

2020

**NON-AUDITED REPORT ON
PERFORMANCE OF LUKA KOPER
GROUP AND LUKA KOPER, D. D.,
JANUARY – MARCH 2020**

Luka Koper Group
and Luka Koper, d. d.

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INTRODUCTION

1 Performance highlights of Luka Koper Group, January - March 2020

In January – March 2020, net revenue from sale amounted to EUR 55 million and decreased by 9 percent resp. by EUR 5.4 million compared to 2019. Net revenue from sale relating to market activity were by 10 percent resp. by EUR 6.1 million lower than revenue achieved in the previous year, whilst the 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 37 percent resp. by EUR 630.3 thousand. Lower revenue from sale relating from market activity were due to lower volume of maritime throughput. The fall in throughput is mainly attributable to coronavirus SARS-CoV-2 (COVID-19) outbreak and related measures and economic slowdown. In January – March leta 2020, net sales of Luka Koper Group were lower by 6 percent or EUR 3.7 million than budgeted net sales.



55 mio. EUR

net revenue from sale

-9 % 2020/2019

-6 % 2020/PLAN 2020

In January – March 2020, the net revenue from sale of Luka Koper Group lagged behind the planned revenue from sale by 5 percent resp. by EUR 2.8 million, the revenue from the performance of public utility service of regular maintenance of port infrastructure, intended for the public transport, lagged behind the plan by 27 percent resp. by EUR 839.8 thousand. Not achieving of planned net revenue from sale relating to the the market activity mainly resulted from the COVID-19 outbreak and economic slowdown.

Table 1: Maritime throughput in tons per cargo group in 2020 and 2019

Cargo groups (in tons)	1–3 2020	1–3 2019	Index 2020/2019
General cargoes	313,963	368,964	85
Containers	2,293,512	2,428,209	94
Cars	256,533	258,138	99
Liquid cargoes	869,171	847,866	103
Dry and bulk cargoes	1,479,248	2,016,228	73
Total	5,212,427	5,919,405	88

Table 2: Throughput containers (number of containers in TEU) and cars (in units) in 2020 and 2019

Cargo groups	1-3 2020	1-3 2019	Index 2020/2019
Containers – number	131,679	143,997	91
Containers – TEU	229,652	245,985	93
Cars – units	162,722	169,496	96



9 mio. EUR

-50 % 2020/2019

Earnings before interest and taxes
(EBIT)

+9 % 2020/PLAN 2020

Earnings before taxes and interests (EBIT) of Luka Koper Group in January – March 2020 amounted to EUR 9 million, which is 50 percent resp. EUR 8.6 million manj kot in January – March 2019. Lower earnings before taxes and interests (EBIT) in 2020 compared to 2019 were mainly due to lower net revenue from sale EUR 5.4 million resulting from the drop in the volue of throughput, higher labour costs, which increased by EUR 2.4 million in 2020 and higher costs of transshipment fee, which increased by EUR 726 thousand.

Earnings before interest and taxes (EBIT) of the Luka Koper Group in January – March 2020 by 9 percent resp. by EUR 690.9 thousand higher than planned despite lower net revenue from sale The achieved eranings before interest and taxes were higjer than planned due to lower cost of material, services, labour costs and depreciation.



15 mio. EUR

-37 % 2020/2019

Earnings before, interest, taxes
and amortisation (EBITDA)

+2 % 2020/PLAN 2020

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Luka Koper Group in the first quarter of 2020 amounted to EUR 15 million, which was 37 percent resp. EUR 8.9 million depreciation decrease from the same period of the preceding year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Luka Koper Group in January – March 2020 by 2 percent resp. by EUR 373.3 thousand higher than planned.



28 %

-30 % 2020/2019

EBITDA margin

+9 % 2020/PLAN 2020

The EBITDA margin of the Luka Koper Group in January – March 2020 amounted to 28 percent, which was a decrease of 30 percent or 12.2 percentage points from 2019.

The EBITDA margin of the Luka Koper Group in January – March 2020 was higher by 9 percent resp. by 2.4 percentage point whencompared to budgeted margin.

The EBITDA margin of the Luka Koper Group resulting from market activity accounted for 29.3 percent, which was an increase of 8 percent resp. 2.2 percentage points when compared to the plan.



7 mio. EUR

net profit or loss

-48 % 2020/2019

+3 % 2020/PLAN 2020

In the first quarter of 2020, net profit or loss of the Luka Koper Group in 2020 amounted to EUR 7 million, which was 48 percent resp. EUR 6.9 million decline in comparison to the first quarter of the previous year. Alongside previously explained impacts earnings before interest and taxes (EBIT) in 2020 being lower than in 2019, the net profit or loss in 2020 was also affected by the lower effective corporate tax rate .

In the first quarter of 2020, net profit or loss of the Luka Koper Group was by 3 percent resp. by EUR 214.1 thousand ahead on planned.



11 mio. EUR

investments

+72 % 2020/2019

+8 % 2020/PLAN 2020

In January – March leta 2020, Luka Koper Group allocated EUR 11 million for investments for investments in property, plant and equipment, investment property and intangible assets¹, which is EUR 4.5 million ahead on the comparable period in 2019; investments were allocated to the construction of the parking garage, construction of a new RO-RO berth and transshipment machinery.

In the first quarter of 2020, investment expenditure was by 8 percent resp. by EUR 0.8 million higher than planned.



7 %

Return on equity (ROE)

-51 % 2020/2019

+2 % 2020/PLAN 2020

In the first quarter of 2020, the return on equity (ROE)² amounted to 7 percent, which is by 51 percent resp. by 7,3 percentage point decline compared to the same period last year. The return on equity (ROE) was by 2 percent resp. by 0.2 ahead on planned.



0,3

net financial debt/EBITDA

+0,3 2020/2019

-0,2 2020/PLAN 2020

¹ Excluding advances for equipment.

² Indicator is calculated on the basis of annualised data.

Indicator of net financial debt /EBITDA³ in January – March 2020 amounted to 0.3, in 2019 to 0,03. Still Low value of the net financial debt /EBITDA, but higher than last year, demonstrates a high level of financial stability of Luka Koper, d. d., and the Luka Koper Group as well as the willingness to enter a more intense investment cycle. The net financial debt/EBITDA indicator for January – March 2020 was at 0.5.

³ Indicator is calculated on the basis of annualised data.

1.1 Financial indicators

Table 3: Key performance indicators of Luka Koper, d. d., and Luka Koper Group in January - March 2020, in comparison to 2019

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 - 3 2020	1 - 3 2019	Index 2020/ 2019	1 - 3 2020	1 - 3 2019	Index 2020/ 2019
Net sales	54,222,182	59,628,749	91	55,210,544	60,650,655	91
Earnings before interest and taxes (EBIT) ⁴	8,323,118	16,672,762	50	8,550,031	17,147,053	50
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ⁵	15,078,504	23,779,397	63	15,507,807	24,427,222	63
Profit or loss from financing activity	-53,280	-45,790	116	-18,415	-9,336	197
Profit before tax	8,269,838	16,626,972	50	8,881,047	17,554,677	51
Net profit or loss	6,885,530	13,534,051	51	7,475,863	14,387,259	52
Added value ⁶	33,515,363	39,960,963	84	35,582,805	42,054,234	85

Statement of financial position (in EUR)	31.03.2020	31.12.2019	Index 2020/ 2019	31.03.2020	31.12.2019	Index 2020/ 2019
Assets	578,550,806	578,115,124	100	598,406,555	597,410,414	100
Non-current assets	462,169,888	463,329,270	100	473,871,121	474,919,477	100
Current assets	116,380,918	114,785,854	101	124,535,434	122,490,937	102
Own funds	390,431,693	386,889,959	101	423,206,460	419,089,356	101
Non-current liabilities with provisions and long-term accruals and deferred revenue	139,963,941	144,484,229	97	126,120,102	130,715,123	96
Short-term liabilities	48,155,172	46,740,936	103	49,079,993	47,605,935	103
Financial liabilities	106,185,097	108,844,281	98	90,269,914	93,001,716	97

Investments (in EUR)	1 - 3 2020	1 - 3 2019	Index 2020/ 2019	1 - 3 2020	1 - 3 2019	Index 2020/ 2019
Investments in property, plant and equipment, investment property and intangible assets ⁷	10,774,688	5,830,775	185	10,807,592	6,266,302	172

⁴ Earnings before interest and taxes (EBIT) = difference between operating income and costs.

⁵ Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + depreciation/amortisation.

⁶ Added value = net sales + capitalised own products and own services + other revenue - costs of goods, material, services - other operating expenses excluding revaluation operating expenses.

⁷ Without taking into account advances paid for the equipment.

Ratios (in%)	Luka Koper, d. d.			Luka Koper Group		
	1 – 3 2020	1 – 3 2019	Index 2020/2019	1 – 3 2020	1 – 3 2019	Index 2020/2019
Return on sales (ROS) ⁸	15.4%	28.0%	55	15.5%	28.3%	55
Return on equity (ROE) ⁹	7.1%	14.7%	48	7.1%	14.4%	49
Return on assets (ROA) ¹⁰	4.8%	9.5%	50	5.0%	9.8%	51
EBITDA margin ¹¹	27.8%	39.9%	70	28.1%	40.3%	70
EBITDA margin from market activity ¹²	29.1%	41.0%	71	29.3%	41.4%	71
Financial liabilities/equity	27.2%	31.1%	87	21.3%	24.7%	86
Net financial debt /EBITDA ¹³	0.7	0.3	273	0.3	0.03	1.061

Maritime throughput (in tons)	1 – 3 2020	1 – 3 2019	Index 2020/2019	1 – 3 2020	1 – 3 2019	Index 2020/2019
Maritime throughput	5,212,427	5,919,405	88	5,212,427	5,919,405	88

Number of employees	1 – 3 2020	1 – 3 2019	Index 2020/2019	1 – 3 2020	1 – 3 2019	Index 2020/2019
Number of employees	1,535	1,404	109	1,699	1,558	109

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

⁹ Return on equity (ROE) = net income / shareholder equity.

Indicator is calculated on the basis of annualised data.

¹⁰ Return on assets (ROA) = net income / average total assets.

Indicator is calculated on the basis of annualised data.

¹¹ EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales.

¹² EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity.

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

Indicator is calculated on the basis of annualised data.

Table 4: Key performance indicators of Luka Koper, d. d., and Luka Koper Group in January - March 2020 in comparison with the plan for 2020

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 - 3 2020	Plan 1 - 3 2020	Index 2020/ Plan 2020	1 - 3 2020	Plan 1 - 3 2020	Index 2020/ Plan 2020
Net sales	54,222,182	57,996,335	93	55,210,544	58,889,162	94
Earnings before interest and taxes (EBIT) ¹⁴	8,323,118	7,706,836	108	8,550,031	7,859,099	109
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹⁵	15,078,504	14,774,898	102	15,507,807	15,134,530	102
Profit or loss from financing activity	-53,280	-117,734	45	-18,415	-84,504	22
Profit before tax	8,269,838	7,589,101	109	8,881,047	8,116,221	109
Net profit or loss	6,885,530	6,745,581	102	7,475,863	7,261,756	103
Added value ¹⁶	33,515,363	34,092,706	98	35,582,805	36,124,260	99

Statement of financial position (in EUR)	31.03.2020	Plan 31.03.2020	Index 2020/ Plan 2020	31.03.2020	Plan 31.03.2020	Index 2020/ Plan 2020
Assets	578,550,806	580,402,422	100	598,406,555	600,931,505	100
Non-current assets	462,169,888	464,577,473	99	473,871,121	475,688,248	100
Current assets	116,380,918	115,824,949	100	124,535,434	125,243,257	99
Own funds	390,431,693	388,594,001	100	423,206,460	421,474,520	100
Non-current liabilities with provisions and long-term accruals and deferred revenue	139,963,941	142,367,428	98	126,120,102	129,123,080	98
Short-term liabilities	48,155,172	49,440,994	97	49,079,993	50,333,905	98
Financial liabilities	106,185,097	106,242,893	100	90,269,914	90,628,046	100

Investments (in EUR)	1 - 3 2020	Plan 1 - 3 2020	Index 2020/ Plan 2020	1 - 3 2020	Plan 1 - 3 2020	Index 2020/ Plan 2020
Investments in property, plant and equipment, investment property and intangible assets ¹⁷	10,774,688	9,716,953	111	10,807,592	10,039,778	108

¹⁴ Earnings before interest and taxes (EBIT) = difference between operating income and costs.

¹⁵ Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + depreciation/amortisation.

¹⁶ Added value = net sales + capitalised own products and own services + other revenue - costs of goods, material, services - other operating expenses excluding revaluation operating expenses.

¹⁷ Without taking into account advances paid for the equipment.

Ratios (in%)	Luka Koper, d. d.			Luka Koper Group		
	1 – 3 2020	Plan 1 – 3 2020	Index 2020/ Plan 2020	1 – 3 2020	Plan 1 – 3 2020	Index 2020/ Plan 2020
Return on sales (ROS) ¹⁸	15.4%	13.3%	116	15.5%	13.3%	116
Return on equity (ROE) ¹⁹	7.1%	7.0%	101	7.1%	7.0%	102
Return on assets (ROA) ²⁰	4.8%	4.7%	102	5.0%	4.9%	103
EBITDA margin ²¹	27.8%	25.5%	109	28.1%	25.7%	109
EBITDA margin from market activity ²²	29.1%	26.9%	108	29.3%	27.2%	108
Financial liabilities/equity	27.2%	27.3%	99	21.3%	21.5%	99
Net financial debt /EBITDA ²³	0.7	0.9	82	0.3	0.5	72

Maritime throughput (in tons)	1 – 3 2020	Plan 1 – 3 2020	Index 2020/ Plan 2020	1 – 3 2020	Plan 1 – 3 2020	Index 2020/ Plan 2020
Maritime throughput	5,212,427	6,019,243	87	5,212,427	6,019,243	87

Number of employees	1 – 3 2020	Plan 1 – 3 2020	Index 2020/ Plan 2020	1 – 3 2020	Plan 1 – 3 2020	Index 2020/ Plan 2020
Number of employees	1,535	1,588	97	1,699	1,751	97

¹⁸ Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales.

¹⁹ Return on equity (ROE) = net income / shareholder equity.

Indicator is calculated on the basis of annualised data.

²⁰ Return on assets (ROA) = net income / average total assets.

Indicator is calculated on the basis of annualised data.

²¹ EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales.

²² EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity.

²³ Net financial debt/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA.

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 – March 2020.

This Non-Audited Report of Luka Koper Group and Luka Koper, d. d., in January – March 2020 can be examined at Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper and shall be accessible via the company's website www.luka-kp.si, from 29 May 2020 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 – March 2020 2019 was addressed by the company's Supervisory Board at its regular session on 29 May 2020.

3 Presentation of Luka Koper

3.1 Profile of the company Luka Koper, d. d., as of 19 May 2020

Company name	LUKA KOPER, pristaniški in logistični sistem, delniška družba
Short company name	LUKA KOPER, d. d., Vojkovo nabrežje 38, 6000 Koper – Capodistria
Registered office	Koper
Business address	Koper, Vojkovo nabrežje 38, 6000 Koper/Capodistria
Company's legal form	Delniška družba d. d.
	Phone: 05 66 56 100
	Faks: 05 63 95 020
	Email: portkoper@luka-kp.si
	Website: www.luka-kp.si
	Sustainable development: http://www.zivetispristaniscem.si
Company's registration	District Court of Koper, application No. 066/10032200
Company's registration number	5144353000
	Tax number SI 89190033
Issued share capital	EUR 58.420.964,78
Number of shares	14.000.000 of ordinary no-par value shares
Share listing	Prva kotacija Ljubljanske borze
Share ticket symbol	LKPG
President of the Management Board	Dimitrij Zadel
Member of the Management Board	Metod Podkrižnik, M.Sc.
Member of the Management Board	Irma Gubanec, M.Sc.
Member of the Management Board – Labour Director	Vojko Rotar
President of the Supervisory Board	Uroš Ilić, M.Sc.
Luka Koper, d.d. core activity	Seaport and logistic 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 comprehensive operation of the Port of Koper.



Luka Koper Group as at 31 March 2020

- Luka Koper, d. d.
- Subsidiary companies
 - o Luka Koper INPO, d. o. o., 100 %
 - o Adria Terminali, d. o. o., 100 %
 - o Luka Koper Pristan, d. o. o., 100 %
 - o Logis-Nova, d. o. o., 100 %
 - o Adria Investicije, d. o. o., 100 %
 - o 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 Board and Governance

4.1 Luka Koper, d. d., Management Board

As at 30 March 2020, 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, M.sc., Member of the Management Board, commenced a five-year term on 29 December 2017.
- Irma Gubanec, M.Sc., Member of the Management Board, commenced a five-year term on 29 December 2017.
- Vojko Rotar, Labour Director, delav commenced a five-year term on 16 February 2018.

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

4.2 Luka Koper, d. d., Supervisory Board d

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

As at 31 March 202, the Supervisory Board comprised:

Representatives of the shareholders:

Uroš Ilić, M.Sc., , President of the Supervisory Board
Commencement of a four-year term: 1 July 2017 (28 General Shareholders' Meeting)

Andraž Lipolt, M.Sc, Deputy President of the Supervisory Board
Commencement of a four-year term 1 July 2017 (28 General Shareholders' Meeting)

Rado Antolovič, MBA, P.Hd., Member of the Supervisory Board
Commencement of a four-year term: 1. julij 2017 (28 General Shareholders' Meeting)

Milan Jelenc, M.Sc, Member of the Supervisory Board
Commencement of a four-year term: 1. julij 2017 (28 General Shareholders' Meeting)

Barbara Nose, Member of the Supervisory Board
Commencement of a four-year term: 1. julij 2017 (28 General Shareholders' Meeting)

Tamara Kozlovič, M.Sc., Member of the Supervisory Board
Commencement of a four-year term: 22 August 2019 (32 General Shareholders' Meeting)

Representatives of the Employees :

Rok Parovel, Member of the Supervisory Board
Commencement of a four-year mandate: 12 September 2016 (28 Shareholders' Meeting – informing of shareholders)

Mladen Jovičić, Member of the Supervisory Board
Commencement of a four-year term: 8 April 2017 (28 General Shareholders Meeting – informing of shareholders)

Mehrudin Vukovič, Member of the Supervisory Board
Commencement of a four-year term: 19 January 2020 (appointment by the Works Council)

External Member of the Supervisory Audit Committee:

Mateja Treven, M.Sc., External Member of the Supervisory Audit Committee
Appointed on 22 February 2019. term of office: until revoked.

BUSINESS REPORT

5 Significant events, news and achievements in January - March 2020

JANUARY

- Works Council of Luka Koper, d. d., elected Mehrudin Vukovič as new employee representative in the Company's Supervisory Board, since the term of office of his predecessor, Marko Grabljevec, had expired.
- World Health Organization (WHO), declared coronavirus SARS-CoV-2 (COVID-19) a public health emergency of international concern. The spread of the disease has an impact also on international trade flows.
- Luka Koper, d. d., completed the construction of four railway tracks with a total length of 2.800 m, thereby gaining faster and more optimal railway access for transshipment of cars.
- The Government of the Republic of Slovenia adopted the Decree on the modifications and amendments of the National Spatial Plan for the second railway track, allowing the construction of the additional railway track on the section of Divača-Koper railway line.
- Luka Koper, published a call for sponsorships and donations from the fund Living with the Port in 2020.

FEBRUARY

- The Port of Koper presented itself at the logistic fair Cargo Show CTL-BHP 2020, held in Mumbai in India.
- The Municipality of Koper published a call for proposals for the award of grants to the residents of Koper, residing in the close vicinity of the Port and are most affected by its operation.
- The State purchased 24.000 m² 5A plot, behind the fence of the Port of Koper which is according to the National Site Plan destined to the extension of the Port's zone.
- Luka Koper, d.d. drawn up a protocol on the conduct in the case of a contagious disease and implemented a series of measures to protect the employees from the coronavirus infection.
- Luka Koper, d. d., ranked among the finalists for the 2019 Zlata nit (Golden Thread) award, which will be awarded to the best employer in Slovenia in 2019.

MARCH

- World Health Organisation (WHO) declared coronavirus COVID-19 pandemic. The Slovenian Government adopted several restrictive measures and prohibitions. The Port as relevant strategic infrastructure operated smoothly.
- On the Ljubljana Stock Exchange website SEOnet, Luka Koper, d. d., informed the interested public about the situation and the adopted measures during the coronavirus pandemic.
- Due to the COVID-19 pandemic, the cruise lines cancelled cruise ships arrivals at least until the end of May 2020.
- Luka Koper published the public procurement for the construction of the third entrance to the Port (Ankaran entrance), destined mainly to trucks accessing the Container terminal.
- Luka Koper, d. d., published the Code of Conduct for Suppliers, in which key standards to be respected and implemented by each supplier of Luka Koper, d. d., are emphasized.
- Luka Koper, d. d., was among first companies in Slovenia which received the certification for standard ISO 50001:2018 for the efficient energy management.

6 Relevant post-balance events

APRIL

- Luka Koper published the Port order, namely the rules related to the entrance and movement in the Port's zone.
- The Government of the Republic of Slovenia concluded a contract with the state-owned company KOPP Izbobraževanje to provide maritime piloting services in the Port of Koper.
- A new minister of infrastructure, Jernej Vrtovec, who took office in March 2020, paid visit to Luka Koper and in that occasion informed the Port's community about the decision adopted by the Government of Slovenia on the reduction of port dues due to the pandemic of a new coronavirus until the end of September 2020.
- In the public tender Luka Koper, d.d selected the contractor of works for the extension of the container quay by 100 m. The selected contractor was the company Kolektor with partners Grafist and Adriaing.

MAY

- On May 4, 2020 the selection of the contractor for the construction of the operational quay and rear areas became legally final. The selected company Kolektor, jointly with partners Grafist and Adriaing, will start the preparatory works immediately after signing the contract, while the start of works is projected in summer. The project related to the extension of the Pier I comprises the construction of the quayside of length 98.5 m and width 34.4 m as well as the construction of the rear areas on the southern side of the Pier.
- Within the researches and innovations programme Horizon 2020, the European Commission will co-fund the implementation of the European development project 5G-LOGINNOV, in which 15 partners from several European countries jointly cooperate also with Luka Koper, d. d., Telekom Slovenija and INTERNET INSTITUT, d. o. o. 5G-LOGINNOV project is focused on the latest fifth-generation network and devices for the development of the development of innovative solutions in logistics within the Industria 4.0.
- The first ship of the Ocean Alliance , which will sail within the AEM6 service, and which is now calling only three Adriatic ports: Koper, Trieste and Rijeka, berthed at the Container terminal. The Port of Koper remains the first port of call on the route from Asia to Adriatic sea, which is the most favourable transit time for containers in import direction.
- The Ministry of infrastructure has, at the initiative Luka Koper, d. d., and the Slovenian Ship and Freight Agents Associations, adopted a reduction of 50% for the usage fees for the use of facilities providing navigational safety (light dues) as of 1 May 2020.

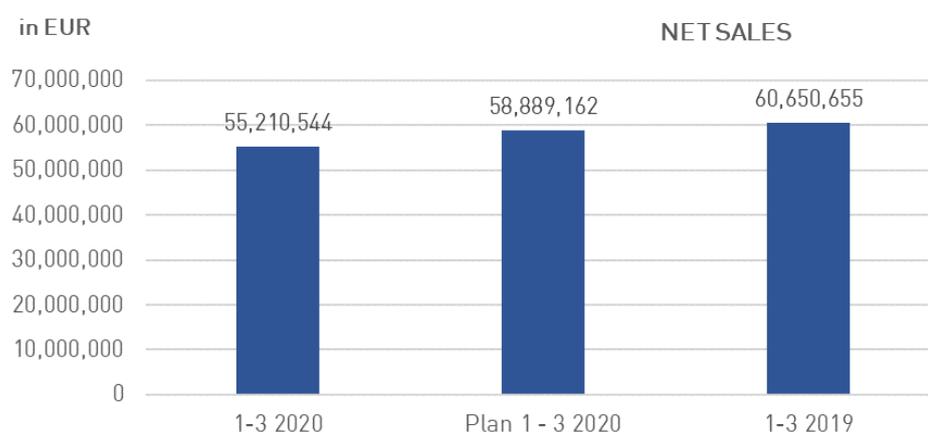
7 Performance analysis

7.1 Performance of Luka Koper Group

7.1.1 Net revenue from sale of Luka Koper Group

In January – March 2020 net revenue from sale amounted to EUR 55.2 million, which is 9 percent resp. EUR 5.4 million decline in comparison with the same period in 2019.

Figure 1: Net revenue from sale of Luka Koper Group



Net revenue from sale of Luka Koper Group from the market activity were by 10 percent resp. by EUR 6.1 million lower than the revenue achieved in the previous year, revenue from the performance of the public utility service of regular maintenance of the port's infrastructure intended for the public transport, exceeded the result from the previous year by 37 percent resp. by EUR 630.3 thousand. Lower revenue from the market activity resulted from the fall in throughput volume. The fall in throughput volume was mainly attributed to the COVID-19 outbreak and related measures and the economic slowdown.

7.1.2 Capitalized own products and services

In January – March 2020, capitalized own products and services amounted to EUR 29.8 thousand, which is 26 percent resp. EUR 6.2 thousand ahead on the comparable period last year. Luka Koper Group accounts maintenance works on the infrastructure among capitalized own products and services.

7.1.3 Other revenue

Other revenue of Luka Koper Group in the first quarter of 2020 amounted to EUR 1.1 million, which is a decrease by 10 percent resp. by EUR 121.6 thousand in comparison with January – March 2019. Reported among other revenue in 2019 was the received compensation for the crane in the amount of EUR 224.4 thousand. In January – March 2020, revaluation operating income amounted to EUR 335.1 thousand, which is 686 percent resp. EUR 292.5 thousand ahead on the comparable period in 2019 from higher adjustments to revenues from the reversal of the value adjustment of receivables.

7.1.4 Operating expenses

In the first quarter of 2020, the operating expense of Luka Koper Group amounted to EUR 47.8 million, and rose by 7 percent resp. by EUR 3 million over the comparable period of the preceding year. Within the operating expenses, in comparison with 2019, all types of costs increased, except the amortisation costs.

The cost of material of Luka Koper Group in January – March 2020 amounted to EUR 4.7 million, which is 5 percent resp. EUR 242.9 thousand ahead on 2019. The cost of replacement parts increased, the cost of energy, electricity and fuel costs, decreased.

In January – March 2020, the cost of services of Luka Koper Group amounted to EUR 3.6 million, and rose by 2 percent resp. EUR 314.6 thousand over the comparable period the preceding year. The cost of services rendered in connection with the core activity decreased since in 2019 Luka Koper Group undertook the action plan for the implementation of port services, which resulted in change of cost structure towards the reduction of the costs of services in carrying out the activity. The maintenance costs decreased, costs of other services increased by EUR 1 million –within the latter, the transshipment fees increased by EUR 726 thousand, since as from 1 March 2019, Luka Koper, d. d., started paying the transshipment fee.

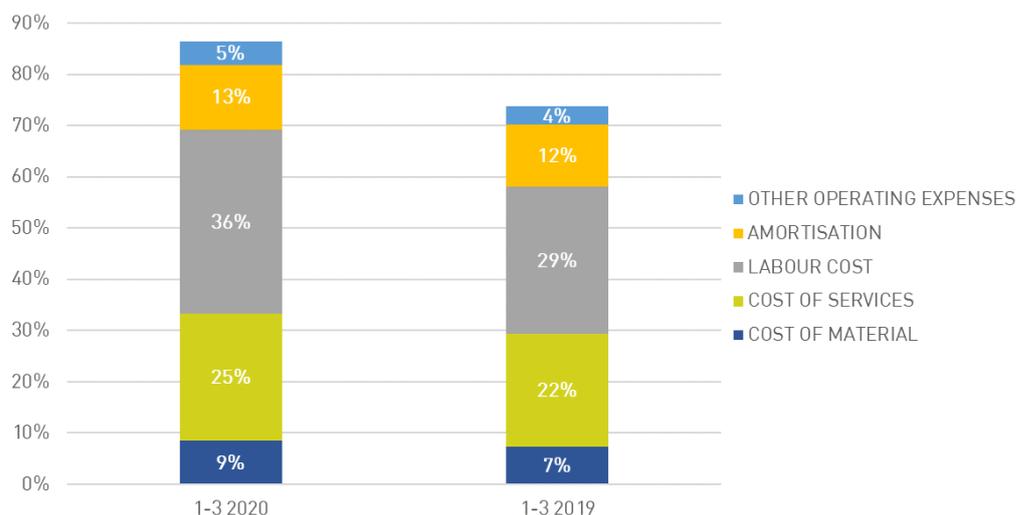
In the first quarter of 2020, labour costs of Luka Koper Group amounted to EUR 19.9 million, which is 14 percent resp. EUR 2.4 million ahead on the first quarter in 2019. High labour costs are attributable to a higher number of employees in Luka Koper Group, since as at 31. March 2020 Luka Koper Group employed a total of 1,699 persons, as at 31 March 2019 1,558 persons, which was an increase of 9 percent resp. 141 persons, since in 2019 Luka Koper continued the implementation of the action plan for the implementation of strategy of port's services. In January – March 2020, 11 new recruitments were realised in Luka Koper Group. In accordance with the action plan, the remaining 41 agency workers were recruited in the first quarter of 2020

In January – March 2020, costs of amortisation of Luka Koper amounted to EUR 7 million, which is 4 percent resp. EUR 322.4 thousand decrease in comparison with 2019. Costs decreased as a result of the extension of lifetime of assets.

Other operating costs amounted to EUR 2.6 million, which is 18 percent resp. EUR 386.8 thousand increase over the same period in 2019. The cost of humanitarian contributions increased, whereof in the amount of EUR 200 thousand from the donation to the Municipality of Koper for the implementation of mitigation measures with aim to reduce the impact of emissions from the port activity by 2020.

The share of operating expenses in net revenue from sale in January – March 2020 amounted to 86.5 percent, which is 12.8 percentage point ahead on 2019. In comparison with 2019 all types of costs increased.

Figure 2: Share of single operating expenses within net revenue from sale of Luka Koper Group



7.1.5 Earnings before interest and taxes (EBIT)

In January – March 2020, the operating profit (EBIT) of Luka Koper Group amounted to EUR 8.6 million, which is 50 percent resp. EUR 8.6 million decline in comparison with January – March 2019. Lower earnings before interests and taxes (EBIT) in 2020 in comparison to 2019 are primarily attributable to EUR 5.4 million lower net revenue resulting from a lower throughput, labour costs, which increased by EUR 2.4 million in 2020 and higher costs of transshipment fee, which increased by EUR 726 thousand.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of Luka Koper Group in the first quarter of 2020 amounted to EUR 15.5 million, which is 37 percent resp. EUR 8.9 million decline in comparison with the same period last year.

EBITDA margin of Luka Koper Group in January – March 2020 amounting to 28.1 percent, decreased by 30 percent resp. by 12.2 percentage point in comparison with 2019.

7.1.6 Profit before tax and profit for the period

Profit or loss from financing activities in January – March 2020 amounted to -EUR 18.4 thousand, in January – March 2019, Luka Koper Group achieved the financial result in the amount of EUR -9,3 thousand. The results of associated companies in 2020 increased the profit before tax and profit for the period by EUR 349.4 thousand, which is 16 percent resp. EUR 67.5 thousand decline in comparison with 2019.

7.1.7 Net profit or loss

Net profit or loss of Luka Koper Group in the first quarter of 2020 amounted to EUR 7.5 million, which was 48 percent resp. EUR 6.9 million decline compared to the first quarter of the previous year. Besides the aforesaid impacts which contributed to the lower operating profit (EBIT) in 2020 with respect to 2019, also a lower effective corporate tax rate had an impact on the net profit or loss.

7.1.8 Financial situation and financial management

As at 31 March 2020, the balance sheet of Luka Koper Group amounted to EUR 598.4 million, which is EUR 996.1 ahead on 31 December 2019.

As at 31 March 2020, 79.2 percent of the balance sheet of Luka Koper Group accounted for non-current assets. Due to the investments, the value of property, plant and equipment, and namely increased by 1 percent resp. by EUR 3.9. The advances given for the purchase of property, plant and equipment increased by EUR 2.6 million. The value of shares and interests declined by EUR 4.1 due to the decrease of the market value of non-current finance investments and interests carried at fair value.

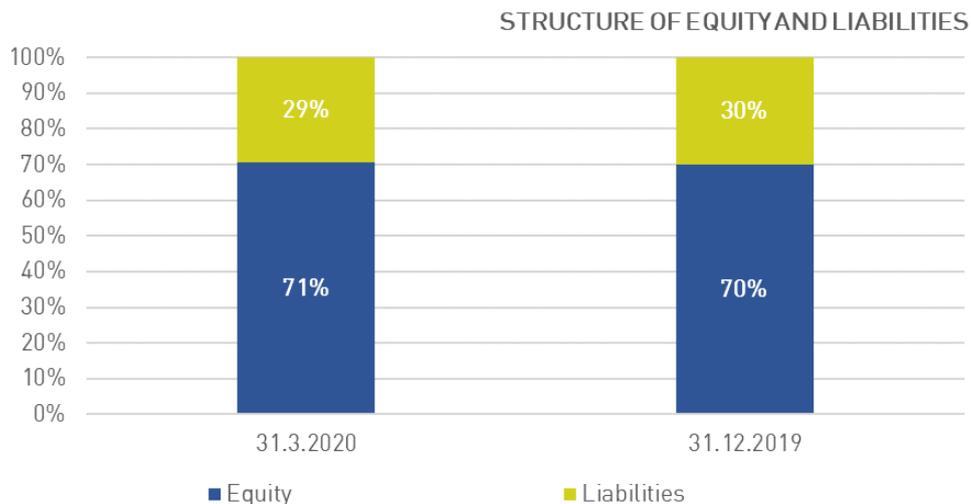
As at 31 March 2020, currents of Luka Koper Group were higher by 2 percent resp. by EUR 2 million compared to the balance as at 31 December 2019. Trade and other receivables amounted to EUR 47.6 million, which is 9 percent resp. EUR 3.8 million ahead on the balance as at 31 December 2019. An increase was recorded in trade receivables. Cash and cash equivalents decreased by EUR 33 million due to decrease of cash on accounts. Corporate tax liabilities increased by EUR 1.7 million.

As at 31 December 2019, the equity of Luka Koper Group increased by 1 percent resp. by EUR 4.1 million in comparison to the year-end 2019 due to the net profit brought forward. As at 31 March 2020, the equity accounted for 70.7 percent of the balance sheet.

As at 31 March 2020, current liabilities including long-term provisions and long-term accrued costs and deferred revenue of Luka Koper Group were by 4 percent resp. by EUR 4.6 million lower than as a 31 December 2019. Provisions for lawsuits decreased by EUR 1.5 million. Non-current loans from domestic banks from regular repayment of principal amounts from contractually agreed amortisation schedules.

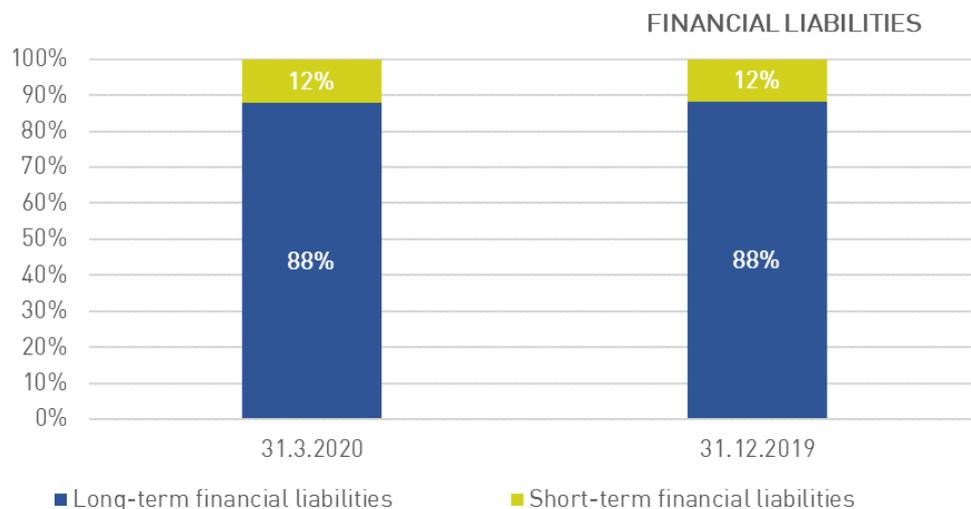
As at 31 March 2020, current liabilities of Luka Koper Group were higher by 3 percent resp. by EUR 1.5 million compared to the balance as at 31 December 2019. Trade receivables decreased by EUR 1.9 million, liabilities from advances by EUR 1.3 million. Operating liabilities from accrued costs increased by EUR 4.4 million.

Figure 3: Structure of Luka Koper Group liability



As at 31 March 2020, financial liabilities of Luka Koper Group amounted to EUR 90.3 million, which is 3 percent resp. EUR 2.7 million decline evrov compared to the balance as at 31 December 2019. The volume of domestic bank loans decreased.

Figure 4: Structure of Luka Koper Group liabilities by maturity

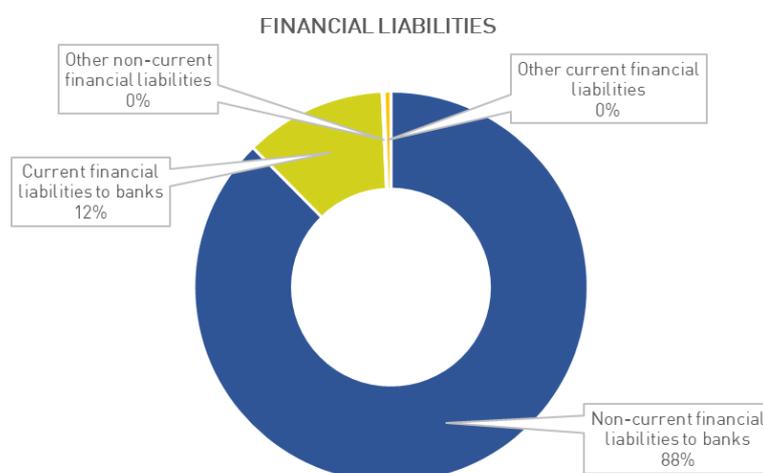


Non-current financial liabilities to banks of Luka Koper Group as at 31 March 2020 accounted for 87.6 percent of total financial liabilities. Their share decreased by 0.3 percentage point in comparison to the balance as at 31 December 2019.

As at 31 March 2020, Luka Koper Group had 43.6 percent of loans non exposed to interest rate risk, the remaining 56.4 of loans were variable interest loans.

The share of financial liabilities in the equity as at 31 March 2020 amounted to 21.3 percent, which is 3.4 percentage point decline compared to 31 December 2019.

Figure 5: Financial liabilities of Luka Koper Group



7.1.9 Comparison of the results achieved by the Luka Koper Group, in January – March 2020

In January – March leta 2020, the net revenue from sale of the Luka Koper Group mounted to EUR 55.2 million and was by 6 percent resp. by EUR 3.7 million below the planned. Net revenue from sale of the Luka Koper Group from the market activity in January – March 2020 lagged behind the planned net revenue from sale by 5 percent resp. by EUR 2.8 million, the revenue from 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 27 percent resp. by EUR 839.8 thousand. Deviation from the planned net revenue from sale resulting from the market activity mainly resulted from the epidemic COVID-19 and global economy slowdown. Lower-than-planned revenues from the implementation of the public utility service of regular maintenance of port infrastructure intended for public transport are a reflection of lower formed deferred revenues, which was influenced by lower maintenance costs.

In January – March 2020, earnings before interest and taxes (EBIT) of Luka Koper Group exceeded the planned EBIT by 9 percent resp. by EUR 690.9 thousand, despite lower net revenue from sale due to lower costs of material, services, labour and amortisation. Costs of material were lower than planned due to lower cost of fuel. The decrease of fuel, consumption resulted from minor volume of throughput due to the economic shock at COVID-19 outbreak. Within the cost of services, the cost of services of external partners was lower than planned mainly due to the deferred implementation of public procurements, cost of maintenance services were lower since only indispensable maintenance works were implemented, transshipment fees were lower due to a minor volume of throughput. Labour costs were lower than planned due to the smaller number of employees than planned. As at 31 March 2020, 1,699 persons were employed at Luka Koper Group, and 1,751 were planned, which is 52 less than planned. Amortisation costs were lower than planned resulting from the extension of the lifetime of assets, and which was not taken into account in amortisation planned for 2020. Other costs were higher due to higher costs for compensation and higher costs of humanitarian contributions.

In January – March 2020, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Luka Koper Group were by 2 percent resp. by EUR 373.3 thousand ahead on the planned. EBITDA margin of the Luka Koper Group in January – March 2020 was by 9 percent resp. by 2.4 percentage point higher than planned. EBITDA margin of the Luka Group Koper from the market activity amounted to 29.3 percent, which is 8 percent resp. 2.2 percentage point ahead on the planned. In the first quarter of 2020, the net profit of the Luka Koper Group increased by 3 percent resp. by EUR 214.1 thousand in comparison to the budgeted net profit.

7.2 Summary of the performance of Luka Koper, d. d.,

7.2.1 Comparison of the results achieved by Luka Koper, d. d., in January – March 2020 and 2019

In January – March 2020, the net revenue from sale of Luka Koper, d. d., amounted to EUR 54.2 million, which is 9 percent resp. EUR 5.4 million decline compared with the same period in 2019. Net revenue from sale resulting from the market activity was by 10 percent resp. by EUR 6 million lower than the revenue generated in the previous year, 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 37 percent resp. by EUR 630.3 thousand.

Higher revenue from the market activity was achieved from rentals, all other revenues were lower compared to 2019 and namely due to lower volume of maritime throughput, as result of coronavirus SARS-CoV-2 (COVID-19) outbreak and related measures, as well as due to the economic slowdown.

Earnings before interest and taxes (EBIT) of Luka Koper, d. d., in the first quarter of 2020 amounted to EUR 8.3 million, which is 50 percent resp. EUR 8.3 million less than in the comparable period in 2019. Lower earnings before interest and taxes (EBIT) in 2020 in comparison with 2019 were mainly due to lower net revenue from sale resulting from the lower throughput, which decreased by EUR 5.4, higher labour costs, increased by EUR 2.2 million in 2020 and higher costs of transshipment fee, which increased by EUR 726 thousand.

Luka Koper, d. d., is monitoring the expenses incurred in relation to the coronavirus SARS-CoV-2 (COVID-19). In March, the costs for the protective equipment such as overalls, gloves, protective masks and disinfectants amounted to EUR 79.3 thousand.

Net profit or loss of Luka Koper, d. d., in January – March 2020 amounted to EUR 6.9 million, and decreased by 49 percent resp. EUR 6.6 million in comparison with the same period of the previous year. In addition to the explained impacts which contributed to lower earnings before taxes and interest (EBIT) in 2020 compared to 2019, net profit or loss in 2020 was affected by a lower effective corporate tax rate.

7.2.2 Comparison of results achieved by Luka Koper, d. d., in January – March 2020, z planom

In the first quarter of 2020, the net revenue from sale of Luka Koper, d. d., decreased by 7 percent resp. by EUR 3.8 million compared to the planned net revenue from sale. Net revenue from sale from the market activity lagged behind the planned revenue from sale by 5 percent resp. by EUR 2.9 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 27 percent resp. by EUR 839.8 thousand. Net revenue from sale from the market activity was lower than planned due to the economic cooling down and signs of economic downturn and as result of COVID-19 outbreak.

In January – March 2020, earnings before interest and taxes (EBIT) were by 8 percent resp. by EUR 616.3 thousand ahead on planned despite lower net revenue from sale. The higher operating profit than planned was attributable to lower costs of material, services labour and amortisation in comparison with the planned. Costs of material were lower than planned due to lower fuel costs. Within the cost of services, the costs of external contractors, costs of maintenance services and costs of transshipment fees were lower than planned. Labour costs were lower than planned due to lower number of employees than planned. The costs of amortisation were lower than planned resulting from the extension of lifetime of assets, which was not taken into account at planning of the amortisation for 2020. Other costs were higher than planned.

Net profit in the first quarter of 2020 was higher by 2 percent resp. by EUR 139.9 thousand than planned.

7.3 Performance forecasts by the end of 2020

In the beginning of 2020, the world was faced the coronavirus SARS-CoV-2 (COVID-19) outbreak which greatly increased the uncertainty of economic trends in 2020, since at the very beginning of 2020 it had a negative impact on logistic, transport and touristic activities, and which will result in a fall of the volume of the world trade in 2020 and the global recession.

In the first quarter of 2020, COVID-19 outbreak had a negative impact on the performance of Luka Koper Group, since the fall of throughput resulted in a lower net revenue from sale. Due to a high degree of uncertainty about

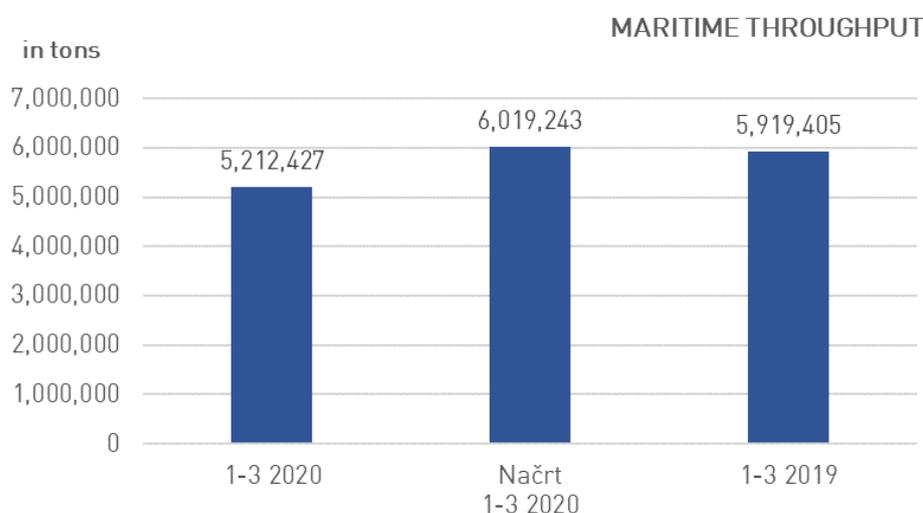
the mere coronavirus and the capability to manage it, it is difficult to predict to which extent the epidemic will impact the performance of Luka Koper Group the end of 2020, and therefore in this moment the Group is not in position to provide estimations of the impact on the achievement of financial results in 2020. Presented goals for 2020 were adopted prior to the epidemic outbreak. Luka Koper Group will closely monitor all events connected with the State interventions, and thanks to the measures guaranteed to provide the access to a sufficient volume of liquid assets for overcoming these impacts and meanwhile it ensures the implementation of key development projects. Also in the last crisis it was demonstrated that the multifunctionality of the Port was the right business, since it is easier to replace the fall of one cargo group with another.

8 Marketing and sales

8.1 Maritime throughput

The maritime throughput of Luka Koper in January – March 2020 amounted to 5.2 million tons and lagged behind the planned quantities for the period by 13 percent, which was 12 percent decline in comparison with the comparable period last year. In comparison with the previous year, January – March 2019, Luka Koper recorded one percent declined of loaded and 16 percent decline of unloaded goods onto/from the ship.

Figure 6: Maritime throughput



8.2 Cargo structure by cargo types

In the whole structure of the maritime throughput prevailed containers, of which share increased by 3 percentage point in comparison to 2019. Their share of liquid cargoes increased by 2 percentage point and the share of cars by 1 percentage point. The share of dry bulk and bulk cargoes decreased, the share of general cargoes remained unchanged.

Table 5: Maritime throughput in tons per cargo types in 2020 and in 2019

Cargo groups (in tons)	1–3 2020	1–3 2019	Index 2020/2019
General cargoes	313,963	368,964	85
Containers	2,293,512	2,428,209	94
Cars	256,533	258,138	99
Liquid cargoes	869,171	847,866	103
Dry bulk and bulk cargoes	1,479,248	2,016,228	73
Total	5,212,427	5,919,405	88

Figure 7: Maritime throughput per cargo types – in tons

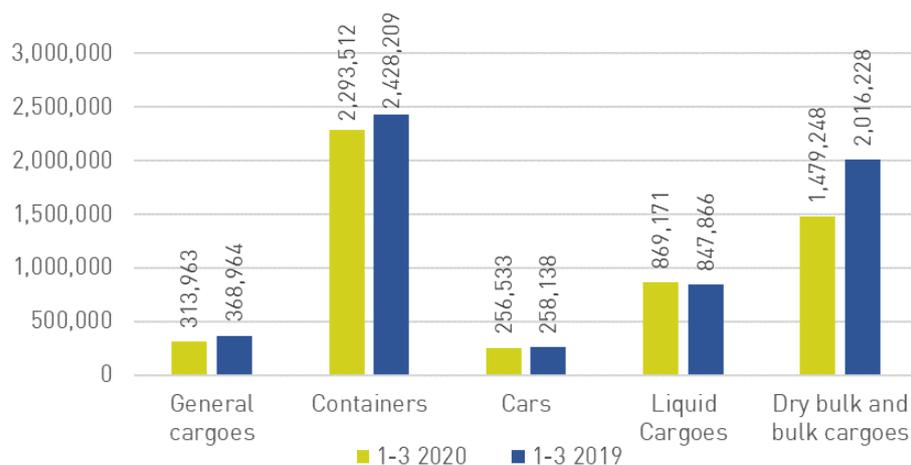


Table 6: Throughput containers (number containers in TEU) and cars (in units) in 2020 and in 2019

Cargo groups	1–3 2020	1–3 2019	Index 2020/2019
Containers – number	131,679	143,997	91
Containers – TEU	229,652	245,985	93
Cars – units	162,722	169,496	96

Figure 8: Throughput of containers and cars

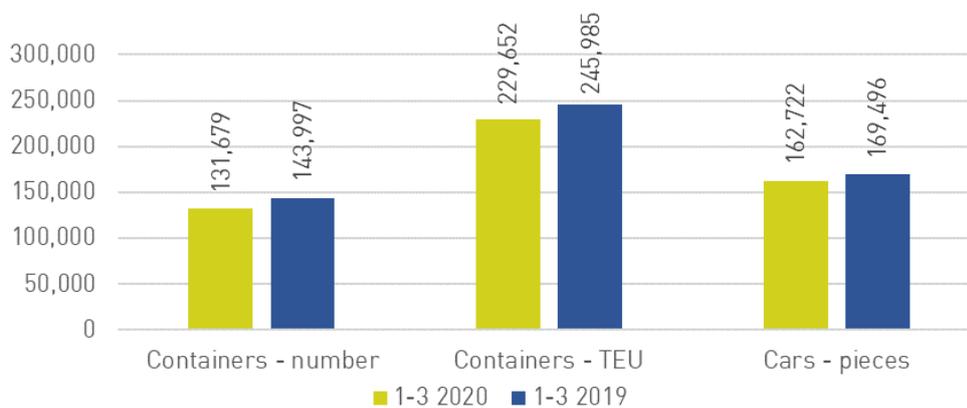
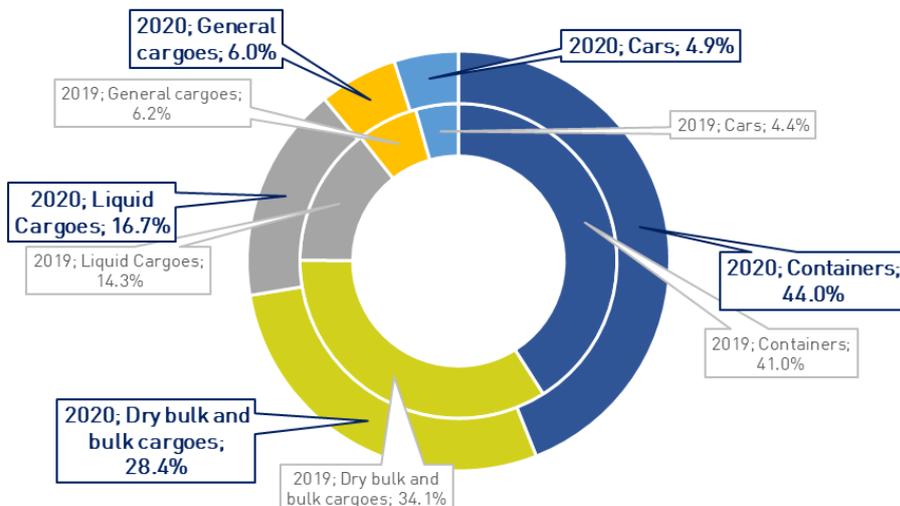


Figure 9: Structure of maritime cargo throughput by cartgo types



8.2.1 General cargoes

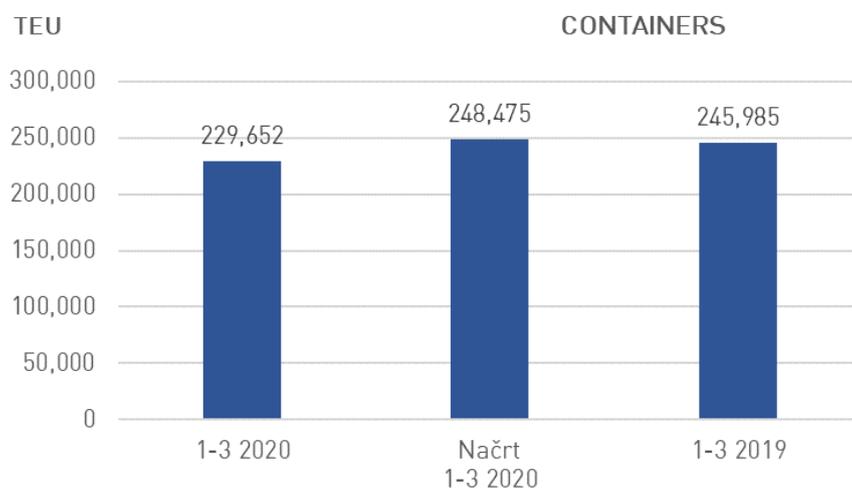
Within the general cargoes, Luka Koper Group in January – March 2020 achieved 15 percent lower throughput in comparison to the comparable period last year. The maritime throughput within the general cargoes decreased by 31 percent in the segment of iron products, due to the world economic cooling down and diffculted connected with COVID-19 epidemic.

In timber throughput was recorded 17 percent higher export of timber.

8.2.2 Containers

In the first quarter of 2020, the maritime throughput of containers in TEUs was by 7 percent lower in comparison with 2019. The fall in the throughput was essentially higher in empty containers, whilst the maritime throughput of full containers was 6 percent lower compared to January – March 2019. In the first quarter of 2020. A significant negative impact on the maritime throughput of TEUs resulted from the coronavirus SARS-CoV-2 (COVID-19) epidemic in China. The latter paralysed the economy for several weeks. Consequently, this resulted in lower import through Koper and partially also on exported quantites.

Figure 10: Maritime throughput containers

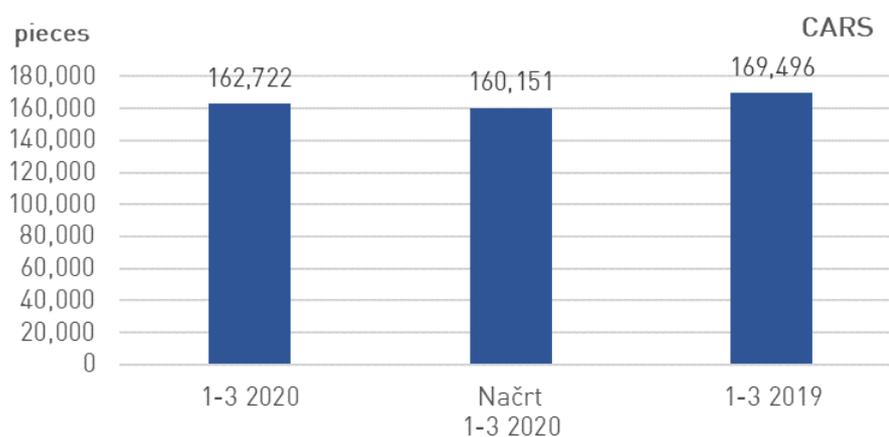


8.2.3 Cars

In January - March 2020, 162,722 cars were transhiped, which was 4 percent decline compared to the same period in 2019. Lower throughput this year is due to COVID-19 outbreak and related measures. Due to the closure of car plants, car shops and problems related to logistics (transport), the throughput of cars decreased this year.

91.8 thousand cars were loaded onto ships, 70.9 thousand cars unloaded.

Figure 11: Maritime throughput of cars



8.2.4 Liquid cargoes

In January - March 2020, the throughput of liquid cargoes in comparison with the equivalent period in 2019 increased by 3 percent. In the product group of liquid cargoes, the throughput increased by 44 percent due to increased sale of petroleum products and the supply in the hinterland.

Within the throughput of petroleum products, the Luka Koper Group achieved 8 percent decrease in comparison with 2019.

8.2.5 Dry and bulk cargoes

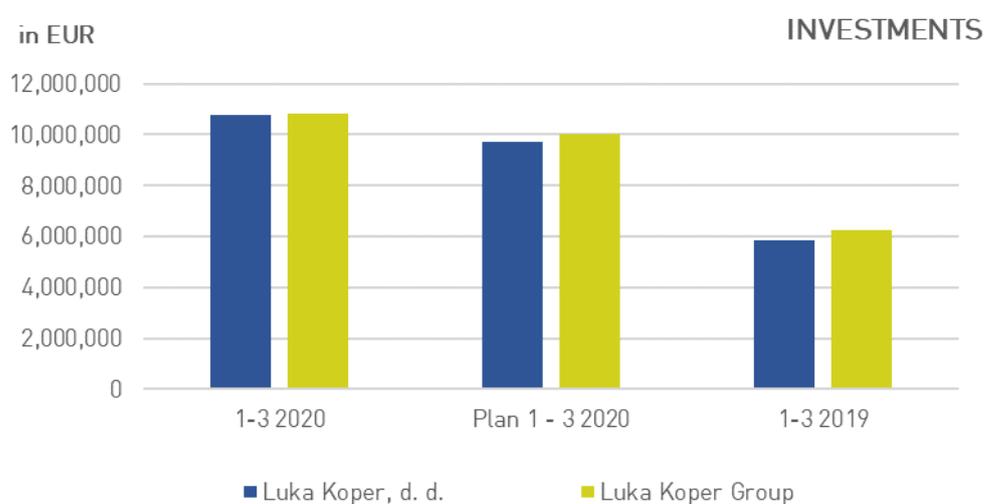
In January - March 2020, the maritime throughput of dry and bulk cargoes decreased by 27 percent in comparison with the same period in 2019. Luka Koper Group recorded the decrease in the throughput of the thermal coal of which consumption has been decreasing in accordance with the EU legislation which provides for complete decarbonisation in the coming years. Besides that, high environmental taxes on CO₂ emissions which further makes difficult the consumption and the competitiveness in this energy segment.

The maritime throughput in the product group of dry bulk cargoes was lower by 6 percent than in the preceding year, the main reason was a mild winter and thereby minor consumption of road salt.

9 Non-financial investments

In January – March 2020, Luka Koper Group allocated EUR 10.8 million for the investments in the property, plant and equipment, property investments and intangible assets²⁴, which is 72 percent ahead on 2019. In January – March 2020, Luka Koper, d. d., allocated EUR 10.77 million for investments, which was 99.7 percent of Luka Koper Group investments.

Figure 12: Non-financial investments



Largest implemented investments were the following:

- continued construction of the parking garage for cars,
- continued construction of a new RO-RO berth in Basin III and surface arrangements,
- purchase of E-RTG crane for the needs of the container terminal.

²⁴ Excluding advances for equipment.

10 Risk management

10.1 Coronavirus SARS-CoV-2(COVID-19) outbreak

COVID-19 outbreak affected the economy and logistics flows. On 12 March 2020, the Government of the Republic of Slovenia declared the epidemic. Currently, Luka Koper will endeavour to minimize the consequences of the materialisation of the global pandemic risk. At COVID-19 outbreak, Luka Koper Group firstly adopted measures for the protection of persons. The Port of Koper is the facility of a special importance for defence and the economy of the Republic of Slovenia and has status of critical infrastructure facility. Luka Koper as concessionaire in the Port of Koper, drawn up crisis response plan, this including also the pandemic. Prior to the first case of infection with the coronavirus in Slovenia, Luka Koper set up a work group which adopts measures for preventing the spread of infection. The Company also adopted a protocol on informing and taking actions in case of the suspected infection offshore and onshore which was harmonised with the National Institute of Public Health and all government bodies exercising their powers in the port's zone. Besides these measures, Luka Koper, d.d. adopted several additional measures among which also: adjustment of working hours in operations and other processes with aim to reduce a direct contact among the employees, organisation of work with emphasis on remote work and implementation of remote meetings as well as reinforced self-protective and hygiene measures. Also the Port's Civil Protection was involved in the control over the implementation of preventive measures and set up Civil protection committee, which controls whether measures are respected and provides additional disinfection in the Port. The adopted measures and activities are updated and communicated to internal and external public, business partners and all interested stakeholders. The fear of consequences of coronavirus and endeavours to prevent its expansion will have an impact also on supply chains and logistics flows and consequently Luka Koper, d.d., where the consequences could be reflected in a reduced volume of throughput and increased volume of goods in warehouses. Depending on developments, COVID-19 pandemic could have a negative impact on the performance of Luka Koper Group. It is difficult to predict to which extent because of a great uncertainty associated with the virus itself and the capability to control it. Therefore, at this time, the Group is unable to provide an assessment of impacts on the achievement of financial results in 2020.

10.2 Other risks

As regards commercial risks, the economic slowdown, projections of a decline of the growth of markets and other risks in the international environment will further present a risk for a lower throughput and consequently the deviation of the revenue from sale. Among risks, also risks related to the development of competitive ports and entering of larger shipping companies in the ownership of neighbouring ports (Treste, Rijeka, Pireus), likely resulting in the shift of a part of throughput to other routes, have been increasing. Besides that, the neighbouring ports pay a lot of attention to the enhancement of competitiveness in railway transport. A relevant risk is also the enhancement of Northern Adriatic ports, which are the competition in important hinterland markets. Said risks are managed with marketing activities directed in the of existing and acquisition of new businesses, and applying particular warehousing terms for cargo, facing unfavourable (emergency situation) in the market.

Other two strategic risks resulting from the external environment, remain the uncertainty about the construction of the second railway track and obsolete, insufficient capacities of the existing railway line, thus undermining further growth of throughput also until the construction of the second railway track of the existing railway line. In 2019, a project group, which started to implement the activities aimed to improve IT support, implementation of infrastructure interventions and organisational changes, was set up. In 2020, the activities related to the coordination of needs in railway infrastructure will continue. In the third quarter of 2020, the railway tunnel Karavanke is intended to be closed. Due to planned works and closure of the tunnel Karavanke the customers might redirect their logistic through other ports, mainly through Northern European ports, mostly at risk is the cargo group of vehicles. Have only a limited impact on this fact, the risk may be managed with operational coordination and notifications during the closure of the railway tunnel Karavanke.

The risk management activities relating to the implementation of key investment projects, continue. The selection of the contractor for the construction of the operational quay and rear storage areas for the needs of the container terminal, became final. The selected company will start the preparation works immediately after the contract is signed, whilst the start of works is planned in summer. The investment concerning the extension of the Pier I comprises the construction of the operational quay of length 98.5 m and width 34.4 m and the construction of rear storage areas on the southern side of the Pier measuring 24.830 m². 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 the Car terminal. The building permit for the entrance in Bertoki is in the process of being obtained. The investments will increase capacities of storage and berths and improve the internal logistics in the transshipment of cars.

As of 16 January 2020, a new business model of the implementation of port's services, entered into force, whereby compliance risk for future period. The risk of exceeding the noise thresholds towards Koper old town may be generated during driving the piles within the extension of the Pier I or due to excessive noise produced when carrying out the activity. Luka Koper Group has already adopted measures which will take into consideration already at the design stage and further on at the selection of the construction works contractor will take into consideration imposing limits of noise at acceptable level. The Group manages the risks relating to excessive noise with a gradual switchover to technological equipment with electrical supply, cooperates also in the Neptunes project, in the framework of which solutions for the reduction of ship-generated noise, are sought.

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. An increase of interest rates is not expected in 2020, according to recent projections EURIBOR should remain negative over a longer period. In the coming period, we will closely monitor the liquidity of container shipping companies and other relevant partners. Financial risks are treated in detail in the chapter Financial instruments and financial risk management.

11 European projects

In January – March 2020, Luka Koper, d. d., implemented several activities in the field of research and development aiming to support the port's development and started to implement the Strategic business plan for 2020 - 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 where Luka Koper, d.d. is partner in two projects testing new technologies in the disposal and processing of the dredged material generated at the maintenance of adequate depths along the operational quayside, environmental, energy, IT and security issues.

Luka Koper, d. d., was involved in co-funded initiatives and in January - March 2020 the following applications for new projects within different programmes, were implemented:

- Within the open public tender of the programme CEF, Luka Koper, d.d. as a partner or leading partner, joined the applications in the following projects: : LKPIER, ICON LK-STUDIES and EALING.
- Within the public tenders of the programme Horizon 2020, Luka Koper,d.d. joined as partner the following projects: 5G-LOGINNOV in SEAPORTEYE.

Throughout January – March 2020 period, the activities of approved projects and optimal absorption of funds:

- With regard to European projects, the following activities of Luka Koper, d.d. as leading partner on three projects from the programme CEF, should be emphasized:
 - o NAPA4CORE – investments in the port's infrastructure.
 - o CarEsmatic – investments in the port's infrastructure.

As partner, Luka Koper, d.d., implemented the activities on the following projects: GAINN4MOS (CEF), SAURON and Infrastress (Obzorje 2020).

- In the European territorial cooperation programmes, the activities continued on the following projects:
 - o SECNET,
 - o ADRIPASS,
 - o ISTEN,
 - o SUPAIR,
 - o TalkNet (programme Central Europe),
 - o IntraGreen-Nodes,
 - o REIF,
 - o ComodalCE,
 - o CLEAN.

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:

- o Competence center Logins - support of education and competence development in Logistics,

Within smart digitalisation specialisation, Luka Koper, d. d., continued the implementation of the project:

- o 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
- o Development of a sustainable growth model " Green Port".

In the first quarter of 2020, Luka Koper, d. d., did not receive any approval of new projects.

12 Trading in LKPG

The share of Luka Koper identified as LKPG LKPG is listed in the first quotation of Ljubljana Stock Exchange. As at 31 March 2020, the share ended its trading with 41 percent lower value than in the comparable period last year. On the last trading day of the first quarter of 2020, the price of the LKPG share amounted to EUR 16.20 per share.

In the first quarter of 2020, the ownership structure slightly changed. As at 31 March 2020, 9,233 shareholders were registered in the register, which was 327 less than in 2019. The Republic of Slovenia is the company's major shareholder.

Table 7: Ten largest shareholders in Luka Koper, d. d., as at 31 March

Shareholders	Number shares 31.03.2020	Percentage stake 31.03.2020	Number shares 31.03.2019	Percentage stake 31.03.2019
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	395,413	2.82%	388,923	2.78%
Hrvatska poštanska banka, d. d. – fiduciary account	142,082	1.01%	130,582	0.93%
Raiffeisen Bank International AG (RBI)	133,454	0.95%	115,287	0.82%
NLB skladi – Slovenija mešani	128,350	0.92%	87,700	0.63%
Zavarovalnica Triglav, d. d.	113,568	0.81%	113,568	0.81%
Zagrebačka banka, d. d. – fiduciarni račun	107,311	0.77%	80,332	0.57%
Total	10,853,773	77.53%	10,749,987	76.79%

12.1 Trading in LKPG

In the first quarter of 2020, the average daily price of Luka Koper, d. d., stood at EUR 21.53, whilst its overall value fluctuated between EUR 15.70 and EUR 24.70. The highest daily price was EUR 25.00, the lowest EUR 15.10. As at 30 March 2020, the market capitalisation of Luka Koper, d.d. shares amounted to EUR 226,800,000.

In the first quarter of 2020 there were 888 transactions and block trades with aggregate value of EUR 3,892,291, whereby 186,170 shares. V changed ownership. In this period, the SBITOP index achieved 21.25 percent decline.

Figure 13: Changes in the daily LKPG share price and daily turnover in January – March 2020

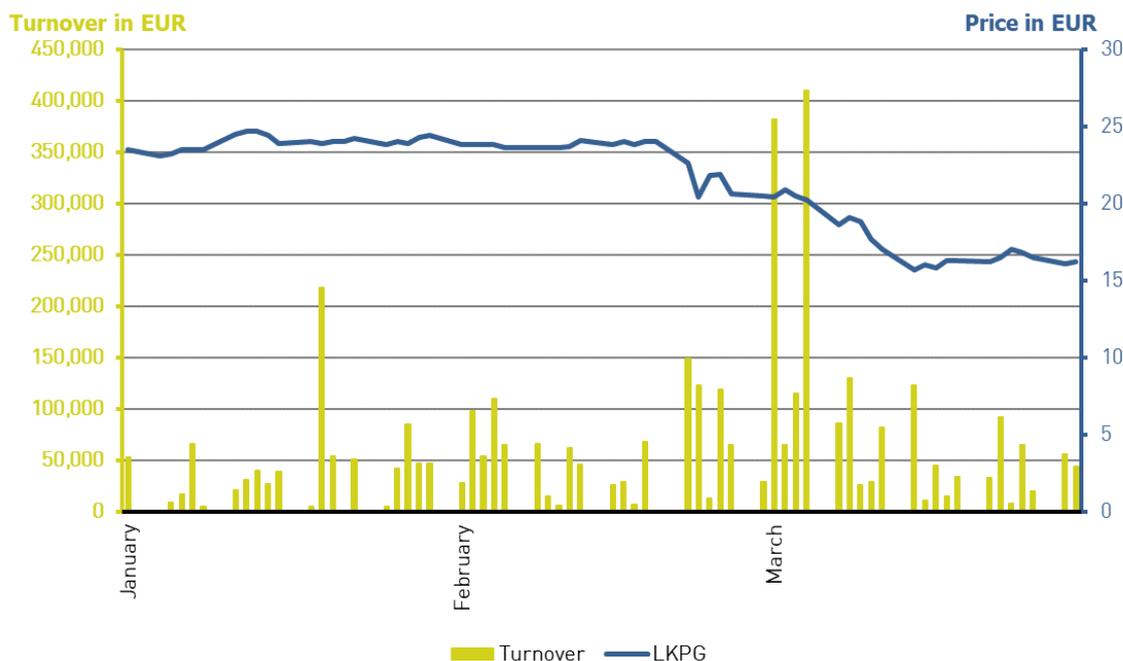


Table 4: Relevant data on LKPG

	1 – 3 2020	1 – 3 2019
Number shares as at 31.03.	14,000,000	14,000,000
Number of ordinary no par value shares	14,000,000	14,000,000
Closing price as at 31 March (in EUR)	16.20	27.30
Book value of shares as at 31. 03. (in EUR) ²⁵	27.89	26.86
Ratio between average weighed price in avce (P/B) ²⁶	0.58	1.02
Average market price (in EUR) ²⁷	20.91	26.70
Averae book value of share (in EURh) ²⁸	27.89	26.55
Ratio between avergare weighed market price and average book value of share	0.75	1.01
Net earning per share (EPS) (in EUR) ²⁹	1.97	3.87
Ratio between market price and earnings per share (P/E) ³⁰	8.23	7.06
Market capitalisation as at 31.03. (in mio EUR) ³¹	226.80	382.20
Turnover – all transactions January - March (in mio EUR)	3.89	2.66

²⁵ Book value of share = equity / number shares.

²⁶ Ratio between market price and book value of share (P/B) = closing share price / book value of share

²⁷ 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.

²⁸ Average book value of the LKPG is calculated on the basis of average monthly ratio between equity and number of ordinary shares.

²⁹ Earnings per share (EPS) = net profit or loss / number shares.

³⁰ Ratio between the market price and earnings per share (P/E) = closing share per price / earnings per share (EPS).

³¹ Market capitalisation = closing share price * number of shares

12.2 Number of LKPG shares held by the Supervisory Board and Management Board Members

	Shareholders	Ownership 31. 03. 2020
Su	Uroš Ilić, President of the Supervisory Board	55
	Tamara Kozlovič, Member of the Supervisory Board	94
	Rok Parovel, Member of the Supervisory Board	8

As at 31 March 2020, other Members of the Supervisory Board and Members of the Management Board of Luka Koper, d. d., did not own the company's shares.

12.3 Treasury shares, authorised capital, conditional capital increase

As at 31 March 2020, 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.

12.4 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.

SUSTAINABLE DEVELOPMENT

13 Care for employees

The port's activity requires flexible approach to the organisation of work, therefore the employees must adapt to the needs of business and social environment.

Skilled and motivated employees are strategic asset and the condition that has to be fulfilled in order for development plans of ent plans of Luka Koper, d.d. to be reallisd. Cooperation, responsibility, respect, committment and creativity of each individual are the values Luka Koper Group applies in its practice.

13.1 Recruitment, turnover rate and employment structure

As at 31 March 2020, Luka Koper Group hold 1,699 employees, which is 141 more than as at 31 March 2019 resp. 9 percent increase of employees.

In 2019, Luka Koper, d. d., reorganisation of the business model took place, whilst in 2020 the introduction of the three-tier model. As at 31 March 2020, je bilo v Luki Koper, d. d., 1.535 regularly employed (tier I), 344 agency workers (tier II) were posted to Luka Koper, d. d., through the public procurement system, to a lesser extent services of external contractors were hired (tier III). Luka Koper INPO, d. o. o., had four agency workers.

In the first quarter of 2020, 11 employees were recruited in Luka Koper Group, whereof 7 in Luka Koper, d. d., which is essentially lower number than in the comparable period last year, when the intensive recruitment was done for the basic transshipment and storage process as a result of the changed business model resp. the process of the implementation of the strategy of providers of port's services. In accordance with the action plan remaining 41 agency workers were posted in the first quarter of 2020, who are guaranteed equal rights and obligations as regularly employed staff. In 2020, Luka Koper, d. d., paid attention on the optimisation of business processes.

At the end of the first quarter of 2019, the measures adopted to prevent the extension of the coronavirus SARS - CoV-2 (COVID-19) affected the implementation of the business processes, although in compliance with the status of particular social and defense importance of Luka Koper, d. d., smooth operation of the port was provided. Preventive measures for the protection of the employees were introduced. Forms of digital communication were established among the employees and customers. In March, due to exceptional circumstances, the rules and protocol on order of other forms of work, performance of other work and remote work, was adopted. Temporary layoff was not applied.

Number of employees in Luka Koper Group

	31.3.2020	31.3.2019	Index 2020/2019
Luka Koper, d. d.	1,535	1,404	109
Luka Koper INPO, d. o. o.	131	122	107
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	24	24	100
TOC, d. o. o.	5	4	125
Luka Koper Group*	1,699	1,558	109

*Subsidiaries of Luka Koper Group, Logis-Nova, d. o. o., and Adria Investicije, d. o. o., are not shown in tabl, since they not have employees

Comparison between recruitment, termination and turnover rate

	Number of new recruitments		Number of departures		Turnover rate (in %)*	
	1 – 3 2020	1 – 3 2019	1 – 3 2020	1 – 3 2019	1 – 3 2020	1 – 3 2019
Luka Koper, d. d.	7	324	13	9	0.8	0.6
Luka Koper Group	11	325	15	9	0.9	0.6

*Fluctuation calculation method = number of departures / (previous number of employees + new recruitments) x100

The number of departures from Luka Koper Group was higher than in the same period last year. The reasons for leaving or termination of the employment relationship are dominated by retirement age, followed by expiry of fixed-term employment contracts and in two cases, the employees' deaths. Consequently, the fluctuation in Luka Koper Group was higher than in the previous year, but still relatively low in the industry.

Intensive recruitment for the basis transshipment and storage process last year importantly affected the educational structure of Luka Koper, d. d., and Luka Koper Groups, shifting towards larger share of employees at a lower level of education. Higher number of employees at higher level of education mainly resulted from the successfully completed the education at work.

13.2 Occupational health and safety

In March 2020, Luka Koper, d. d., completed successfully the first part of the certification according to a new standard ISO 45001.

By a variety of measures, such as education, additional training, informing of employees and other ostalih v pristanišču, the company takes preventive actions. Each serious or repeated injury is examined and measures to prevent the recurrence of such incidents in the future, are taken.

Injuries at work

	1 – 3 2020	1 – 3 2019
Luka Koper, d. d.	15	6
Recruitment agencies	4	/
Providers of port's services *	0	9
Outsourcing companies	5	3
Subsidiaries	1	1
TOTAL	25	19

*The recruitment agencies started to provide services in Luka Koper, d. d., in September 2019, therefore the comparison with the preceding period is not possible.

The target of maximum 15 occupational injuries per million hours worked was not achieved, since in the first quarter of 2020, the Company recorded 19.3 injuries per million hours worked.

In the first quarter of 2020, one serious injury occurred, when during the installation of lifting bands on the cargo the worker was squeezed the thumb of the right hand, and seriously injured, and therefore the target 0 serious occupational injuries was not achieved. In the first quarter of 2020, there was no collective injury at work.

In January – March 2020, 19.3 collisions per million hours worked occurred. Therefore, the target of max 25 collisions, was not achieved. There was no significant material damage.

In the reported period, 7 preventive rounds were carried out, therefore the third target for 2020 has not been achieved yet, 40 extraordinary supervisions of occupational health in the port's zone.

At the time of the coronavirus SARS-CoV-2 (COVID-19), a work group, composed of different departments, is operative and daily monitors the situation and adapts protection measures. The Civil protection, providing assistance in the implementation of measures and continuous monitoring of compliance with prescribed measures by employees and external stakeholders, was activated.

13.3 Education, training and development of employees

In the first quarter of 2020, Luka Koper Group provided lower number of hours of training than in the equivalent period last year and namely 4.4 hours of training per employee in Luka Koper Group and 4.8 hours in Luka Koper, d.d. Measures for the prevention of spread of coronavirus SARS -CoV-2 (COVID-19) affected the training, since in March 2020 no in-house group trainings were organised, and trainings in external education/training institutions were cancelled. Only induction programmes resp. instructorship as part of training to operate machinery and periodical tests of occupational safety were carried out. 95 percent of training was in-house training. 57 percent of employees in the Luka Koper Group and 62 percent of employee in Luka Koper, d. d., were involved in training.

The Luka Koper Group co-financed the acquisition of a higher level of education by over percent of employees. Luka Koper, d. d., has one scholarship for the academic year 2019/2020.

Luka Koper, d. d., and Adria Terminali, d. o. o., are involved 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.

In the first quarter of 2020, the share of internal mobility of employees was minor compared to the same period of the last year, thus resulting from the major organisational changes last year.

In the beginning of 2020, Luka Koper, d. d., started to implement annual intrerviews with all employees. In the selection fort he beste employer in the Zlata nit (Golden Thread) project, Luka Koper, d. d., was ranked among the finalists of large companies.

The company is constantly engaged in social dialogue, both with the Workers 'Council, as well as with the SŽPD Luka Koper trade unions and the ' Union of port workers of Slovenia OSO KS 90.

14 Natural environment

Luka Koper has always been concerned for improving of the quality of life in the entire area in which the port is situated. To this end, it cooperates and cofunds the educational and research institutions, supports sport, humanitarian and cultural activities. In the development issues it takes into consideration the principles of the sustainable and responsible environment management.

The most important goals in the area of natural environment in 2020 are:

- To successfully carry out the audit in compliance with EMAS requirements,
- Obtainment of the certificate 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 91 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,
- To keep specific consumption of energy at the last year level, despite the increased throughput and enlarged storage areas and namely for motor fuel 0.23 l/t, for electric energy 1.27 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.

14.1 EMAS certificate

In March 2020 Luka Koper, d. d., successfully passed the first certification according to ISO 50001 requirements and obtained the certificate, Likewise the assessment according to EMAS regulation was successfully implemented.

14.2 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.

14.2.1 Total dust in the port

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 exceede 200 mg/m²day and the average of measurement values for the reported period is 100 mg/m²day. In January – March 2020, only one deviation was recorded. The law does not prescribe limit values resp. permitted deviations for such measurements.

Figure 9: Comparison of mean values of PM₁₀

	1 – 3 2020	1 – 3 2019	Index 2020/2019
Average value of dust deposits (mg/m ² day)	100	123	81

14.2.2 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 quarter of 2020 were above the target value 30 µg/m³ (in comparison with the previous year they doubled), but are below the 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.

On the graph below are shown PM₁₀ values for locations within the port, Markovec and Nova Gorica, which doubled in comparison with the same period in the previous year and coincide with higher values in the whole Primorska region. This is mainly attributable to the dust, blossoming this year, since in the first quarter of 2020 there was little precipitations (first quarter 2019 = 152 mm, first quarter 2020 = 88 mm). Last significant rainfall was in the beginning of March.

Figure 14: Situation e PM₁₀ Primorska region

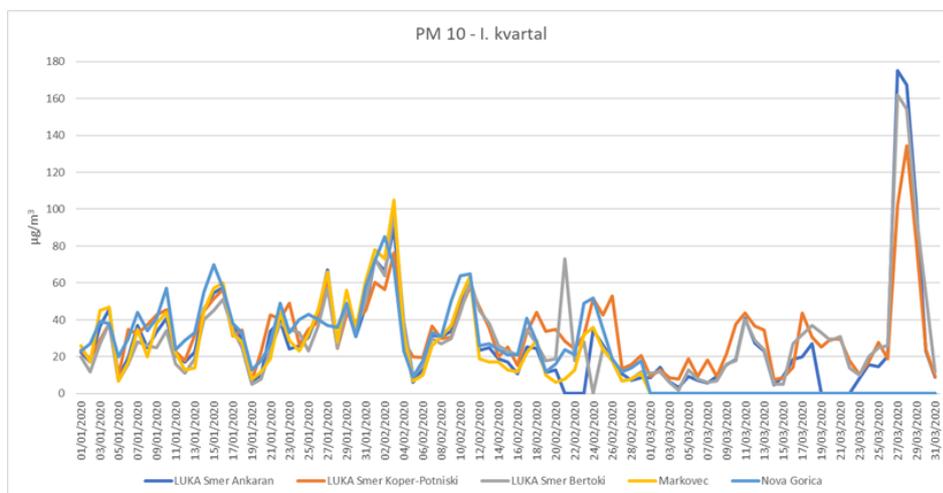


Figure 10: Comparison of mean values PM₁₀

	1 – 3 2020	1 – 3 2019	Index 2020/2019
Ankaran – Rožnik	31 µg/m ³	15 µg/m ³	207
Bertoki	31 µg/m ³	16 µg/m ³	194
Koper – Cruise terminal	35 µg/m ³	17 µg/m ³	206

14.2.3 Emissions of dust prticles on key sources h

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. the company has not yet performed the statutory measurements for 2020.

14.3 Waste management

Various types of waste are generated in the Port of Koper. In terms of the committment 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. Green pruning of local inhabitants is processed into compost.

In the first quarter of 2020, the share of sorted separately collected waste was 91 percent, and thereby the set objective of 91 sorted separately collected waste was achieved. The target reached was higher by 2 percent compared to the previous year.

14.4 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.

In 2019, 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 are in compliance with the requirements of the environmental permit and a newly adopted Decree. Notwithstanding a new Decree, the Company keeps set determined objectives, which were in force under the previous Decree.

Figure 11: Average noise levels (in dB)

1 – 3 2020			1 – 3 2019			Threshold values 2020
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
LD =40	LD =45	LD =53	LD =40	LD =46	LD =53	LD = 65
LV =38	LV =43	LV =51	LV =38	LV =44	LV =52	LV = 60
LN =35	LN =41	LN =50	LN =35	LN =41	LN =50	LN = 55
LDVN =43	LDVN =48	LDVN =57	LDVN =43	LDVN =49	LDVN =57	LDVN = 65

Legend: LD – daily noise level, LV – evening noise level, LN – night noise level, LDVN – noise level day -evening - night

Data in table show the noise without ships and in the front of the first buildings outside the Port's zone

14.5 Energy

Luka Koper, d.d. obtained the certificate to ISO 50001:2018 standard – Energy management system for the work carried out so far in the field of energy management. The implementation of this standard jointly with systematic energy management will result in additional reduction of greenhouse emissions and other related environmental impacts and energy costs. The value of standard as efficient tool for energy management is even bigger because its compliance can be proved by the certification of an independent organisation.

14.5.1 Electricity and water consumption

Specific fuel consumption in the first quarter of 2020 in comparison with 2019 was lower, due to the increased use of electrified RTG cranes. 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. Besides the lower volume of throughput this is the main reason for lower throughput for a specific consumption of electric energy in the first quarter of 2020, in comparison with the same period in 2019. The reason for a higher specific use of water consumption in the first quarter of 2020, in comparison to the year 2019, is in slightly higher absolute water consumption and water loss from the distribution networks.

Figure 12: Specific consumption of energy and water per handled tonne of the total throughput³²

	1 – 3 2020	1 – 3 2019	Index 2020/2019
Consumption electric energy (kWh/t)	0.80	0.72	111
Motor fuel consumption (l/t)	0.120	0.121	99
Water consumption (l/t)	6.58	3.86	170

³² Total throughput comprises maritime throughput, stuffing/unstuffing of containers and land throughput.

14.5.2 Electricity consumption

In the first quarter of 2020, the major consumer of the electric power in the port was the Container terminal, followed by 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 quarter of 2020, the company did not achieve the target value of specific energy consumption.

14.5.3 Motor fuel consumption

In the first quarter of 2020, the Container terminal consumed 59.7 percent of motor fuel of the whole Port, followed by the General cargoes terminal with 8 percent. The major consumers of fuel in the Port are terminal tractors (30.9 percent), followed by forklifts (19 percent) and warehouse cranes (18.4 percent). In the first quarter of 2020, the company achieved the target value of specific consumption of the motor fuel.

14.6 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. The water consumption is not directly reliant on the throughput and it is to a certain extent attributable to water leakages, and therefore it is difficult to manage. The repairs are constantly carried out in order to reduce water leakages. In the first quarter of 2020, the company did not achieve the target value of specific water consumption.

14.6.1 Potable water

In the first quarter of 2020 measurements of the quality of the potable water have not been carried out yet, cruise vessels have not arrived.

14.6.2 Waste waters

In the port mainly urban waste waters are generated and to a lower extent industrial waste waters. 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.

The authorised operator has carried out the sampling of waste waters on two interceptor sludges and the results were adequate. Other samplings at outflows from treatment plants will be carried out during the year.

14.7 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 Luka Koper, d.d. website.

14.8 Marine protection

First inventory of flora and fauna in the Port's aquatorium was carried out. On the basis of all samplings, an overview on the quantity of species in the aquatorium of the Port of Koper will be made. As concerns fauna which comprises only animal species and takes into consideration the results, acquired by samplings of soft sediment seabed and rocky seabed and zooplankton data, the number of total invertebrate species was 325. Adding to this 27 types of fish, then the animal species total 352. Due to the fact that approximately 2,250 species of various sea animals were established in the Slovenian sea so far, this represents approximately 16 percent of all species living in the Slovenian sea.

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.

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.

On the first quarter of 2020, 14 incidents were recorded in the port's aquatorium. In all cases of pollution at sea, which were of smaller, local scale 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. The polluters who were tracked down reimbursed the costs of cleaning.

Number of recorded events in the concession area is attributable to the consistent implementation of workshops on the environmental protection, where the employees are informed about the significance of all recorded events and consequently an efficient intervention.

Figure 13: Statistical data on intervention at sea

	1 – 3 2020	1 – 3 2019	Index 2020/2019
Number of accidents at sea	14	15	93
Number of interventions in the Port's aquatorium	14	13	108
Number of incidents not requiring intervention	0	2	-
Number of pollution incidents outside the Port's aquatorium	0	0	-

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

15 Commitment to the community

Over decades, Luka Koper, d.d. thanks to ambitious business strategy has developed in a successful company, the Port of Koper has grown to an important international distribution center for Central European countries. The port's development, in particular its spatial expansion has characterised the also the outline and activities in Koper bay, which have an impact on lives of people living in the close vicinity of the port. One of the key challenges of Luka Koper, d.d. is and it will be in the future in the development of environmentally acceptable port's activities, higher quality of living and development of the social environment in which is embedded. The balancing of the company's interests are at the forefront, therefore Luka Koper, d.d. in the Strategic business plan until 2025 set itself the objective to reach a strategic agreement on the co-existence and development jointly with the Municipality of Koper (MOK) and the Municipality of Ankaran. Pomembni korak v to smer je bil v letu 2019 s Mestno občino Koper na področju ukrepov za zmanjšanje vplivov portne dejavnosti na okolje in prebivalstva, ki živijo v bližini pristanišča. To soglasje je bilo formalizirano v februarju 2020, s publikacijo javnega razpisa za podelitev subvencij za namene gradnje in nakupa opreme, ki bodo prispevale k zmanjšanju vplivov pristanišča. Pomemben projekt, ki bo olajšal lokalne ceste in periferijo Koperja od prevoza tovora, in povečal kakovost življenja v mestu, je tudi gradnja tretjega prehoda med Ankaranom in Bertopki, ki naj bi bila dokončana do konca leta 2020.

V januarju - marcu 2020 je Luka Koper dodelila 474.500 EUR za sponzorstva in darila, vključno s subvencijami za ukrepe za zmanjšanje vplivov. Denar je bil predvsem namenjen športnikom in športnim združenjem, klubom in organizacijam. Denar, ki ga vsako leto namenimo različnim združenjem za izvedbo dejavnosti in organizacijo dogodkov iz sklada Živeti s pristaniščem, v letošnjem letu ne bo namenjen. Zaradi izbruhov koronavirusa bo Luka Koper namenila denar za humanitarne namene in zlasti za zdravje in humanitarne organizacije, ki pomagajo tistim, ki so prizadeti zaradi epidemije.

Luka Koper je zavedena, da so dobre relacije s strokovnjaki v okolju odvisne od up-to-date, transparentne in pravilne komunikacije. Poleg neposrednih stikov s posamezniki, mediji in ostalimi zainteresiranimi javnostmi, Luka Koper komunicira svoje socialno odgovorne dejavnosti na svoji trajnostni spletni strani Živeti s pristaniščem (www.zivetispristanisce.si) in korporativni spletni strani (www.luka-kp.si) ter na socialnih omrežjih, kot je Facebook, ki ima impresivno število sledilcev – skoraj 10.000. Ker so zaradi pandemije koronavirusa obiski pristanišča bili preklicani, so bili uporabljeni tudi drugi socialni omrežja in kanali za komunikacijo.

ACCOUNTING REPORT

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

16.1 Income statement

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Revenue	54,222,182	59,628,749	55,210,544	60,650,655
Capitalised own products and services	29,837	19,743	29,837	23,628
Other income	675,917	734,005	1,067,930	1,189,492
Cost of material	-4,614,899	-4,417,454	-4,708,375	-4,465,460
Cost of services	-14,417,119	-13,995,695	-13,625,501	-13,310,875
Employee benefits expense	-18,258,197	-16,037,372	-19,892,594	-17,473,004
Amortisation and depreciation expense	-6,755,386	-7,106,635	-6,957,776	-7,280,169
Other operating expenses	-2,559,217	-2,152,579	-2,574,034	-2,187,214
Operating profit	8,323,118	16,672,762	8,550,031	17,147,053
Finance income	97,504	213,134	99,144	203,213
Finance expenses	-150,784	-258,924	-117,559	-212,549
Profit or loss from financing activity	-53,280	-45,790	-18,415	-9,336
Profit or loss of associates	0	0	349,431	416,960
Profit before tax	8,269,838	16,626,972	8,881,047	17,554,677
Income tax expense	-1,353,808	-3,102,106	-1,374,684	-3,176,603
Deferred taxes	-30,500	9,185	-30,500	9,185
Net profit for the period	6,885,530	13,534,051	7,475,863	14,387,259
Net profit attributable to owners of the company	0	0	7,473,740	14,384,401
Net profit attributable to non-controlling interests	0	0	2,123	2,858
Net earnings per share	0.49	0.97	0.53	1.03

Notes to the financial statements are their integral part and shall be read in their conjunction.

16.2 Statement of Other Comprehensive Income

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Profit for the period	6,885,530	13,534,051	7,475,863	14,387,259
Items not to be reclassified into profit/loss in future periods	-4,128,144	-138,836	-4,146,615	-286,611
Change in revaluation surplus of available-for-sale financial assets	784,347	25,954	787,857	54,031
Deferred tax on revaluation of available-for-sale financial assets	-3,343,797	-112,882	-3,358,758	-232,580
Total comprehensive income for the period	3,541,733	13,421,169	4,117,105	14,154,679

16.3 Statement of financial position

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
ASSETS				
Property, plant and equipment	368,195,145	364,056,975	382,434,757	378,579,903
Investment property	24,149,172	24,283,283	15,026,827	15,087,221
Intangible assets	2,118,765	2,053,785	2,337,876	2,286,740
Other assets	15,899,380	17,752,840	15,999,580	17,853,040
Shares and interests in Grou's companies	4,533,063	4,533,063	0	0
Shares and interests in associates	6,737,709	6,737,709	14,149,624	13,800,193
Other non-current investments	32,680,717	36,808,861	36,028,514	40,175,130
Loans given and deposits	4,490	5,078	10,006	10,594
Non-current operating receivables	41,045	41,122	41,045	41,122
Deferred tax assets	7,810,402	7,056,554	7,842,892	7,085,534
Non-current assets	462,169,888	463,329,270	473,871,121	474,919,477
Inventories	1,260,036	1,422,498	1,260,036	1,422,498
Deposits and loans given	7,158	8,798	78,241	79,850
Trade and other receivables	46,750,213	43,342,836	47,206,543	43,828,727
Assets from contracts with customer	403,069	0	403,069	0
Income assets	5,847,184	4,165,130	5,822,306	4,129,542
Cash and cash equivalents	62,113,258	65,846,592	69,765,239	73,030,320
Current assets	116,380,918	114,785,854	124,535,434	122,490,937
TOTAL ASSETS	578,550,806	578,115,124	598,406,555	597,410,414
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	194,311,159	194,311,159	194,311,159	194,311,159
Reserves arising from valuation at fair value	11,237,672	14,581,468	11,589,557	14,948,315
Retained earnings	36,899,194	30,013,664	69,081,053	61,607,313
Equity of owners of the parent	0	0	422,965,437	418,850,455
Non-controlling interests	0	0	241,023	238,901
Equity	390,431,693	386,889,959	423,206,460	419,089,356
Provisions	19,571,070	21,211,774	20,087,838	21,728,542
Deferred income	24,129,669	24,422,250	25,717,667	26,051,821
Loans and borrowings	95,100,578	97,730,871	79,100,578	81,730,871
Other non-current financial liabilities	128,917	185,627	148,839	237,955
Non-current operating liabilities	1,033,707	933,707	1,065,180	965,934
Non-current liabilities	139,963,941	144,484,229	126,120,102	130,715,123
Loans and borrowings	10,521,175	10,521,175	10,521,175	10,521,175
Other current financial liabilities	434,427	406,608	499,322	511,715
Trade and other payables	37,199,570	35,813,153	38,059,496	36,573,045
Current liabilities	48,155,172	46,740,936	49,079,993	47,605,935
TOTAL EQUITY AND LIABILITIES	578,550,806	578,115,124	598,406,555	597,410,414

16.4 Statement of Cash Flows

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	6,885,530	13,534,051	7,475,863	14,387,259
Adjustments for:				
Amortisation/Depreciation	6,755,386	7,106,635	6,957,776	7,280,169
Reversal and impairment losses on property, plant and equipment, and intangible assets	4,064	65	4,225	65
Gain on sale of property, plant and equipment, intangible assets and investment property	0	0	-	-7,114
Allowances for receivables	174,598	144,129	178,179	153,943
Collected written-off receivables and liabilities	-335,122	-33,161	-335,122	-35,545
Reversal of provisions	0	-35,419	-	-35,419
Finance income	-97,504	-213,134	-99,144	-203,213
Finance expenses	150,784	258,924	117,559	212,549
Recognised results of subsidiaries under equity method	0	0	-349,431	-416,960
Income tax expense and income (expenses) from deferred taxes	1,384,308	3,092,921	1,405,184	3,167,418
Profit before change in net current operating assets and taxes	14,922,044	23,855,011	15,355,089	24,503,152
Change in other assets	1,853,460	-5,931,580	1,853,460	-5,693,612
Change in operating receivables	-3,649,197	-5,057,084	-3,600,663	-5,001,217
Change in inventories	162,462	-21,185	162,462	-21,185
Change in operating liabilities	615,907	12,430,175	-2,850,637	12,083,904
Change in provision	-1,640,704	-425,550	-1,640,704	-469,875
Change in non-current deferred income	-292,581	577,826	-334,154	553,272
Cash generated in operating activities	11,971,391	25,427,613	8,944,853	25,954,439
Interest expenses	-153,607	-245,426	-120,362	-199,051
Tax expenses	-3,035,862	-12,290,244	-3,067,448	-12,310,732
Net cash from operating activities	8,781,922	12,891,943	5,757,043	13,444,656
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	97,504	51,822	78,072	41,890
Dividends received and share of profits – other companies	0	133,025	-	133,025
Proceeds from sale of property, plant and equipment, and intangible assets	0	0	-161	7,049
Proceeds from sale, less investments and loans given	2,228	2,150	2,228	2,150
Acquisition of property, plant and equipment, and intangible assets	-9,904,178	-3,922,717	-6,371,257	-4,286,413
Net cash used in investing activities	-9,804,446	-3,735,720	-6,291,118	-4,102,299
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	0	43,716,356	-	43,716,356
Repayment of non-current borrowings	0	-27,714,285	-	-27,714,285
Repayment of current borrowings	-2,630,294	-6,972,580	-2,630,294	-6,972,580
Payment of the leased asset	-81,026	-78,835	-101,222	-76,460
Dividends paid	510	-285	510	-285
Net cash used in financing activities	-2,710,810	8,950,371	-2,731,006	8,952,746
Net increase in cash and cash equivalents	-3,733,334	18,106,594	-3,265,081	18,295,103
Opening balance of cash and cash equivalents	65,846,592	73,376,306	73,030,320	79,583,293
Closing balance of cash and cash equivalents	62,113,258	91,482,900	69,765,239	97,878,396

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	Actuarial gains/losses	
Balance at 31 Dec 2018	58,420,965	89,562,703	18,765,115	156,136,738	29,252,443	11,653,397	-1,146,395	362,644,966
Total comprehensive income for the period								
Profit for the period	0	0	0	0	13,534,051	0	0	13,534,051
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-112,882	0	-112,882
	0	0	0	0	13,534,051	-112,882	0	13,421,169
Balance at 31 Mar 2019	58,420,965	89,562,703	18,765,115	156,136,738	42,786,494	11,540,515	-1,146,395	376,066,135
Balance at 31 Dec 2019	58,420,965	89,562,703	18,765,115	175,546,044	30,013,664	16,010,857	-1,429,389	386,889,959
Total comprehensive income for the period								
Profit for the period	0	0	0	0	6,885,530	0	0	6,885,530
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-3,343,797	0	-3,343,797
	0	0	0	0	6,885,530	-3,343,797	0	3,541,733
Balance at 31 Mar 2020	58,420,965	89,562,703	18,765,115	175,546,044	36,899,194	12,667,061	-1,429,389	390,431,693

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	Actuarial gains/losses			
Balance at 31 Dec 2018	58,420,965	89,562,703	18,765,115	156,136,738	59,274,576	12,730,680	-1,222,788	393,667,989	210,816	393,878,802
Total comprehensive income for the period										
Profit for the period	0	0	0	0	14,384,401	0	0	14,384,401	2,858	14,387,259
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-232,580	0	-232,580	0	-232,580
	0	0	0	0	14,384,401	-232,580	0	14,151,821	2,858	14,154,679
Balance at 31 Mar 2019	58,420,965	89,562,703	18,765,115	156,136,738	73,658,977	12,498,100	-1,222,788	407,819,810	213,674	408,033,484
Balance at 31 Dec 2019	58,420,965	89,562,703	18,765,115	175,546,044	61,607,313	16,504,609	-1,556,294	418,850,456	238,899	419,089,355
Total comprehensive income for the period										
Profit for the period	0	0	0	0	7,473,740	0	0	7,473,740	2,123	7,475,863
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-3,358,758	0	-3,358,758	0	-3,358,758
	0	0	0	0	7,473,740	-3,358,758	0	4,114,982	2,123	4,117,105
Balance at 31 Mar 2020	58,420,965	89,562,703	18,765,115	175,546,044	69,081,052	13,145,852	-1,556,295	422,965,436	241,023	423,206,459

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 – March 2020 resp. as at 31 March 2020 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 31 March 2020:

- 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.

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.

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 – March 2020, in comparison with the comparable data for the previous year, together with the company's financial position as at 31 March 2020 in comparison with 31 December 2019.

Financial statements of Luka Koper, d. d. and consolidated financial statements of Luka Koper Group for the reporting period January – March 2020 are not audited, whilst they were audited for the comparable period as at 31. December 2019.

Given the uncertainty regarding the further development of the events of the COVID-19 outbreak, the management closely monitors the developments and implements measures to ensure the appropriate amount of liquid assets for further development and operations.

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 recognized in the period for which the estimates are modified, or in the coming periods that are impacted by respective changes.

18 Additional notes to Income Statement

Net revenue od sale

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Revenue from sales with domestic customers based on contract with customer	16,994,975	19,806,188	17,811,395	20,671,130
- services	16,994,975	19,799,274	17,811,395	20,664,216
- goods and material	0	6,914	0	6,914
Revenue from sales with foreign customers based on contract with customer	36,771,291	39,407,970	36,973,392	39,616,010
- services	36,771,291	39,407,970	36,973,392	39,616,010
Revenue from sales with domestic customers from rentals	454,933	413,343	424,774	362,267
Revenue from sales with foreign customers from rentals	983	1,248	983	1,248
Total	54,222,182	59,628,749	55,210,544	60,650,655

Other revenue

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Other operating income	335,122	68,580	726,746	523,443
Reversal of provisions	0	35,419	0	35,419
Subsidies, grants and similar income	0	0	391,624	445,365
Revaluation operating income	335,122	33,161	335,122	42,659
Income on sale of property, plant and equipment and investment property	0	0	0	7,114
Collected written-off receivables and written-off liabilities	335,122	33,161	335,122	35,545
Other income	340,795	665,425	341,184	666,049
Compensations and damages	211,507	571,224	211,841	571,829
Subsidies and other income not related to services	122,468	92,845	122,468	92,845
Other income	6,820	1,356	6,875	1,375
Total	675,917	734,005	1,067,930	1,189,492

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.

Revaluation operating income comprises revenue from sale of, plant and equipment and investment property and from reversal of impairment of receivables. The increase of collected written-off receivables and written-off liabilities account mainly for reversal of impairment of receivables of one customer in controlling company, who settled its liabilities in the beginning of the business year.

Received compensations and damages of Luka Koper, d. d. is mostly related to the received compensation for damages, which decreased mainly due to the deferral of the received compensation for the damaged crane completed in the previous year.

Cost of material

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Cost of material	0	0	127	259
Cost of auxiliary material	613,838	695,179	642,828	724,699
Cost of spare parts	1,967,087	1,495,285	1,962,550	1,451,363
Cost of energy	1,825,652	2,057,154	1,884,044	2,108,153
Cost of office stationary	61,012	59,322	65,708	62,653
Other cost of material	147,310	110,514	153,118	118,333
Total	4,614,899	4,417,454	4,708,375	4,465,460

Cost of services

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Port services	6,614,503	6,991,691	6,010,367	6,496,475
Cost of transportation	34,523	53,305	40,791	60,703
Cost of maintenance	1,877,767	1,988,272	1,793,316	1,965,324
Rentals	28,554	24,915	40,930	44,429
Reimbursement of labour-related costs	59,867	86,640	61,811	90,660
Costs of payment processing, bank charges and insurance premiums	267,326	249,254	285,393	268,236
Cost of intellectual and personal services	234,452	365,439	240,325	372,711
Advertising, trade fairs and hospitality	350,580	227,789	352,050	229,714
Costs of services provided by individuals not performing business activities	63,197	80,122	64,746	82,616
Sewage and disposal services	361,809	235,350	167,462	134,564
Information support	737,885	644,394	774,799	679,187
Concession-related costs	1,836,048	2,036,849	1,836,048	2,036,849
Transshipment fee	1,272,223	546,198	1,272,223	546,198
Costs of other services	678,385	465,477	685,240	303,209
Total	14,417,119	13,995,695	13,625,501	13,310,875

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 in 2019.

As of March 2019, the controlling company started the payment of the transshipment fee, pursuant to the Act regulating the construction, operation and management of Divača-Koper railway line. In January – March 2020, the transshipment fee was invoiced for all three months, whilst in the same period in 2019, it was invoiced only for one month (March).

Cost of labour

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Wages and salaries	11,968,296	10,733,333	13,034,221	11,686,425
Wage compensations	1,682,340	1,418,088	1,837,007	1,542,601
Costs of additional pension insurance	506,640	415,996	557,549	460,814
Employer's contributions on employee benefits	2,281,263	2,009,152	2,472,674	2,181,566
Annual holiday pay, reimbursements and other costs	1,819,658	1,460,803	1,991,143	1,601,598
Total	18,258,197	16,037,372	19,892,594	17,473,004

In the first quarter of 2020, labour costs increased in comparison with the same period in the preceding year, primarily because of additional recruitments within the framework within the implementation of the port service provision strategy taking place during 2019.

Amortisation and depreciation expense

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Depreciation of buildings	3,270,882	3,215,292	3,391,689	3,336,960
Depreciation of equipment and spare parts	3,077,427	3,485,782	3,205,997	3,607,996
Depreciation of small tools	4,693	3,514	4,791	3,697
Depreciation of investment property	142,777	151,996	60,395	68,640
Amortisation of intangible assets	176,619	170,131	190,463	183,860
Depreciation of investment into foreign-owned assets	2,901	2,877	4,370	4,333
Depreciation of right-of-use	80,087	77,043	100,071	74,683
Total	6,755,386	7,106,635	6,957,776	7,280,169

Other expenses

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Provisions	6,215	0	6,215	0
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	4,064	65	4,225	65
Expenses for allowances for receivables	174,598	144,129	178,179	153,943
Levies that are not contingent upon employee benefits expense and other types of cost	1,714,645	1,699,049	1,727,330	1,713,924
Donations	262,574	64,000	262,574	65,600
Environmental levies	33,426	26,877	30,754	24,142
Awards and scholarship to students inclusive of tax	4,169	5,417	4,169	5,417
Awards and scholarship to students	600	600	600	600
Other costs and expenses	358,926	212,442	359,988	223,523
Total	2,559,217	2,152,579	2,574,034	2,187,214

Levies that are not contingent upon labour costs and other types of costs the Company/Group mostly relate for the use of the construction land.

Other costs and expenses mainly consist of compensations for damage to assets owned by third persons. The damage occurred during the handling of goods in the port.

Finance income and finance expenses

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-3 2020	1-3 2019	1-3 2020	1-3 2019
Finance income from shares and interests	21,072	161,323	21,072	161,323
Finance income from shares and interests in other companies	21,072	161,323	21,072	161,323
Finance income - interest	146	224	177	273
Interest income - other	146	224	177	273
Finance income from operating receivables	76,286	51,587	77,895	41,617
Finance income from operating receivables due from others	76,286	51,587	77,895	41,617
Total finance income	97,504	213,134	99,144	203,213
Finance expenses - interest	-144,466	-245,529	-111,233	-212,302
Interest expenses - Group companies	-33,445	-33,273	0	0
Interest expenses - banks	-110,082	-210,900	-110,082	-210,900
Financial expenses arising from lease liabilities to others	-839	-1,215	-1,151	-1,402
Financial expenses arising from lease liabilities to Group companies	-100	-141	0	0
Finance expenses for financial liabilities	-6,318	-13,395	-6,326	-247
Finance expenses for trade payables	-36	-44	-36	-44
Finance expenses for other operating liabilities	-6,282	-13,351	-6,290	-203
Total finance expenses	-150,784	-258,924	-117,559	-212,549
Net financial result	-53,280	-45,790	-18,415	-9,336

Finance income from shares refers to profits of Group companies in 2019, and which were realised in the current year.

In January – March 2020, finance expenses arising on interests decreased due to the rescheduling of part of loans and were implemented by the controlling company in the beginning of 2019.

Profit

Luka Koper, d. d.

In January – March 2020, the company generated the operating profit in the amount of EUR 8,323,118, whilst in the comparable period in the previous year EUR 16,672,762. The financial result was negative and amounted to EUR -53,280, likewise it was negative in the same period last year when it amounted to EUR 45,790. The profit before tax amounted to EUR 8,269,838, in the same period last year it amounted to EUR 16,626,972. The corporate income tax in the amount of EUR 1,353,808 and deferred taxes were calculated. In the first quarter of 2020 Luka Koper, d. d., generated the net profit in the amount of EUR 6,885,530, whilst the net profit in the comparable period of the previous year amounted to EUR 13,534,051.

Luka Koper Group

In January – March 2020, Luka Koper Group generated the operating profit in the amount of EUR 8,550,031, in the equivalent period last year EUR 17,147,053. The financial result was negative and amounted to EUR -18,415, likewise it was negative in the same period last year when it amounted to EUR -9,336. The attributed result of associated companies amounted to EUR 349,431, in the same period last year to EUR 416,960. The profit before tax amounted to EUR 8,881,047, in the comparable period last year to EUR 17,554,677. In the first quarter of 2020, Luka Koper Group generated the net profit in the amount of EUR 7,745,863 (in the comparable period last year EUR 14,387,259), whereof EUR 7,473,740 (the comparable period last year EUR 14,384,401) is attributable to the owner of the controlling company, to owners of non-controlling interests EUR 2,123 (in the comparable period last year EUR 2,858). The non-controlling interest pertains to the co-owner of the subsidiary TOC, d. o. o.

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Net profit for the period	6,885,530	13,534,051	7,473,740	14,384,401
Total number of shares	14,000,000	14,000,000	14,000,000	14,000,000
Basic and diluted earnings per share	0.49	0.97	0.53	1.03

19 Additional Notes to the Statement of Financial position

Property, plant and equipment

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Land	18,687,326	15,165,920	21,937,550	18,416,144
Buildings	234,987,995	236,619,770	243,501,249	245,246,634
Plant and machinery	87,141,121	87,434,051	89,502,868	89,891,722
Property, plant and equipment being acquired and advances given	26,966,284	24,398,527	26,978,134	24,410,377
Right-of-use	412,419	438,707	514,956	615,026
Total	368,195,145	364,056,975	382,434,757	378,579,903

In January - March 2020, Luka Koper, d. d. invested in property, plant and equipment in the amount of EUR 10,774,688, whilst Luka Koper Group EUR 10,807,592.

The largest investments were the following:

- continued construction of the parking garage for cars,
- continuation of the construction of a new RO-RO berth in Basin III and arrangement of surfaces,
- purchase of RTG crane for the needs of the Container terminal.

Right-of-use assets

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Land	303,459	359,534	314,939	359,534
Buildings	102,966	69,622	81,436	104,155
Plant and machinery	5,994	9,551	118,581	151,337
Total	412,419	438,707	514,956	615,026

Investment property

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Investment property - land	14,506,711	14,506,711	11,256,486	11,256,486
Investment property - buildings	9,642,461	9,776,572	3,770,341	3,830,735
Total	24,149,172	24,283,283	15,026,827	15,087,221

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.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	2,118,765	2,053,785	2,337,876	2,286,740
Total	2,118,765	2,053,785	2,337,876	2,286,740

Other assets

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
31 Dec	17,752,840	4,542,623	17,853,040	4,780,591
Increase	0	19,561,694	485	19,663,194
Transfer between property, plant and equipment	-1,853,460	-6,351,477	-1,853,945	-6,590,745
Reporting date	15,899,380	17,752,840	15,999,580	17,853,040

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 31 March 2020, 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 31 March 2020, shares and interests in associated companies amounted to EUR 6,737,709. In comparison with the situation as at 31 December 2019, their value stood at the same level.

Luka Koper Group

(in EUR)	1-3 2020	1-3 2019
Balance at 1 Jan	13,800,193	13,754,815
Attributed profits	349,431	416,961
- Adria Transport, d. o. o.	65,019	150,074
- Adria-tow, d. o. o.	133,567	180,463
- Adriaфин, d. o. o.	12,375	-8,454
- Avtoservis, d. o. o.	138,470	94,879
Balance at 31 March	14,149,624	14,171,776

Other non-current investments

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Other investments measured at fair value through profit or loss	920,103	920,103	3,405,878	3,405,878
Other investments measured at fair value through comprehensive income	31,760,614	35,888,758	32,622,636	36,769,252
Total	32,680,717	36,808,861	36,028,514	40,175,130

Deferred tax

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	Deferred tax assets		Deferred tax liabilities		Deferred tax assets		Deferred tax liabilities	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
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	9,155,381	9,155,381	2,971,285	3,755,633	9,176,547	9,176,547	3,083,593	3,871,451
- allowances for trade receivables	221,510	252,010	0	0	296,049	326,549	0	0
- provisions for retirement benefits	348,268	348,268	0	0	392,450	392,450	0	0
- provisions for jubilee premiums	63,807	63,807	0	0	68,718	68,718	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	10,781,687	10,812,187	2,971,285	3,755,633	10,926,485	10,956,985	3,083,593	3,871,451
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,971,285	-3,755,633	-2,971,285	-3,755,633	-3,083,593	-3,871,451	-3,083,593	-3,871,451
Total	7,810,402	7,056,554	0	0	7,842,892	7,085,534	0	0

Trade and other receivables

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Current trade receivables:				
domestic costumers	18,433,739	19,133,717	19,003,177	19,612,271
foreign costumers	21,223,743	17,324,285	21,436,552	17,462,130
Current operating receivables due from Group companies	482,809	294,598	0	0
Current operating receivables due from associates	53,663	41,963	53,663	78,263
Current trade receivables	40,193,954	36,794,562	40,493,391	37,152,665
Current dividend receivables	0	36,300	0	0
Advances and collaterals given	60,877	64,999	61,357	65,451
Short-term receivables related to financial revenues	21,072	0	21,052	0
Receivables due from the state	2,010,844	2,340,993	2,125,400	2,471,790
Other current receivables	151,636	220,511	181,604	250,896
Total trade receivables	42,438,383	39,457,365	42,882,804	39,940,802
Short-term deferred costs and expenses	3,828,538	3,447,639	3,840,448	3,450,094
Accrued income	483,292	437,832	483,291	437,831
Right-of-use	403,069	0	403,069	0
Other receivables	4,714,899	3,885,471	4,726,808	3,887,925
Total	47,153,282	43,342,836	47,609,612	43,828,727

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

(in EUR)	31 Mar 2020	Allowances 1 - 3 2020	31 Dec 2019	Allowances 1 - 12 2019
Outstanding and undue trade receivables	32,793,534	-58,589	31,369,533	-54,731
Past due receivables:				
up to 30 days	6,360,766	-59,358	3,749,175	-37,492
31 to 60 days overdue	1,005,202	-91,120	764,795	-76,480
61 to 90 days overdue	162,961	-31,192	494,431	-98,886
91 to 180 days overdue	93,204	-25,699	1,016,842	-296,350
more than 180 days overdue	775,663	-731,418	593,986	-593,961
Total	41,191,330	-997,376	37,988,762	-1,157,900

Movements of trade receivables of Luka Koper Group

(in EUR)	31 Mar 2020	Allowances 1 - 3 2020	31 Dec 2019	Allowances 1 - 12 2019
Outstanding and undue trade receivables	32,868,214	-60,280	31,436,955	-57,137
Past due receivables:				
up to 30 days	6,529,725	-59,383	3,945,120	-39,450
31 to 60 days overdue	1,048,089	-99,664	830,886	-83,089
61 to 90 days overdue	180,725	-34,447	496,075	-99,215
91 to 180 days overdue	105,923	-39,471	1,023,518	-298,619
more than 180 days overdue	1,153,985	-1,100,024	970,320	-972,700
Total	41,886,661	-1,393,269	38,702,874	-1,550,210

Cash and cash equivalents

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Cash in hand	145	140	13,489	11,397
Bank balances	12,113,113	15,846,452	17,771,750	21,038,923
Current deposits	50,000,000	50,000,000	51,980,000	51,980,000
Total	62,113,258	65,846,592	69,765,239	73,030,320

Equity

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
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	194,311,159	194,311,159	194,311,159	194,311,159
<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>175,546,044</i>	<i>175,546,044</i>	<i>175,546,044</i>	<i>175,546,044</i>
Reserves arising from valuation at fair value	11,237,672	14,581,468	11,589,557	14,948,315
Retained earnings	30,013,664	10,604,358	61,607,313	40,619,540
Net profit for the period	6,885,530	19,409,306	7,473,740	20,987,773
Equity of owners of the parent	390,431,693	386,889,959	422,965,437	418,850,455
Non-controlling interests	0	0	241,023	238,901
Equity	390,431,693	386,889,959	423,206,460	419,089,356

Provisions

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Provisions for retirement benefits and similar obligations	5,178,957	5,298,377	5,695,725	5,815,145
Provisions for legal disputes	14,392,113	15,913,397	14,392,113	15,913,397
Total	19,571,070	21,211,774	20,087,838	21,728,542

Movement of 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 2018	3,000,217	572,352	632,262	4,204,831	15,255,961	19,460,792
Movement:						
Formation	777,894	153,642	960,740	1,892,276	2,011,284	3,903,560
Transfer	0	0	-207,453	-207,453	0	-207,453
Use	-89,523	-52,982	-424,803	-567,308	-584,891	-1,152,199
Reversal	-22,613	-1,356	0	-23,969	-768,957	-792,926
Balance at 31 Dec 2019	3,665,975	671,656	960,746	5,298,377	15,913,397	21,211,774
Movement:						
Formation	0	0	253,550	253,550	0	253,550
Transfer	0	0	-17,720	-17,720	0	-17,720
Use	0	0	-355,250	-355,250	-1,521,284	-1,876,534
Balance at 31 Mar 2020	3,665,975	671,656	841,326	5,178,957	14,392,113	19,571,070

Movement of provisions of Luka Koper Group

(in EUR)	Termination benefits	Jubilee premiums	Defined contribution retirement benefit plan	Total post-employment benefits	Claims and damages	Total
Balance at 31 Dec 2018	3,361,822	620,254	698,137	4,680,213	15,255,961	19,936,174
Movement:						
Formation	899,477	170,525	960,740	2,030,742	2,011,284	4,042,026
Use	-107,632	-65,517	-698,131	-871,280	-584,891	-1,456,171
Reversal	-22,613	-1,917	0	-24,530	-768,957	-793,487
Balance at 31 Dec 2019	4,131,054	723,345	960,746	5,815,145	15,913,397	21,728,542
Movement:						
Formation	0	0	253,550	253,550	0	253,550
Use	0	0	-372,970	-372,970	-1,521,284	-1,894,254
Balance at 31 Mar 2020	4,131,054	723,345	841,326	5,695,725	14,392,113	20,087,838

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, Luka Koper, 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/Group's position in a dispute with other parties.

Deferred income

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Long-term deferred income for regular maintenance	19,888,989	20,154,593	19,888,989	20,154,593
Non-refundable grants received	4,240,680	4,267,657	4,499,366	4,539,574
Other non-current deferred income	0	0	1,329,312	1,357,654
Total	24,129,669	24,422,250	25,717,667	26,051,821

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 utilizing 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 non-refundable funds for investments into EU development projects which are recorded by the controlling company and are utilized 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. 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.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Non-current financial liabilities to Group companies	16,000,000	16,000,000	0	0
Non-current borrowings from domestic banks	55,002,217	57,058,740	55,002,217	57,058,740
Non-current borrowings from foreign banks	24,098,361	24,672,131	24,098,361	24,672,131
Total	95,100,578	97,730,871	79,100,578	81,730,871

Non-current financial liabilities to Group companies remained at the same level as 31 December 2019, whilst in the Luka Koper Group they were excluded in the consolidation process.

Current borrowings

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Current borrowings from domestic banks	8,226,093	8,226,093	8,226,093	8,226,093
Current borrowings from foreign banks	2,295,082	2,295,082	2,295,082	2,295,082
Total	10,521,175	10,521,175	10,521,175	10,521,175

Trade and other payables

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Current liabilities to:				
domestic suppliers	19,927,508	21,406,588	20,202,482	21,673,532
foreign suppliers	836,800	1,241,253	851,424	1,253,926
Current liabilities to Group companies	553,119	489,859	0	0
Current liabilities to associates	117,928	91,305	117,928	91,305
Current trade payables	21,435,355	23,229,005	21,171,834	23,018,763
Current liabilities from advances	2,220,574	3,496,747	2,398,207	3,665,707
Current liabilities to employees	5,265,374	5,280,131	5,613,856	5,640,827
Current liabilities to state and other institutions	13,559	11,729	62,796	21,023
Total operating liabilities	28,934,862	32,017,612	29,246,693	32,346,320
Accrued costs	8,264,708	3,795,541	8,812,803	4,226,725
Other operating liabilities	8,264,708	3,795,541	8,812,803	4,226,725
Total	37,199,570	35,813,153	38,059,496	36,573,045

The accrued costs comprise the accrued costs for the concession fee, costs of holiday bonus, costs for the collective job performance, 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.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Guarantees given	3,110,000	2,610,000	3,440,709	2,940,709
Securities given	2,691,334	2,832,122	2,691,334	2,832,122
Contingent liabilities under legal disputes	2,792,791	2,792,791	2,792,791	2,792,791
Commitments for the purchase of assets	19,053,299	25,082,672	19,287,099	25,316,472
Total	27,647,425	33,317,586	28,211,934	33,882,095

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./the Luka Koper Group and the Government of the Republic of Slovenia

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	Payments in period 1-3 2020	Costs/ expenses in period 1-3 2020	Payments in period 1-3 2019	Costs/ expenses in period 1-3 2019	Payments in period 1-3 2020	Costs/ expenses in period 1-3 2020	Payments in period 1-3 2019	Costs/ expenses in period 1-3 2019
Concessions and water fee	1,789,154	1,836,048	1,789,154	2,036,849	1,789,154	1,836,048	1,789,154	2,036,849
Transshipment tax	1,200,143	1,272,223	0	546,198	1,200,143	1,272,223	0	546,198
Corporate income tax (taxes and advance payments)	3,035,862	1,353,808	787,926	3,102,106	3,067,448	1,374,684	808,918	3,176,603
Other taxes and contributions	2,295,173	2,281,263	2,016,040	2,009,152	2,361,800	2,472,674	2,206,167	2,181,566
Total	8,320,332	6,743,342	4,593,120	7,694,305	8,418,545	6,955,629	4,804,239	7,941,216

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 throughput.

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 quarter of 2020, sales transactions conducted between Luka Koper, d. d., and entities in which the state has directly dominant influence were recorded at EUR 2,607,938 and purchasing transactions amounted to EUR 1,876,948. 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 31 March 2020, Luka Koper, d. d., recorded receivables in the amount of EUR 2,052,686 and the liabilities in the amount of EUR 21,437,619. The largest part of liabilities includes the loan given by SID – Slovenska izvozna in razvojna banka, d. d., which was raised under market terms.

Luka Koper Group

In the first quarter of 2020, Luka Koper Group, conducted transactions in the amount of EUR 2,615,174 referring to the sales to companies where the State has direct dominant influence, and transactions in the amount of EUR 1,902,832 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 31 March 2020, Luka Koper Group, recorded receivables in the amount of EUR 2,098,891 and liabilities in the amount of EUR 21,447,098. The largest part of liabilities includes the loan given by SID – Slovenska izvozna in razvojna banka, d. d., which was raised under market terms.

Transactions with natural persons

In January - March 2020, 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 risk comprises:

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 organized 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 31 March 2020, Luka Koper, d. d. had invested 5.6 percent of its assets (at the end of the previous year 6.4 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 recognized with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 31 March 2020, the value of non-current investments at fair value amounted to EUR 32,680,717.

Sensitivity analysis of finance investments at fair value:

Risk of change at fair value of securities as at 31 March 2020

Luka Koper, d. d.	
Change of index in %	Impact on equity
-10%	-3,268,072
10%	3,268,072

Risk of change at fair value of securities as at 31 December 2019

Luka Koper, d. d.	
Change of index in %	Impact on equity
-10%	-3,680,886
10%	3,680,886

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 3,268,072. 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 recognized 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)	Luka Koper, d. d.			
	Valuation at fair value			
	Carrying amount at 31 Mar 2020	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	32,680,717	31,760,614	0	920,103

	Valuation at fair value			
	Carrying amount at 31 Dec 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	36,808,861	35,888,758	0	920,103

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 31 March 2020, Luka Koper Group had invested 6.0 percent (as at 31 December 2019, 6.7 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 recognized with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 31 March 2020 the value of non-current investments at fair value amounted to EUR 36,028,514.

Sensitivity analysis of finance investments at fair value:

Risk of change at fair value of securities as at 31 March 2020

Luka Koper Group	
Change of index in %	Impact on equity
-10%	-3,602,851
10%	3,602,851

Risk of change at fair value of securities as at 31 December 2019

Luka Koper Group	
Change of index in %	Impact on equity
-10%	-4,017,513
10%	4,017,513

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 3,602,851. 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 recognized 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)	Luka Koper Group			
	Valuation at fair value			
	Carrying amount at 31 Mar 2020	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	36,028,514	32,622,636	0	3,405,878

(in EUR)	Luka Koper Group			
	Valuation at fair value			
	Carrying amount at 31 Dec 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	40,175,130	36,769,252	0	3,405,878

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.

To calculate Level 3 value, the Company/Group uses the information available to it to compare the value of the investment that the Company/Group discloses in the books of account with relative value in the equity of the investment company at the balance sheet day.

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.

As at 31 March 2020 the share of financial liabilities (without other liabilities), stood at the same level as in 2019, in the amount of 18.7 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 45.9 percent (the same as at 31 December 2020); the remaining 54.1 percent of borrowings were concluded with a fixed interest rate.

Overview exposure

(in EUR)	31 Mar 2020	Exposure 31 Mar 2020	31 Dec 2019	Exposure 31 Dec 2019
Borrowings received at variable interest rate (without interest rate hedge)	49,717,213	45.9%	49,717,213	45.9%
Borrowings received at nominal interest rate	58,534,833	54.1%	58,534,833	54.1%
Total	108,252,046	100.0%	108,252,046	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 31 Mar 2020				
3M EURIBOR	48,268,443	39,590	65,984	178,561
Total effect on interests expenses	48,268,443	39,590	65,984	178,561
Balance at 31 Dec 2019				
3M EURIBOR	49,717,213	40,451	67,418	174,876
Total effect on interests expenses	49,717,213	40,451	67,418	174,876

The analysis of financial liabilities' sensitivity to changes in variable interest rates was based on the assumption of potential growth of interest rates of 15, 25 and 50 base points. As at 31 March 2020, the Company's borrowings not hedged against interest rate were subject to the movement of 3M Euribor.

Luka Koper Group

As at 31 March 2020, the share of financial liabilities (excluding other financial liabilities) decreased in the overall structure of the Group's liabilities from initial 15.4 percent in 2019 to 15.0 percent as at 31 March 2020. The effect of variable interest rates changes on future profit and loss after taxes is shown in the table below.

Possible interest rate fluctuations would consequently have an impact on 53.9 percent (the same as at 31 December 2019) of Group's total borrowings. The remaining 46.1 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	31 Mar 2020	Exposure 31 Mar 2020	31 Dec 2019	Exposure 31 Dec 2019
Borrowings received at variable interest rate (without interest rate hedge)	48,268,443	53.9%	49,717,213	53.9%
Borrowings received at nominal interest rate	41,353,310	46.1%	42,534,833	46.1%
Total	89,621,753	100.0%	92,252,046	100.0%

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

(in EUR)	Borrowings from banks under the variable interest rate	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
Balance at 31 Mar 2020				
3M EURIBOR	4,268,443	35,590	65,984	178,561
Total effect on interests expenses	4,268,443	35,590	65,984	178,561
Balance at 31 Dec 2019				
3M EURIBOR	49,717,213	40,451	67,418	174,876
Total effect on interests expenses	49,717,213	40,451	67,418	174,876

The analysis of financial liabilities' sensitivity to changes in variable interest rates was based on the assumption of potential growth of interest rates of 15, 25 and base 50 points. As at 31 March 2020, the Group's borrowings not hedged against interest rate risk were subject to the movement of the 3M Euribor.

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	
31 Mar 2020						
Loans and borrowings*	2,630,294	7,890,881	26,521,175	31,563,524	37,015,880	105,621,752
Accrued interest maturing in the next calendar year	178,629	521,121	597,794	1,059,806	512,315	2,869,665
Other financial liabilities	227,198	207,229	107,320	21,598	0	563,344
Payables to suppliers	21,435,355	0	0	0	0	21,435,355
Other operating liabilities	7,499,507	0	0	0	0	7,499,507
Total	31,970,983	8,619,231	27,226,288	32,644,928	37,528,195	137,989,624
31 Dec 2019						
Loans and borrowings*	2,630,294	7,890,881	26,521,175	31,563,524	39,646,174	108,252,046
Accrued interest maturing in the next calendar year	181,866	525,920	636,777	1,083,896	547,761	2,976,220
Other financial liabilities	592,235	0	0	0	0	592,235
Payables to suppliers	23,229,005	0	0	0	0	23,229,005
Other operating liabilities	8,788,607	0	0	0	0	8,788,607
Total	35,422,006	8,416,801	27,157,952	32,647,420	40,193,935	143,838,113

* The item includes also the borrowings from associates

(in EUR)	Luka Koper Group					Total
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	
31 Mar 2020						
Loans and borrowings	2,630,294	7,890,881	10,521,175	31,563,524	37,015,880	89,621,752
Accrued interest maturing in the next calendar year	145,184	420,499	496,826	1,059,806	512,315	2,634,631
Other financial liabilities	231,449	267,873	127,241	21,598	0	648,161
Payables to suppliers	21,171,834	0	0	0	0	21,171,834
Other operating liabilities	8,074,859	0	0	0	0	8,074,859
Total	32,253,620	8,579,253	11,145,242	32,644,928	37,528,195	122,151,237
31 Dec 2019						
Loans and borrowings	2,630,294	7,890,881	10,521,175	31,563,524	39,646,174	92,252,046
Accrued interest maturing in the next calendar year	148,420	425,126	502,537	1,083,896	547,761	2,707,740
Other financial liabilities	749,670	0	0	0	0	749,670
Payables to suppliers	23,018,763	0	0	0	0	23,018,763
Other operating liabilities	9,327,557	0	0	0	0	9,327,557
Total	35,874,704	8,316,007	11,023,712	32,647,420	40,193,935	128,055,776

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, an 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.

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Non-current loans	4,490	5,078	10,006	10,594
Non-current operating liabilities	41,045	41,122	41,045	41,122
Non-current deposits	0	0	71,083	71,052
Current loans	7,158	8,798	7,158	8,798
Current trade receivables	40,193,954	36,794,562	40,493,391	37,152,665
Other current receivables	2,244,429	2,662,803	2,389,413	2,788,137
Cash and cash equivalents	62,113,258	65,846,592	69,765,239	73,030,320
Guarantees and collaterals granted	5,801,334	5,442,122	6,132,043	5,772,831
Total	110,405,668	110,801,077	118,909,379	118,875,519

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 55 percent. As at 31 March 2020, the percentage in the company was 32.5 percent, which is a decrease by 0.6 percent compared to 31 December 2019, in the Luka Koper Group 29.3 percent, which is 0.5 percent decrease compared to 31 December 2019.

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	31 Mar 2020		31 Dec 2019		31 Mar 2020		31 Dec 2019	
	in EUR	share (in %)	in EUR	share (in %)	in EUR	share (in %)	in EUR	share (in %)
Equity	390,431,693	67.5%	386,889,959	66.9%	423,206,460	70.7%	419,089,356	70.2%
Non-current liabilities	139,963,941	24.2%	144,484,229	25.0%	126,120,102	21.1%	130,715,123	21.9%
Current liabilities	48,155,172	8.3%	46,740,936	8.1%	49,079,993	8.2%	47,605,935	8.0%

20 Statement on 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 31 March 2020, 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 – March 2020 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper Group annual reports 2019.

These condensed interim statements for the period ending 31 March 2020, 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 2019. Financial statements for 2019 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, M.Sc.

Member of the Management Board



Vojko Rotar

Member of the Management Board –

Labour director

Koper, 19. 5. 2020