,467	111,982,340
Accrued interest maturing in the next calendar year	199,388	559,339	679,906	1,276,921	704,084	3,419,639
Other financial liabilities	237,495	182,751	200,895	0	0	621,141
Payables to suppliers	17,919,661	0	0	0	0	17,919,661
Other operating liabilities	7,060,857	0	0	0	0	7,060,857
Total	29,147,694	19,154,146	27,401,976	22,319,270	42,980,551	141,003,637
31 Dec 2018						
Loans and borrowings*	2,115,437	11,570,121	10,652,225	47,956,674	34,822,600	107,117,057
Accrued interest maturing in the next calendar year	151,375	624,217	674,557	1,236,980	469,072	3,156,201
Other financial liabilities	156,684	0	0	0	0	156,684
Payables to suppliers	17,799,893	0	0	0	0	17,799,893
Other operating liabilities	7,644,083	0	0	0	0	7,644,083
Total	27,867,472	12,194,338	11,326,782	49,193,654	35,291,671	135,873,918

* The item includes also the borrowings from associates

(in EUR)	Group Luka Koper					Total
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	
30 Sep 2019						
Loans and borrowings	3,730,294	18,412,055	10,521,175	21,042,349	42,276,467	95,982,340
Accrued interest maturing in the next calendar year	159,425	432,255	514,686	1,123,543	600,670	2,830,579
Other financial liabilities	245,444	266,662	279,946	5,463	0	797,514
Payables to suppliers	17,687,529	0	0	0	0	17,687,529
Other operating liabilities	7,544,944	0	0	0	0	7,544,944
Total	29,367,635	19,110,973	11,315,807	22,171,354	42,877,137	124,842,905
31 Dec 2018						
Loans and borrowings	2,115,437	11,570,121	10,652,225	47,956,674	34,822,600	107,117,057
Accrued interest maturing in the next calendar year	151,375	624,217	674,557	1,236,980	469,072	3,156,201
Other financial liabilities	145,363	0	0	0	0	145,363
Payables to suppliers	17,639,635	0	0	0	0	17,639,635
Other operating liabilities	8,155,815	0	0	0	0	8,155,815
Total	28,207,625	12,194,338	11,326,782	49,193,654	35,291,671	136,214,071

4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In recent years, the Company/Group has succeeded in achieving

significantly lower accrued income in US dollars to the extent that US dollars denominated receivables are negligible, based on which the Company/Group has opted not to hedge this item.

5. Management of credit risk

Management of the risk of default on the side of the counterparty or the credit risk has gained in importance in recent years. Customer defaults are being passed on to economic entities, much like a chain reaction, which significantly reduces the assessed probability of timely inflows and increases additional costs of financing the operation. Accordingly, the Company/ the Group has accelerated collection-related activities in the past years and more consistently monitored trade receivables past due. In case of customers, regarding whom the Company/Group detects late payments and inconsistency in observing adopted business agreements, and advance payment system is set up for all ordered services with the aim of avoiding the late payments. This area is positively impacted by the specific structure of the Company's/Group's customers, who are predominantly major companies, freight forwarders and forwarding agents that have been the Company's/Group's business partners for a number of years.

Certain Company's/Group's receivables have been secured with collaterals, which are returned to the customers once all obligations have been settled or cooperation has been terminated. Investments include loans, which are secured with blank bills of exchange and other movable and immovable property.

Assets exposed to credit risk:

(in EUR)	Luka Koper, d. d.		Group Luka Koper	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Non-current loans	7,131	13,876	12,633	19,378
Non-current operating liabilities	41,105	41,108	41,105	70,818
Kratkoročni depoziti	0	0	71,022	71,086
Current loans	8,953	8,716	8,953	8,716
Current trade receivables	41,679,337	38,479,350	41,991,106	39,009,995
Other current receivables	2,068,489	5,788,337	2,226,611	5,917,108
Cash and cash equivalents	77,991,465	73,376,306	85,030,091	79,583,293
Guarantees and collaterals granted	5,535,640	4,970,506	5,866,349	5,515,269
Total	127,332,119	122,678,198	135,247,870	130,195,663

6. Risk management relating to adequate capital structure

Having identified the optimal capital structure, the Company/Group has set a non-current strategic goal of maintaining the debtors' share within the liabilities side below 40 percent.

(in EUR)	Luka Koper, d. d.			
	30 Sep 2019		31 Dec 2018	
	in EUR	share (in %)	in EUR	share (in %)
Equity	377,774,988	65.5%	362,644,965	65.5%
Non-current liabilities	145,740,530	25.3%	137,848,415	24.9%
Current liabilities	53,180,733	9.2%	53,048,826	9.6%
Total accumulated profit	576,696,251	100%	553,542,206	100%

(in EUR)	Group Luka Koper			
	30 Sep 2019		31 Dec 2018	
	in EUR	share (in %)	in EUR	share (in %)
Equity	409,358,865	68.7%	393,878,805	68.8%
Non-current liabilities	132,074,039	22.2%	124,316,097	21.7%
Current liabilities	54,052,529	9.1%	54,047,158	9.4%
Total accumulated profit	595,485,433	100%	572,242,060	100%

20 Statement of the Management responsibility

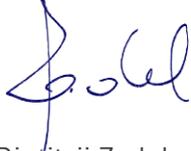
The Management Board of Luka Koper, d. d., herein declares that the non-audited condensed financial statements of Luka Koper, d. d., and non-audited condensed consolidated statements of Luka Koper Group for the period ending 30 September 2019, have been compiled in order that they shall provide true and fair disclosure of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – September 2019 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper Group 2018 annual reports, except for the changes made in report.

These condensed interim statements for the period ending 30 September 2019, were compiled in accordance to the International accounting Standards 34 – Interim Financial Statement, and should be considered in relation to the annual financial statement for fiscal year ending 31 December 2018. Financial statements for 2018 are audited.

The Management Board shall be held responsible for the implementation of measures guaranteeing the preservation and growth of assets of Luka Koper, d. d. and Luka Koper Group assets and detection of fraud and other irregularities and their elimination.

The Management Board declares that the associated companies of Luka Koper Group made mutual transactions on the basis of concluded agreements in which market prices for products and services were applied, namely, no business was conducted under unusual terms and conditions.

Members of the Management Board:



Dimitrij Zadel

President of the Management Board



Irma Gubanec, M.Sc.

Member of the Management Board



Metod Podkrižnik

Member of the Management Board



Vojko Rotar

Member of the Management Board
Labour Director

Koper, November 29, 2019