

2020

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

Luka Koper Group
and Luka Koper, d. d.

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INTRODUCTION

1 Performance highlights of Luka Koper Group in January - June 2020

In January – June 2020, net revenue from sale achieved EUR 107 million and were by 11 percent resp. by EUR 13.1 million lower than in the comparable period in 2019. Net revenue from sale relating to market activity were by 11 percent resp. by EUR 13.2 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 3 percent resp. by EUR 108.7 thousand. Lower revenue relating to 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 – June 2020, net revenue from sale of Luka Koper Group were by 12 percent resp. by EUR 14.2 million lower than planned.



107 mio. EUR

Net revenue from sale

-11 % 2020/2019

-12 % 2020/PLAN 2020

In January – June 2020, the net revenue from sale of Luka Koper Group from the market activity in January – June 2020 lagged behind the planned revenue from sale by 9 percent resp. by EUR 9.9 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 53 percent resp. by EUR 4.4 million. Not achieving of planned net revenue from sale relating to the the market activity mainly resulted from the COVID-19 outbreak and economic slowdown. The decline in bulk and bulk cargo throughput was further influenced by European Union legislation, which provides for full decarbonisation in the coming years, and the introduction of environmental charges for CO2 emissions.

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

Cargo groups (in tons)	1–6 2020	1–6 2019	Index 2020/2019
Generalni cargoes	477,061	704,251	68
Containers	4,717,971	4,933,769	96
Cars	433,876	528,757	82
Liquid cargoes	1,655,816	1,914,681	86
Dry and bulk cargoes	2,849,092	3,837,260	74
Total	10,133,815	11,918,719	85

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

Cargo groups	1-6 2020	1-6 2019	Index 2020/2019
Containers – number	274,803	290,988	94
Containers – TEU	478,662	497,879	96
Cars– piece	271,858	341,990	79



17 mio. EUR

-42 % 2020/2019

Earnings before interest and taxes
(EBIT)

+3 % 2020/PLAN 2020

Earnings before taxes and interests (EBIT) of Luka Koper Group in January – June 2020 amounted to EUR 17 million, which is 42 percent resp. EUR 12.3 million decrease compared to January – June 2019. Lower earnings before taxes and interests (EBIT) in 2020 compared to 2019 were mainly due to lower net revenue from sale by EUR 13.1 million resulting from the drop in volume of throughput and higher labour costs which increased by EUR 2.9 million in 2020.

Earnings before interest and taxes (EBIT) of Luka Koper Group in January – June 2020 was by 3 percent resp. by EUR 455.1 thousand higher than planned despite lower net revenue from sale. The achieved earnings before interest and taxes were higher than planned due to lower cost of material, services, labour costs and depreciation and other higher revenue.



31 mio. EUR

-29 % 2020/2019

Earnings before interest, taxes,
depreciation and amortisation
(EBITDA)

-1 % 2020/PLAN 2020

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in the first half of 2020 amounted to EUR 31 million, which was a decrease of 29 percent resp. EUR 13 million from the same period last year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of Luka Koper Group in January – June 2020 was lower than planned.



29 %

-21 % 2020/2019

EBITDA margin

+13 % 2020/PLAN 2020

EBITDA margin of Luka Koper Group in January – June 2020 amounted to 29 percent, which was a decrease of 21 percent resp. 7.7 percentage point from 2019.

EBITDA margin of Luka Koper Group in January – June 2020 was higher by 13 percent resp. by 3.3 percentage point when compared to the budgeted margin.

EBITDA margin of Luka Koper Group from market activity accounted for 30.4 percent, which was an increase of 9 percent resp. 2.5 percentage point when compared to the plan.



15 mio. EUR

Net profit or loss

-40 % 2020/2019

-1 % 2020/PLAN 2020

In the first half of 2020, net profit or loss of the Luka Koper Group amounted to EUR 15 million, which was 40 percent resp. EUR 10.1 million decline in comparison to the first half of 2019. Alongside previously explained impacts on 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 half of 2020, net profit or loss of the Luka Koper Group was by 1 percent resp. by EUR 113.5 thousand lower than the budgeted amount.



16 mio. EUR

investments

+24 % 2020/2019

-61 % 2020/PLAN 2020

In January – June 2020, Luka Koper Group allocated EUR 16 million¹ for investments in property, plant and equipment, investment property and intangible assets, which is EUR 3.2 million ahead on the comparable period in 2019. Investments were mainly allocated to the construction of the parking garage, construction of a new RO-RO berth, construction of railway tracks and the purchase of a new transshipment machinery.

In the first half of 2020, investment expenditure was by 61 percent resp. by EUR 25.4 million lower than planned. Due to the COVID-19 epidemic, the delivery of the transshipment machinery was delayed and will be realised in the third quarter of 2020.



7 %

Return on equity (ROE)

-44 % 2020/2019

-2 % 2020/PLAN 2020

In the first half of 2020, the return on equity (ROE)² amounted to 7 percent, which was by 44 percent resp. by 5.6 percentage point decline compared the same period last year. The return on equity (ROE) was by 2 percent resp. by 0.2 percentage point lower when compared to the plan.

¹ Excluding advances for equipment.

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

**0.1**

net financial debt /EBITDA

-0.1 2020/2019

-0.4 2020/PLAN 2020

Indicator of net financial debt /EBITDA³ in January – June 2020 amounted to 0.1, in 2019 to 0.2. 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 – June 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 - June 2020 in comparison to 2019

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 - 6 2020	1 - 6 2019	Index 2020/ 2019	1 - 6 2020	1 - 6 2019	Index 2020/ 2019
Net sales	104,874,655	117,857,106	89	106,775,706	119,903,832	89
Earnings before interest and taxes (EBIT) ⁴	16,983,225	28,603,752	59	17,247,961	29,587,548	58
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ⁵	30,576,048	42,910,759	71	31,240,460	44,256,969	71
Profit or loss from financing activity	507,200	1,147,006	44	-112,583	-112,554	100
Profit before tax	17,490,425	29,750,758	59	17,604,563	30,287,615	58
Net profit or loss	15,001,011	24,821,409	60	15,086,201	25,197,558	60
Added value ⁶	67,726,962	77,458,961	87	71,740,814	81,730,686	88

Statement of financial position (in EUR)			Index 2020/ 2019			Index 2020/ 2019
	30.06.2020	31.12.2019		30.06.2020	31.12.2019	
Assets	591,265,852	578,115,124	102	610,653,588	597,410,414	102
Non-current assets	468,651,903	463,329,270	101	479,494,725	474,919,477	101
Current assets	122,613,949	114,785,854	107	131,158,863	122,490,937	107
Own funds	405,022,226	386,889,959	105	437,283,676	419,089,356	104
Non-current liabilities with provisions and long-term accruals and deferred revenue	137,354,657	144,484,229	95	123,447,552	130,715,123	94
Short-term liabilities	48,888,969	46,740,936	105	49,922,360	47,605,935	105
Financial liabilities	104,376,248	108,844,281	96	88,448,989	93,001,716	95

Investments (in EUR)						
	1 - 6 2020	1 - 6 2019	Index 2020/ 2019	1 - 6 2020	1 - 6 2019	Index 2020/ 2019
Investments in property, plant and equipment, investment property and intangible assets ⁷	16,293,765	12,617,195	129	16,332,799	13,133,508	124

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.			Skupina Luka Koper		
	1 – 6 2020	1 – 6 2019	Index 2020/2019	1 – 6 2020	1 – 6 2019	Index 2020/2019
Return on sales (ROS) ⁸	16.2%	24.3%	67	16.2%	24.7%	65
Return on equity (ROE) ⁹	7.6%	13.5%	56	7.0%	12.7%	56
Return on assets (ROA) ¹⁰	5.1%	8.7%	59	5.0%	8.6%	58
EBITDA margin ¹¹	29.2%	36.4%	80	29.3%	36.9%	79
EBITDA margin from market activity ¹²	30.3%	37.6%	80	30.4%	38.1%	80
Financial liabilities/equity	25.8%	36.0%	72	20.2%	29.2%	69
Net financial debt /EBITDA ¹³	0.5	0.5	107	0.1	0.2	56

Maritime throughput (in tons)	1 – 6 2020	1 – 6 2019	Index 2020/2019	1 – 6 2020	1 – 6 2019	Index 2020/2019
Maritime throughput	10,133,815	11,918,719	85	10,133,815	11,918,719	85

Number of employees	1 – 6 2020	1 – 6 2019	Index 2020/2019	1 – 6 2020	1 – 6 2019	Index 2020/2019
Number of employees	1,533	1,508	102	1,697	1,662	102

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 indicators of Luka Koper, d. d., and Luka Koper Group in January - June 2020 in comparison with the plan 2020

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	1 - 6 2020	Plan 1 - 6 2020	Index 2020/ plan 2020	1 - 6 2020	Plan 1 - 6 2020	Index 2020/ plan 2020
Net sales	104,874,655	119,186,526	88	106,775,706	121,012,035	88
Earnings before interest and taxes (EBIT) ¹⁴	16,983,225	16,462,268	103	17,247,961	16,792,862	103
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹⁵	30,576,048	30,677,026	100	31,240,460	31,418,279	99
Profit or loss from financing activity	507,200	848,755	60	-112,583	-170,170	66
Profit before tax	17,490,425	17,311,023	101	17,604,563	17,093,873	103
Net profit or loss	15,001,011	15,439,657	97	15,086,201	15,199,678	99
Added value ¹⁶	67,726,962	69,776,409	97	71,740,814	73,827,897	97

Statement of financial position (in EUR)	30.06.2020	Plan 30.06.2020	Index 2020/ plan 2020	30.06.2020	Plan 30.06.2020	Index 2020/ plan 2020
Assets	591,265,852	582,426,129	102	610,653,588	602,713,000	101
Non-current assets	468,651,903	476,650,602	98	479,494,725	486,787,746	99
Current assets	122,613,949	105,775,527	116	131,158,863	115,925,254	113
Own funds	405,022,226	397,288,077	102	437,283,676	429,412,442	102
Non-current liabilities with provisions and long-term accruals and deferred revenue	137,354,657	136,984,769	100	123,447,552	123,518,736	100
Short-term liabilities	48,888,969	48,153,283	102	49,922,360	49,781,822	100
Financial liabilities	104,376,248	103,612,600	101	88,448,989	87,873,664	101

Investments (in EUR)	1 - 6 2020	Plan 1 - 6 2020	Index 2020/ plan 2020	1 - 6 2020	Plan 1 - 6 2020	Index 2020/ plan 2020
Investments in property, plant and equipment, investment property and intangible assets ¹⁷	16,293,765	41,402,378	39	16,332,799	41,725,203	39

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 – 6 2020	Plan 1 – 6 2020	Index 2020/ plan 2020	1 – 6 2020	Plan 1 – 6 2020	Index 2020/ plan 2020
Return on sales (ROS) ¹⁸	16.2%	13.8%	117	16.2%	13.9%	116
Return on equity (ROE) ¹⁹	7.6%	7.9%	96	7.0%	7.2%	98
Return on assets (ROA) ²⁰	5.1%	5.3%	96	5.0%	5.1%	98
EBITDA margin ²¹	29.2%	25.7%	113	29.3%	26.0%	113
EBITDA margin from market activity ²²	30.3%	27.6%	109	30.4%	27.9%	109
Financial liabilities/equity	25.8%	26.1%	99	20.2%	20.5%	99
Net financial debt /EBITDA ²³	0.5	0.9	57	0.1	0.5	25

Maritime throughput (in tons)	1 – 6 2020	Plan 1 – 6 2020	Index 2020/ plan 2020	1 – 6 2020	Plan 1 – 6 2020	Index 2020/ plan 2020
Maritime throughput	10,133,815	12,027,128	84	10,133,815	12,027,128	84

Number employees	1 – 6 2020	Plan 1 – 6 2020	Index 2020/ plan 2020	1 – 6 2020	Plan 1 – 6 2020	Index 2020/ plan 2020
Number employees	1,533	1,616	95	1,697	1,778	95

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 revenue 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 – June 2020.

This Non-Audited Report of Luka Koper Group and Luka Koper, d. d., January – June 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 25 August 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., January – June 2020 was addressed by the company's Supervisory Board at its regular session on 25 August 2020.

3 Presentation of Luka Koper Group

3.1 Profile of the company Luka Koper, d. d., as of 17. August 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
	Fax: 05 63 95 020
	Email: portkoper@luka-kp.si
	Website: www.luka-kp.si
	Sustainable development: http://www.zivetispristaniscem.si
Company's resgistration	District Court of Koper, application No. 066/10032200
Company's registration number	5144353000
Tay 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	Ljubljana Stock Exchnage, Prime Market
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 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 30 June 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 as at 30 June 2020

- 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 June 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, commenced a five year term on 16 February 2018.

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

4.2 Luka Koper, d. d. Supervisory Board

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 30. June 2020. the Luka Koper, d. d., 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. Shareholders' Meeting)

Dr. Rado Antolovič, MBA, Member of the Supervisory Board
Commencement of a four year term: 1. July 2017 (28. Shareholders' Meeting)

Mag. Milan Jelenc, Member of the Supervisory Board
Commencement of a four year term: 1. July 2017 (28 Shareholders' Meeting)

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

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

Representatives of the Employees:

Rok Parovel, Member Supervisory Board
Commencement of a four year term: 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. 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 Board:

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

BUSINESS REPORT

5 Significant events, news and achievements in January - June 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 Organisation 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 epidemic.
- 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.

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 Izobraževanje 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.
- In a public tender, the Port of Koper selected the company Kolektor with its partners Grafist and Adriaing as the contractor for the extension of the 100 m container shore.

MAY

- On 4 May 2020, the selection of the contractor for the construction of the operational quay and the rear storage areas for the needs of the Container terminal became final. The selected company Kolektor, jointly with partners Grafist and Adriaing, will start the preparatory works immediately after the signature of the contract, whilst the commencement of works is planned in the summertime. The project concerning the extension of the Pier I comprises the construction of the operational quay of 985 metres in length and 34.4 metres in width and the construction of rear areas on the southern side of the Pier.
- Within the innovations and researches programme Horizon 2020, the European Commission will co-fund the implementation of the European development project 5G-LOGINNOV, in which Luka Koper d.d. jointly with Telekom Slovenia and INTERNET INSTITUT, d. o. o., cooperates with 15 partners from several European countries. The project 5G-LOGINNOV is focusing on the latest 5G technology, and primarily in view of the development of innovative solutions in logistics within the Industry 4.0.
- First vessel from the AEM6 service in Ocean Alliance which will call only three Adriatic ports: Koper, Trst and Rijeka, was berthed at the Container. The Port of Koper remains the first port of call on the route from Asia to the Adriatic, with the most favourable transit time for containers in import.
- At the initiative of the Slovenian Ship and Freight Agents Association, the Ministry of Infrastructure adopted the reduction of 50% of charges for use of aid to navigation (light dues) as of May 1, 2020.
- Within the national campaign for the promotion of the Slovenian economy, Spirit Slovenia – Public Agency include Luka Koper, d.d. among 19 companies as ambassadors which will promote the Slovenian economy in strategic export and investments markets. The slogan of the national campaign for the promotion is feel Slovenia. Green. Creative. Smart.
- On the basis of the Act Determining the intervention measures to contain the COVID-19, the Government of the Republic of Slovenia set a list of 187 important investments to restart the Slovenian economy after COVID-19 epidemic and among them 12 projects pertain to the Port of Koper.

JUNE

- Luka Koper inaugurated a new RO-RO berth in the Basin III, which will be intended to the berthing of the car carrier ships.
- Luka Koper, signed a contract for the construction of the Pier I and storage areas, where containers will be transhipped and stored, with the company Kolektor.
- Luka Koper, d. d., started the construction of the truck entrance in the Port, Bertoki entrance.
- Luka Koper received a lawsuit for payment of EUR 20,718,373.01 from the company IPS Projekt, trgovina in storitve, d. o. o.

6 Relevant post-balance events

JULY

- First railway shipment train from Nitra plant with vehicles Jaguar Land Rover arrived at the Port of Koper.
- Monthly record in stuffing of containers with paper was achieved.
- Luka Koper received the approval for the co-funding of the European project EALING, through which 50-percent of the project documentation relating to the power supply system for ships during the mooring at RO-RO berth in Basin III, will be co-funded.
- Luka Koper, d. d., published the magazine Port's knots, the publication in which for the third year in a row presents the activities, achievements and challenges in the field of sustainable development and is destined to the inhabitants living in close vicinity of the port (both in the Municipality of Koper and Ankaran) who are mostly affected by its impacts.
- After more than a month of navigation from China, a new grab unloader for the transshipment of the coal and iron ore was delivered by the vessel Happy Sky.

AUGUST

- Work has begun on extending the first pier in the port. In the first phase, which will last until the end of March 2021, an operational shoreline will be built. Work will continue on the construction of storage areas for containers and is expected to be completed in 2022.

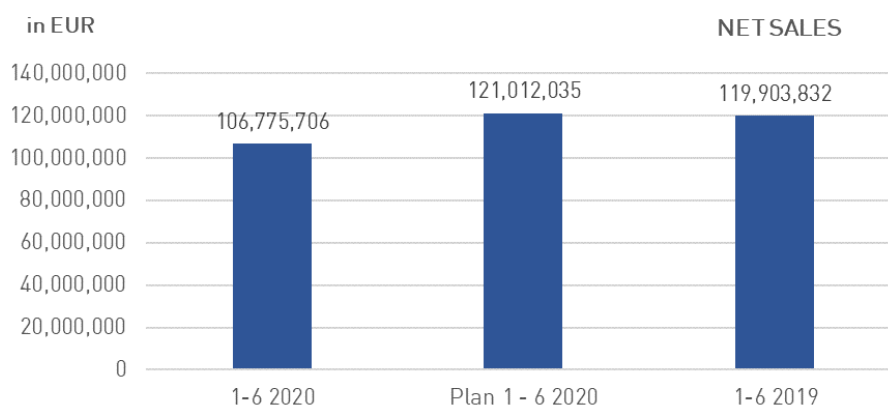
7 Performance analysis

7.1 Performance of Luka Koper Group

7.1.1 Net revenue from sale of Luka Koper Group

In January – June 2020, net revenue from sale amounted to EUR 106.8 million, which is 11 percent resp. EUR 13.1 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 11 percent resp. by EUR 13.2 million lower than the revenue achieved in the previous year, whilst 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 3 percent resp. by EUR 108.7 thousand. Lower revenue from the market activity resulted from the maritime throughput fall, which in comparison to the previous year, decreased by 15 percent. The fall in throughput volume was mainly attributed to the SARS- COVID-19 outbreak and related measures and the economic slowdown.

7.1.2 Capitalized own products and services

In January – June 2020, capitalized own products and services amounted to EUR 77.8 thousand, which is 17 percent resp. EUR 11.1 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 the Luka Koper Group in the first half of 2020 amounted to EUR 4.1 million, and rose by 91 percent resp. by EUR 1.9 million over January – June in 2019. In 2019, reported among other revenue was the received compensation for the crane in the amount of EUR 448.8 thousand. In January – June 2020, revaluation operating income amounted to EUR 364.6 thousand, which was 418 percent resp. EUR 294.2 thousand ahead on the comparable period in 2019 higher revenue from allowances for receivables. Within other revenues in the first half of 2020, was recognised the revenue from written-off liabilities for the payment of pension and disability insurance contributions in compliance with the provisions of the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and mitigate its consequences for citizens and the economy, in the amount of EUR 2.2 million.

7.1.4 Operating expenses

In the first half of 2020, the operating expense of Luka Koper Group amounted to EUR 93.7 million and rose by 1 percent resp. by EUR 1.2 million over the comparable period of the preceding year. Within the operating expenses in comparison with 2019, all types of costs decreased, except labour costs and other operating expenses.

The cost of material of Luka Koper Group in January – June 2020 amounted to EUR 8.7 million, and dropped by 1 percent resp. EUR 115.8 thousand in comparison with 2019. The cost of replacement parts increased, whilst the cost of fuel decreased.

In the first half of 2020, the cost of services of Luka Koper Group amounted to EUR 26.2 million, which was 4 percent resp. EUR 1.2 million decline in comparison with the same period of the preceding year. The cost of services rendered in connection with the core activity decreased in 2019, since the activities related to the establishment of a new business model of the implementation of port's services, have taken place, which had an impact on the cost structure towards the reduction of the cost of services in the performance of the activity. Also the maintenance costs decreased, as well as costs, costs of intellectual and personal services and trade fairs, advertising costs and representation expenses decreased. The cost of other services increased – within the latter, the transshipment fee increased by EUR 264.9 thousand, since as from 1 March 2019, Luka Koper, d. d., started paying the transshipment fee.

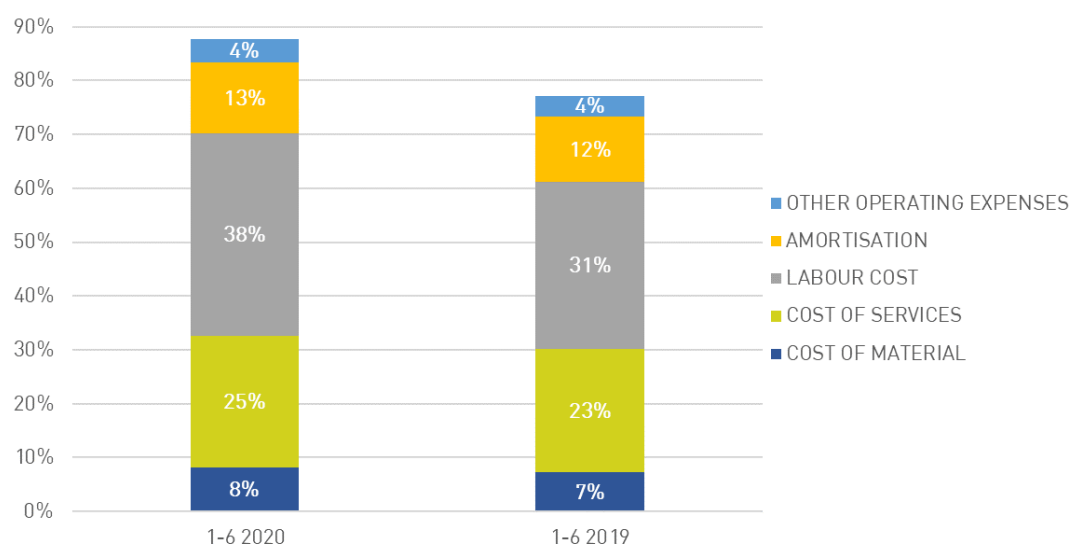
In the first half of 2020, labour costs of Luka Koper Group amounted to EUR 40.1 million, which was 8 percent resp. by EUR 2.9 million ahead on the first half of 2019. The increase of labour costs resulted from a higher number of employees and due to the payment of the crisis supplement to the employees in accordance to the provisions of the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and mitigate its consequences for citizens and the economy. As at 30 June 2020, Luka Koper Group employed a total of 1,697 persons, as at 30 June 2019 1,662 persons, which was an increase of 2 percent resp. 35 employees, since in 2019 Luka Koper Group continued to carry out the action plan for the implementation of strategy of port's services. In January – June 2020, 13 new recruitments were realised in Luka Koper Group. Since the contracts concluded with selected agencies for recruitment of workers were concluded for the period of one year, on May 27 2020, republished the tender for the selection of agencies for hiring 361 agency workers.

In January – June 2020, costs of amortisation of Luka Koper Group amounted to EUR 14 million, which was 5 percent resp. EUR 676.9 thousand decrease in comparison with 2019. Costs decreased as a result of the extension of lifetime of assets.

Other operating costs amounted to EUR 4.7 million, which was 5 percent resp. EUR 218.3 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 – June 2020 amounted to 87.7 percent, which was 10.6 percentage point ahead on 2019. In comparison with 2019, shares of all types of costs increased, except other operating expenses, which remained at the same level.

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 – June 2020, the operating profit (EBIT) of Luka Koper Group amounted to EUR 17.2 million, which is 42 percent resp. EUR 12.3 million decline in comparison with January – June 2019. Lower earnings before interests and taxes (EBIT) in 2020 in comparison to 2019 are primarily attributable to EUR 13.1 million lower net revenue from sale resulting from a lower throughput and labour costs, which increased by EUR 2.9 million in 2020.

Earnings before interest, taxes, depreciation and amortization (EBITDA) of Luka Koper Group in the first half of 2020 amounted to EUR 31.2 million, which was 29 percent resp. EUR 13 million decline in comparison with the same period last year.

EBITDA margin of Luka Koper Group in January – June 2020 amounting to 29.3 percent, decreased by 21 percent resp. by 7,7 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 – June 2020 amounted to - EUR 112.6 thousand, the same as in the comparable period in 2019. The results of associated companies in January – June 2020 increased the profit before tax of Luka Koper by EUR 469.2 thousand, which was 42 percent resp. EUR 343.4 thousand decline in comparison with 2019.

7.1.7 Net profit or loss

Net profit or loss of Luka Koper Group in the first half of 2020 amounted to EUR 15.1 million, which was 40 percent resp. EUR 10.1 million decline compared to the first half of leta 2019. 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 30 June 2020, the balance sheet of Luka Koper Group amounted to EUR 610.7 million, which was EUR 13.2 million ahead on 31 December 2019.

As at 30 June 2020, 78.5 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 2.8 million. The advances given for the purchase of property, plant and equipment decreased by EUR 988.4 thousand. The value of shares and interests increased by EUR 3.8 million, and namely due to the increase of the market value of non-current finance investments and interests carried at fair value.

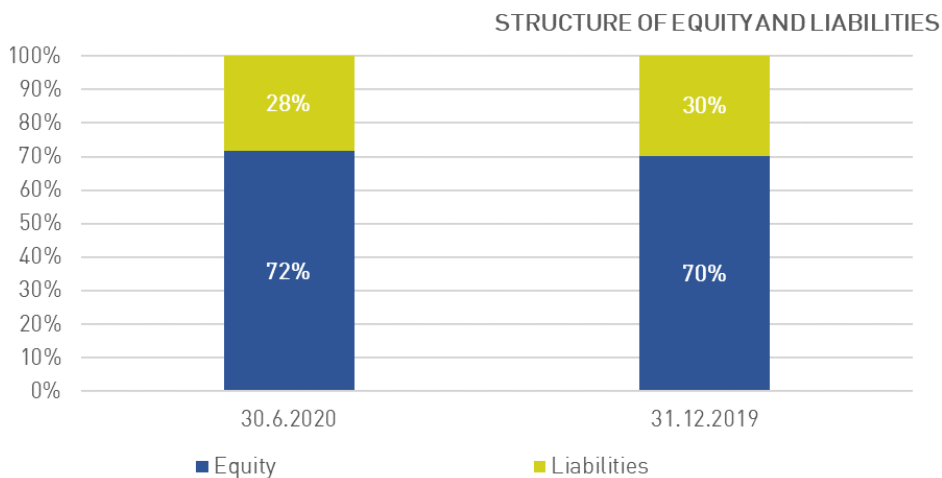
As at 30 June 2020, current assets of Luka Koper Group were higher by 7 percent resp. by 8,7 million compared to the balance as at 31 December 2019. Trade and other receivables amounted to EUR 47.9 million, which is 9 percent resp. EUR 4.1 million ahead on the balance as at 31 December 2019. An increase of EUR 4.1 million was recorded in trade receivables. Corporate tax liabilities decreased by EUR 3.7 million. Cash and cash equivalents increased by EUR 8.3 million due to the increase of cash on accounts.

As at 30 June 2020, the equity of Luka Koper Group increased by 4 percent resp. by EUR 18.2 million comparison to the year-end due to the net profit brought forward. As at 30 June 2020, the equity accounted for 71.6 percent of the balance sheet.

As at 30 June 2020, non-current liabilities including long-term provisions and long-term accrued costs and deferred revenue of Luka Koper Group were by 6 percent resp. by EUR 7.3 million lower than as at 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.

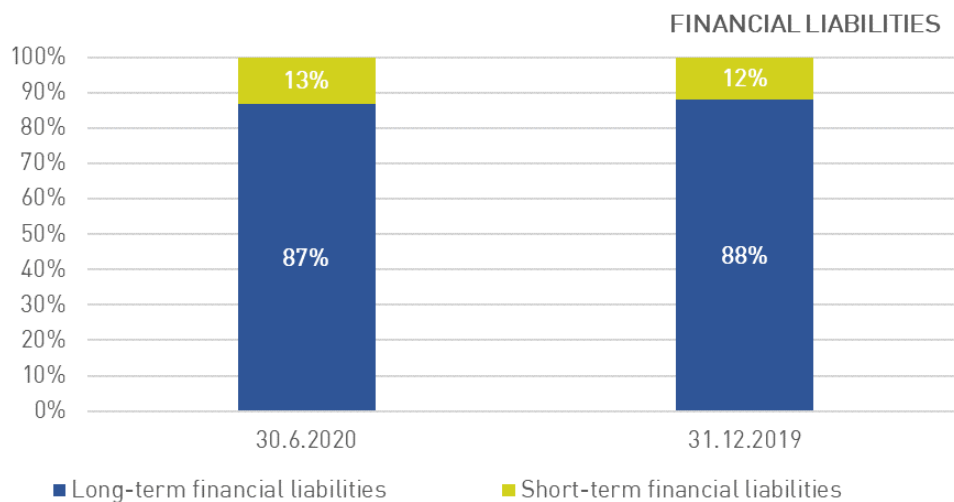
As at 30 June 2020, current liabilities of Luka Koper Group were higher by 5 percent resp. by EUR 2.3 million compared to the balance as at 31 December 2019. Trade receivables decreased by EUR 7.6 million, whilst liabilities from advances by EUR 1,3 million. Operating liabilities from accrued costs and other operating liabilities increased by EUR 9.3 million.

Figure 3: Structure of Luka Koper Group liability



As at 30. June 2020, financial liabilities of Luka Koper Group amounted to EUR 88.4 million, which is 5 percent resp. EUR 4.6 million decline 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

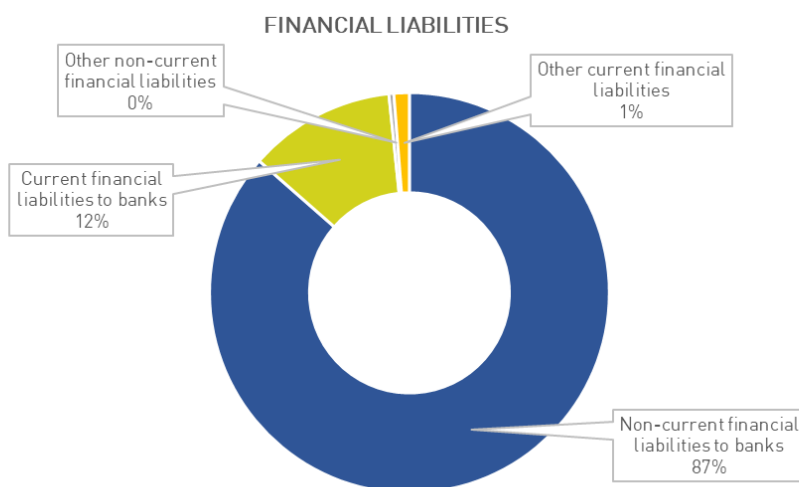


Non-current financial liabilities to banks of Luka Koper Group as at 30 June 2020 accounted for 86.5 percent of total financial liabilities. Their share decreased by 1.4 percentage point in comparison to the balance as at 31 December 2019.

As at 30. June 2020, Luka Koper Group had 46.2 percent of loans non exposed to interest rate risk, the remaining 53.8 percent were variable interest loans.

The share of financial liabilities in the equity as at 30 June 2020 amounted to 20.2 percent, which is 2 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 – June 2020

In January – June 2020, the net revenue from sale of Luka Koper Group amounted to EUR 106.8 million and was by 12 percent resp. by EUR 14.2 million below the planned. Net revenue from sale of the Luka Koper Group from the market activity in January – June 2020 lagged behind the planned net revenue from sale by 9 percent resp. by EUR 9.9 million, the 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 53 percent resp. by EUR 4.4 million. Deviation from the planned net revenue from sale resulting from the market activity mainly resulted from the epidemic COVID-19 and global economy slowdown which resulted in decreased maritime throughput. Lower revenue than planned from the performance of the public utility service of regular maintenance of the port's infrastructure, intended for the public transport, reflect lower accrued revenue, resulting from lower maintenance costs due to the delay in the approval of the annual plan, the delay in the implementation of public procurement, the implementation of only urgent maintenance work in order to adapt to the outbreak of the epidemic.

In January – June 2020, earnings before interests and taxes (EBIT) of Luka Koper Group exceeded the planned EBIT by 3 percent resp. by EUR 455.1 thousand, despite lower net revenue from sale due to lower costs of material, services, labour and amortisation than planned and other higher revenue. Costs of material were lower than planned due to lower cost of fuel and lower costs of maintenance material. The decrease of fuel consumption resulted from minor volume of throughput due to the economic shock at COVID-19. 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 30 June 2020, 1,697 persons were employed at Luka Koper Group and 1,778 were planned, which is 81 less than planned. Amortisation costs were lower than planned due to the extension of the lifetime of assets, and which was not taken into account in planning the amortisation in 2020. Other costs were higher in comparison to the plan due to higher costs for compensations, higher costs of humanitarian contributions and higher allowances for receivables.

In January – June 2020, earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Luka Koper Group were by 1 percent resp. by EUR 177.8 thousand below the planned. EBITDA margin of the Luka Koper Group was by 13 percent resp. by 3.3 percentage point higher than planned. EBITDA margin of the Luka Koper Group from the market activity amounted to 30.4 percent and was by 9 percent resp. by 2.5 percentage point ahead on the planned. In the first half of the year, the net profit of the Luka Koper Group increased by 1 percent resp. by EUR 113.5 thousand in comparison to the budgeted net profit.

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

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

In January – June 2020, the net revenue from sale of Luka Koper, d. d., amounted to EUR 104.9 million, which is 11 percent resp. EUR 13 million decline compared with the same period in 2019. Net revenue from sale resulting from the market activity was by 11 percent resp. by EUR 13.1 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 3 percent resp. by EUR 108.7 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 half of 2020 amounted to EUR 17 million, which was 41 percent resp. by EUR 11.6 million below 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 13 million, higher labour costs, increased by EUR 2.5 million in 2020 and higher costs of transshipment fee, which increased by EUR 265 thousand.

Luka Koper, d. d., has been monitoring the expenses costs which had incurred in relation to the coronavirus SARS-CoV-2 (COVID-19). In January – June 2020, the costs of the protective equipment such as overalls, gloves, protective masks, disinfectants amounted to EUR 175.5 thousand.

Net profit or loss of Luka Koper, d. d., in January – June 2020 amounted to EUR 15 million, and decreased by 40 percent resp. by EUR 9.8 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 – June 2020

In the first half of 2020, the net revenue from sale of Luka Koper, d. d., decreased by 12 percent resp. by EUR 14.3 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 9 percent resp. by EUR 9.9 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 53 percent resp. by EUR 4.4 million. 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.

In January – June 2020, earnings before interest and taxes (EBIT) were by 3 percent resp. by EUR 520.9 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 and lower costs of maintenance material. Within the cost of services, the costs of external contractors, cost 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 due to lower amortisation in 2019 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 half of 2020 was lower by 3 percent resp. by EUR 438.6 thousand than planned.

7.3 Performance forecasts by the end of 2020

In the beginning of 2020, the world faced the outbreak of coronavirus SARS-CoV-2 (COVID-19) 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 steep fall of the volume of the world trade in 2020 and probably the global recession.

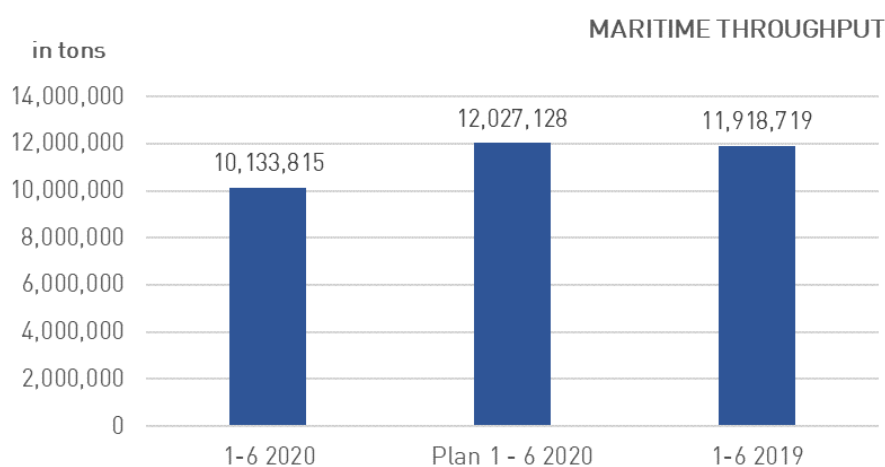
In the first half of 2020, COVID-19 outbreak had a negative impact on the performance of Luka Koper Group, since the fall of throughput resulted in a lower net revenue from sale. Due to a high degree of uncertainty about the mere coronavirus and the capability to manage it, it is difficult to predict to which extent the epidemic will impact the performance of Luka Koper Group until the end of 2020. Presented goals for 2020 were adopted prior to the epidemic outbreak. Luka Koper Group will closely monitor the market situation and implement measures related to operating expenses to achieve planned performance in 2020. Thanks to these measures, it will ensure the access to sufficient liquid assets in order to overcome the effects of the pandemics, and meanwhile it will carry out key development plans. It is proving that the multifunctionality of the Port was the right business model, 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 – June 2020 achieved 10.1 million tons and lagged behind the planned quantities for the period by 16 percent, which was 15 percent decline in comparison with the comparable period last year. In comparison with the previous year, Luka Koper Group recorded 8 percent decline of loaded and 18 percent decline of unloaded goods onto / from the ship in January – June 2020.

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 5 percentage point in comparison to 2019. The share of dry and bulk cargoes and general cargoes decreased, the share of liquid cargoes remained unchanged.

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

Cargo groups (in tons)	1-6 2020	1-6 2019	Index 2020/2019
General cargoes	477,061	704,251	68
Containers	4,717,971	4,933,769	96
Cars	433,876	528,757	82
Liquid cargoes	1,655,816	1,914,681	86
Dry and bulk cargoes	2,849,092	3,837,260	74
Total	10,133,815	11,918,719	85

Figure 7: Maritime throughput per cargo types – in tons

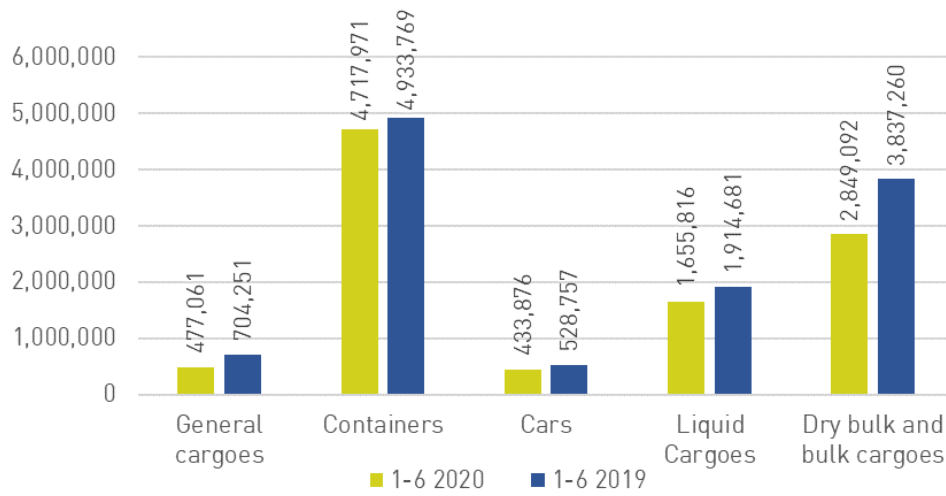


Table 6: Throughput of containers (number of containers in TEU) and cars (in units) in 2020 and in 2019

Cargo groups	1-6 2020	1-6 2019	Index 2020/2019
Containers – number	274,803	290,988	94
Containers – TEU	478,662	497,879	96
Cars – units	271,858	341,990	79

Figure 8: Throughput of containers and cars

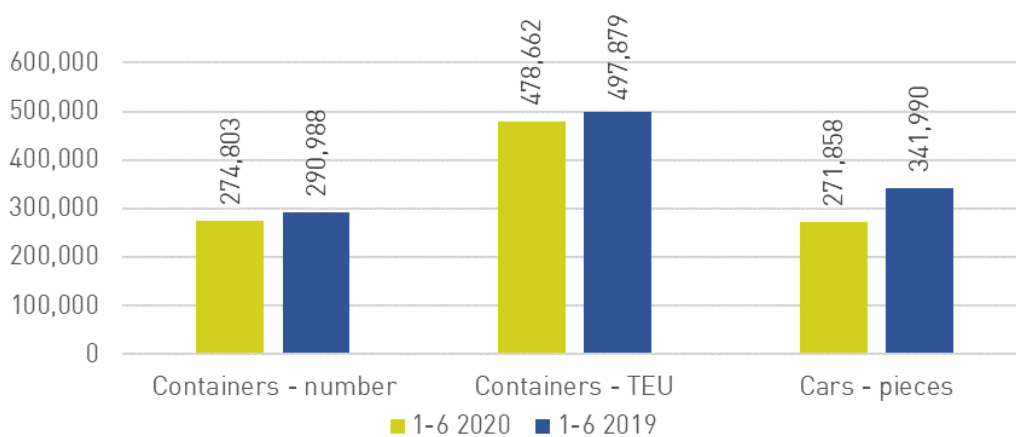
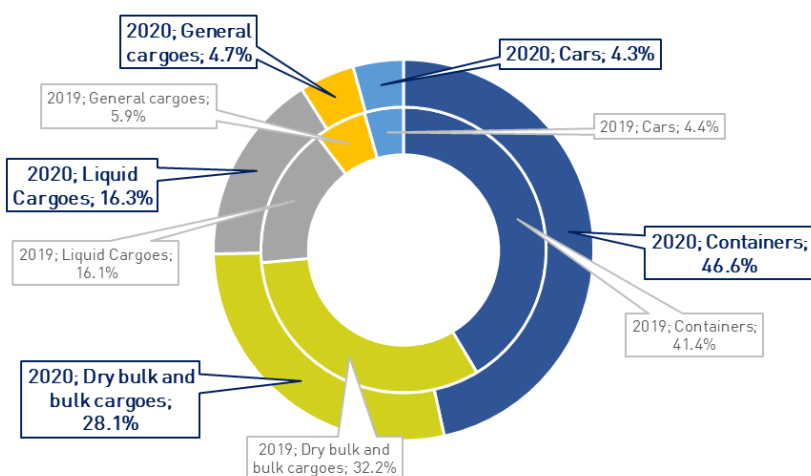


Figure 9: Structure of maritime cargo throughput by cargo types



8.2.1 General cargoes

Within the general cargoes, Luka Koper Group in January – June 2020 achieved 32 percent lower throughput in comparison to the same period last year. The maritime throughput within the general cargoes decreased by 46 percent in the segment of iron products, due to the world economic cooling down and difficulted connected with COVID-19 epidemic.

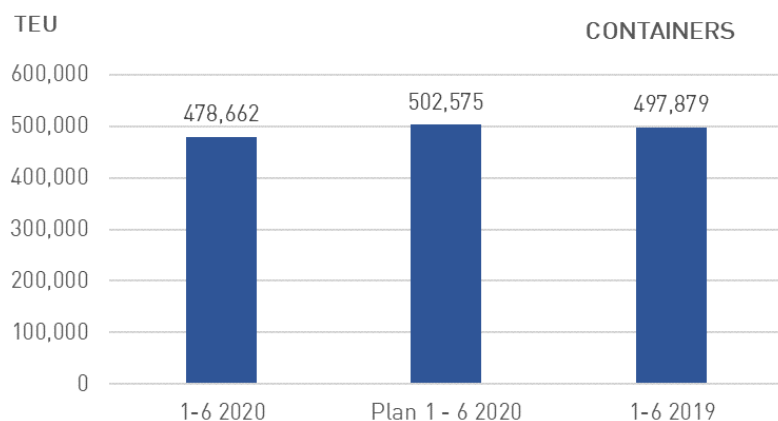
4 percent lower export was recorded in timber throughput.

8.2.2 Containers

In the first half of 2020, the maritime throughput of containers in TEU was by 4 percent lower in comparison with manjši kot v letu 2019.

In the beginning of 2020, the COVID-19 pandemic had a relevant negative impact on the maritime throughput (in TEUs) in China which paralysed the economy for several weeks. As a consequence, there was reduced import through the Port of Koper and partially reduced export quantities. Due to the COVID-19 spread across Europe and the impact on the European production, also in the second quarter of 2020 Luka Koper Group recorded a slight fall in cargo throughput. Drop in quantities in import is mainly related with the European car industry in the hinterland, which reduced resp. even stopped the production.

Figure 10: Maritime throughput of containers

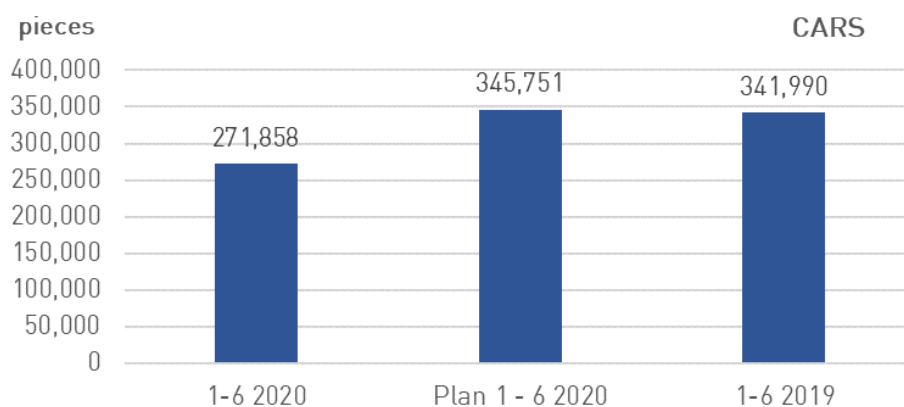


8.2.3 Cars

In January - June 2020, 271.858 cars were transhipped, which was 21 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 stores and difficulties in logistics (transport), the transhipment of cars in the first half of the year decreased.

1562 thousand cars were loaded onto ships, and 115.7 thousand cars unloaded.

Figure 11: Maritime throughput avtomobilov



8.2.4 Liquid cargoes

In January - June 2020, the throughput of liquid cargoes in comparison with the equivalent period in 2019 decreased by 14 percent. In the product group of liquid cargoes, the throughput decreased by 19 percent, mainly due to the reduced retailing of petroleum products and a sharp decrease of air traffic.

8.2.5 Dry and bulk cargoes

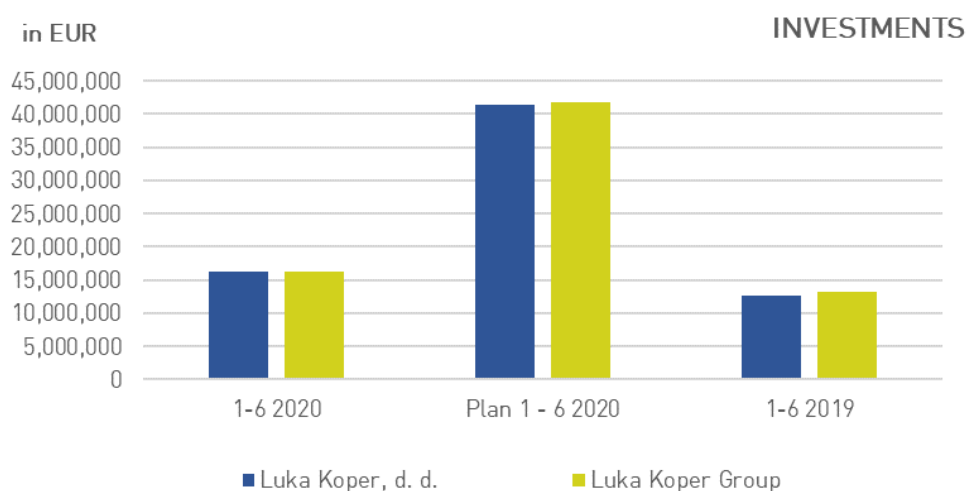
In January - June 2020, the maritime throughput of dry and bulk cargoes decreased by 26 percent in comparison with the same period in 2019. Luka Koper Group recorded the decrease in the throughput of the thermal coal of which consumption has been decreasing in accordance with the EU legislation which 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 2 than in the preceding year, the main reason was a mild winter and thereby minor consumption of road salt and lower alumina throughput.

9 Non-financial investments

In January – June 2020, Luka Koper Group allocated EUR 16.3 million²⁴ for the investments in the property, plant and equipment, property investments and intangible assets, which was 24 percent ahead on the comparable period in 2019. In January – June 2020, Luka Koper, d. d., allocated EUR 16.29 million for investments, which was 99.8 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,
- a new RO-RO berth in Basin III was constructed and the areas were arranged,
- E-RTG crane for the needs of the container terminal was purchased,
- the group IV of railway tracks was constructed.

²⁴ Excluding advances for equipment.

10 Risk management

10.1 Explanatory note to the Coronavirus SARS-CoV-2(COVID-19) outbreak

COVID-19 outbreak affected the economy and logistics flows. On 12 March, 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, d. d., 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, d. d., 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 section of 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, due to a potential global economic recession and new waves of epidemic, the coronavirus COVID-19 epidemic will have a negative impact on the performance of the 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.

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 commercial, also risks related to the development of competitive ports and entering of larger shipping companies in the ownership of neighbouring ports (Trieste, 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 the 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 timely manner 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. In the first stage which will last until the end of March 2021, the operational quay will be constructed within the extension of the Pier I. Works will continue with the construction of storage areas for containers and are projected to be completed one year later. 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 as well as the construction of the third truck entrance in the in Port in Bertoki will be completed for the needs of the Car terminal. These 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 implementaion 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 generated during driving the piles within the extension of the Pier I or due to excesssive 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 leve. The Group manages the other risks relating to excessive noise with a gradual switchover to technological equipment with electrical supply and 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 - June 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 and SEAPORTEYE.

Throughout January – June 2020 period, the activities of approved projects and optimal absorbtion 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:
 - NAPA4CORE - investments in the port's infrastructure
 - 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: SECNET, ADRI PASS, ISTEN, SUPAIR, TalkNet (programme Central Europe), IntraGreen-Nfromes, REIF, ComfromalCE, CLEAN BERTH.

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

- On projects, co-funded from structural funds, the activities continued on the following projects:
 - Competence center Logins - support of education and competence development in Logistics,

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

- NMP (Exploitation of the biomass potential for the development of the advanced materials and bio-based products) – pilot study in researches of the good use of the sea sludge
- Development of a sustainable growth model " Green Port" covering the nautical characteristics of the shipping lane in the Bay of Koper, the effects of interventions on the environment, especially on the seabed in terms of biodiversity, pollution and flows and sediment resuspension during navigation and maneuvering, nautical risk assessment and industrial accidents, analysis of national and international legal proceedings for seabed interventions.

In the first half of 2020, Luka Koper, d.d., received the approval for 5G-LOGINNOV project.

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 30 June 2020, the share ended its trading with 34 percent lower value than in the comparable period last year. On the last trading day of the first half of 2020, the price of the LKPG share amounted to EUR 19.00 per share.

In the first half of 2020, the ownership structure slightly changed. As at 30 June 2020, 9,254 shareholders were registered in the register, which is 233 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 June

Shareholder	Number shares 30.06.2020	Percentage stake 30.06.2020	Number shares 30.06.2019	Percentage stake 30.06.2019
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	384,421	2.75	388,923	2.78
Hrvatska poštanska banka, d. d. – fiduciary account	141,082	1.01	138,582	0.99
Raiffeisen Bank International AG (RBI)	129,250	0.92	113,374	0.81
NLB skladi – Slovenia mešani	115,211	0.82	92,500	0.66
Zavarovalnica Triglav, d. d.	113,568	0.81	113,568	0.81
Zagrebačka banka d. d. – fiduciary account	107,311	0.77	80,282	0.57
Total	10,824,438	77.32	10,760,824	76.86

12.1 Trading in LKPG

In the first half of 2020, the average daily price of Luka Koper, d.d. stood at EUR 20.10, 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 June 2020, the market capitalisation of Luka Koper, d.d. shares amounted to EUR 266,000,000.

There were 1,386 transactions and block trades with aggregate value of EUR 5,673,286, whereby 281,593 shares changed ownership. In this period, the SBITOP index achieved 8.7 percent decline.

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

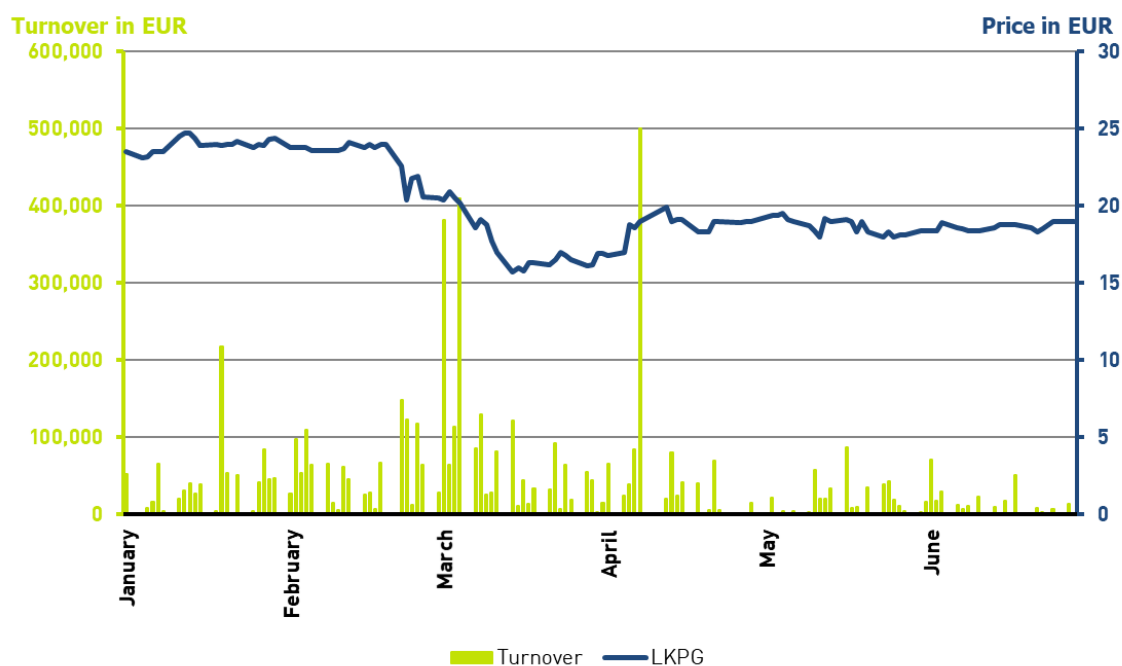


Table 8: Relevant data on LKPG

	1 – 6 2020	1 – 6 2019
Number of shares as at 30.06.	14,000,000	14,000,000
Number of ordinary no par value shares	14,000,000	14,000,000
Closing price as at 30. 06. (in EUR)	19.00	28.80
Book value of shares as at 30. 06. (in EUR) ²⁵	28.93	26.45
Ratio between average weighed price in avce (P/B) ²⁶	0.66	1.09
Average market price (in EUR) ²⁷	20.15	27.00
Averae book value of share (in EUR) ²⁸	28.26	26.79
Ratio between avergare weighed market price and average book value of share	0.71	1.01
Net earning per share (EPS) (in EUR) ²⁹	2.14	3.55
Ratio between market price and earnings per share (P/E) ³⁰	8.87	8.12
Market capitalisation as at 30.06. (in mio EUR) ³¹	266.00	403.20
Turnover – all transactions in January - June (in mio EUR)	5.67	4.15

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 by the Supervisory Board and Management Board Members

	Shareholder	Ownership 30. 06. 2020
Supervisory Board	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 30 June 2020, other Memberi Supervisory Board in Memberi of the Management Board Luke Koper, d. d., as at 30 June 2020 did not own company's shares.

12.1 Treasury shares, authorised capital, conditional capital increase

As at 30 June 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.

12.1 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 strenghtening 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 that the development plans of Luka Koper, d.d. are realised. Cooperation, responsibility, respect, commitment 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 30 June 2020, Luka Koper Group hold 1,697 employees, which is 35 more than as at 30 June 2019 resp. 2 percent increase of employees.

In 2019 je v Luki Koper, d. d., reorganisation of the business model took place and therewith related intensive recruitment, in 2020 the employment stabilised and three-tier model of employment was finally introduced. As at 30 June 2020, Luka Koper, d. d., hold 1.533 regularly employed persons (tier I), 336 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. hold four agency workers..

In the first half of 2020, 13 recruitments were realised in Luka Koper Group, whereof 9 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 2020, Luka Koper, d. d., will pay attention on the optimisation of business processes. In the first half of 2020, In accordance with the needs of work, mainly conversions of the employment relationship from the fixed-term employment relationship into indefinite-term employment for regularly employed staff were realised, and in accordance to the action plan of the implementation of the strategy for port service providers remaining agency workers, who are guaranteed equal rights and obligations as regularly employed staff, were carried out. Since in 2019 the contracts concluded with selected agencies for placement of workers were stipulated for the period of one year, a public tender for the selection of agencies for hiring 361 agency workers was published on May 27, 2020.

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. A temporary layoff was applied only in Luka Koper Pristan, d. o. o.

Number of employees in Luka Koper

	30.6.2020	30.6.2019	Index 2020/2019
Luka Koper, d. d.	1,533	1,508	102
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	1,697	1,662	102

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

Comparison between recruitment, termination and turnover rate

	Number of new recruitments		Number of departures		Turnover rate (in %)*	
	1 – 6 2020	1 – 6 2019	1 – 6 2020	1 – 6 2019	1 – 6 2020	1 – 6 2019
Luka Koper, d. d.	9	431	17	11	1,1	0,7
Luka Koper Group	13	432	19	11	1,1	0,7

* Fluctuation calculation method = number of departures / (previous number of employees + new recruitments) x 100

The number of departures from Luka Koper Group was higher in the same period last year. The reasons for termination of the employment relationship in more than a half of departures are dominated by the retirement age, to a lower extent by regular terminations of the employment relationship and consensual employment terminations, 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 in 2019 importantly affected the educational structure of Luka Koper, d. d., and Luka Koper Group, 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.

13.1 Occupational health and safety standard ISO 45001

In April 2020, Luka Koper, d.d. obtained the certification according to a new ISO 45001 standard.

By a variety of measures, such as education, additional training, informing of employees and other stakeholders in the Port, 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 – 6 2020	1 – 6 2019
Luka Koper, d. d.	23	9
Recruitment agencies – KA*	8	/
Providers of port's services **	0	14
Outsourcing companies	6	9
Subsidiaries	1	3
TOTAL	38	35

* 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 15.8 injuries per million hours worked. With the transfer of the execution of works from the providers of port services to the Port of Koper, d. d., injuries at work also pass. The increased total number of injuries is the result of new employment and redeployment of workers to other work processes, which are still gaining an appropriate level of knowledge and experience for the proper performance of work in an individual work process.

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 January – June 2020, 25.0 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 less (17) 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 were carried out.

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.

13.1 Education, training and development of employees

In the first half of 2020, Luka Koper group provided on average 6.9 hours of training per employee, 7.5 hours in Luka Koper, d. d., which is fewer hours compared to 2019. Measures for the prevention of spread of coronavirus SARS-CoV-2 (COVID-19) affected the training, since in March – May 2020, no in-house group trainings were organised, and trainings in external education/training institutions were cancelled or postponed to autumn. 91 percent of training was in-house training. 68 percent of employees in Luka Koper Group resp. 74 percent employees in Luka Koper, d. d., were involved in training.

Luka Koper Group co-financed the acquisition of a higher level of education to a good percentage of employees. by 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 half of 2020, the share of internal mobility of employees was minor compared to the same period of the last year, thus resulting from major organisational changes last year.

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

The dialogue with social partners takes place continuously, with Works Council, crane operator's union trade union and dockworkers trade union Slovenia OSO KS 90.

14 Natural environment

Luka Koper has always been concerned for improving 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,
- To obtain 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 increase 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 installation 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, In March 2020,m 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

Luka 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 fort he 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 – 6 2020	1 – 6 2019	Index 2020/2019
Average value of dust deposits (mg/m ² day)	101	112	90

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 second quarter of 2020 were below the target value 30 µg/m³ (in comparison to the first quarter of 2020 the values halved). The company has not found out the causes for extremely high values in the first quarter of 2020, since there were higher values in the whole Primorska region and not only in Koper, consequently the average values were higher in the first half of 2020. 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.

Table 10: Comparison of mean values PM₁₀

	1 – 6 2020	1 – 6 2019	Index 2020/2019
Ankaran – Rožnik	23 µg/m ³	17 µg/m ³	135
Bertoki	24 µg/m ³	26 µg/m ³	92
Koper – Cruise terminal	24 µg/m ³	17 µg/m ³	141

14.2.3 Emissions of dust particles on key sources

Since the permitted values of dust particles emissions of key sources are stipulated by law, we perform measurements in the direct vicinity of dust-generating sources e.g. at loading/unloading of wagons, trucks and ships. The threshold of permitted value of emissions is 20 mg/m³. 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 commitment for the environment, Luka Koper, d. d., regularly provides for waste separation, recycling and waste processing. The waste separation is carried out at all terminals, by the users of the economic zone and on ships. Separately collected waste materials are delivered to external waste-processing contractors and agents, whereas organic waste is processed at the composting plant in the port. Green pruning of local inhabitants is processed into compost.

In the second 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.

Table 11: Average noise levels (in dB)

1 – 6 2020			1 – 6 2019			Mejne vrednosti by 2020
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
LD =39	LD =44	LD =52	LD =40	LD =46	LD =54	LD = 65
LV =37	LV =41	LV =51	LV =38	LV =44	LV =52	LV = 60
LN =35	LN =40	LN =51	LN =35	LN =42	LN =52	LN = 55
LDVN =42	LDVN =47	LDVN =57	LDVN =43	LDVN =49	LDVN =58	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 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 half of 2020 in comparison with 2019 was higher by 2 percent. Specific electricity consumption in the first half of 2020, compared to the same period in 2019, is 10 percent higher due to the share of continuous electricity consumption that does not depend on the transshipment process, but is necessary for port operation (lighting for safe work, space heating and cooling...). In addition to constant electricity consumption, the increase in specific electricity consumption was influenced by the increased use of electrified X-ray lifts. The advantage of using electricity to drive elevators is significantly higher machine efficiency, lower noise and virtually zero local exhaust emissions. The reason for a higher specific water consumption in the first half of 2020, compared to 2019, is in slightly higher absolute water consumption and water loss from the distribution networks.

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

	1 – 6 2020	1 – 6 2019	Index 2020/2019
Consumption electric energy (kWh/t)	0.781	0.709	110
Motor fuel consumption (l/t)	0.121	0.119	102
Water consumption (l/t)	5.710	3.567	160

14.5.2 Electricity consumption

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

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

14.5.3 Motor fuel consumption

In the first half of 2020, the Container terminal consumed 62.3 percent of motor fuel of the whole Port, followed by the General cargoes terminal with 10.5 percent. The major consumers of fuel in the Port are terminal tractors (32.5 percent), followed by warehouse cranes (18.1 percent) and forklifts (17.8 percent). In the first half 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 half of 2020, the company did not achieve the target value of specific water consumption.

14.6.1 Potable water

In the first half of 2020, measurements of the quality of the potable water have not been carried out yet, measurements are mainly carried out in summer time, when the possibility of the microbiological contamination is higher. Measurements at the Cruise terminal were carried out in April 2020, the results are adequate.

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

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.

In the second quarter of 2020, 13 incidents were recorded in the port's aquatorium. In all cases of pollution at sea 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.

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.

Table 13: Statistical data on intervention at sea

	1 – 6 2020	1 – 6 2019	Index 2020/2019
Number of accidents at sea	27	28	96
Number of interventions in the Port's aquatorium	26	25	104
Number of incidents not requiring intervention	1	3	33
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

The development of the port, and mostly the spatial expansion, shaped the landscape and activities in the Koper bay. The port's activity affects the life of local residents, therefore the activity of Luka Koper is sustainability-oriented and socially responsible. Accordingly, seeking the balance between the company's interests and social and natural environment is at the forefront. An important step in this direction is the agreement concluded in 2019 with the Municipality of Koper on mitigating measures aiming to reduce the impacts of the port's activity on the environment resp. inhabitants, residing in the close vicinity of the Port who are mostly affected by its operation. In February 2020, the Municipality of Koper published the call of proposals for the award of grants to the residents of Koper, intended for various construction works and the purchase of equipment, which will contribute to the reduction of port's impacts. From this perspective, an important project which will disburden local roads and the periphery of Koper from freight transport is also the construction of a new truck entrance i.e. Bertoki entrance.

One of goals of the Luka Koper, d.d. strategy in the field of sponsorships and donations is also the corporate social responsibility. From January till June 2020 Luka Koper allocated EUR 658 for sponsorships and donations, including the subsidy for mitigating measures. The fund Living with the Port is dedicated to local projects and associations. The funds are allocated through a tender, which was not carried out due to the coronavirus epidemic. Therefore, Luka Koper, d.d. will allocate these funds to humanitarian purposes resp. for the mitigation of consequences to persons affected by the epidemic.

Good neighbourhood relationship is based on correct and transparent communication with the community. Luka Koper communicates its socially responsible activities on its sustainable website Living with the port www.zivetispristaniscem.si and the corporate website www.luka-kp.si and on social network Facebook, with almost 10.000 followers. Besides that, more than 15.000 households in the Municipality of Koper and Ankaran received the annual issue of the sustainable magazine Port's knots, which presents the activities, achievements and challenges in the field of the sustainable development.

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	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Revenue	104,874,655	117,857,106	106,775,706	119,903,832.00
Capitalised own prfromucts and services	77,759	61,927	77,766	66,712.00
Other income	3,201,346	1,285,829	4,068,045	2,128,583.00
Cost of material	-8,513,720	-8,714,701	-8,697,465	-8,813,284.00
Cost of services	-27,678,020	-28,866,038	-26,169,441	-27,379,248.00
Employee benefits expense	-36,768,944	-34,253,973	-40,107,295	-37,161,034.00
Amortisation and depreciation expense	-13,592,823	-14,307,007	-13,992,499	-14,669,420.57
Other operating expenses	-4,617,028	-4,459,391	-4,706,856	-4,488,592.00
Operating profit	16,983,225	28,603,752	17,247,961	29,587,548.43
Finance income	883,791	1,647,310	113,859	283,609.00
Finance expenses	-376,591	-500,304	-226,442	-396,163.00
Profit or loss from financing activity	507,200	1,147,006	-112,583	-112,554.00
Profit or loss of associates	0	0	469,185	812,621.00
Profit before tax	17,490,425	29,750,758	17,604,563	30,287,615.43
Income tax expense	-2,491,931	-4,983,030	-2,520,879	-5,143,738.00
Deferred taxes	2,517	53,681	2,517	53,681.00
Net profit for the period	15,001,011	24,821,409	15,086,201	25,197,558.43
Net profit attributable to owners of the company	0	0	15,086,357	25,193,048
Net profit attributable to non-controlling interests	0	0	-156	4,510
Net earnings per share	1.07	1.77	1.08	1.80

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	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Profit for the period	15,001,011	24,821,409	15,086,201	25,197,558
Items not to be reclassified into profit/loss in future periods	3,865,749	2,238,213	3,841,119	-286,611
Change in revaluation surplus of available-for-sale financial assets	-734,492	-425,685	-729,813	54,031
Deferred tax on revaluation of available-for-sale financial assets	3,131,257	1,812,527	3,111,306	-232,580
Total comprehensive income for the period	18,132,268	26,633,936	18,197,507	24,964,979

LUKA KOPER, D. D.
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16.3 Statement of financial position

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
ASSETS				
Property, plant and equipment	367,402,514	364,056,975	381,382,426	378,579,903
Investment property	24,006,395	24,283,283	14,966,434	15,087,221
Intangible assets	2,063,539	2,053,785	2,268,807	2,286,740
Other assets	16,864,633	17,752,840	16,864,633	17,853,040
Shares and interests in Group's companies	4,533,063	4,533,063	0	0
Shares and interests in associates	6,737,709	6,737,709	13,587,555	13,800,193
Other non-current investments	40,674,610	36,808,861	44,016,250	40,175,130
Loans given and deposits	3,797	5,078	9,318	10,594
Non-current operating receivables	41,064	41,122	41,064	41,122
Deferred tax assets	6,324,579	7,056,554	6,358,238	7,085,534
Non-current assets	468,651,903	463,329,270	479,494,725	474,919,477
Inventories	1,379,943	1,422,498	1,379,943	1,422,498
Deposits and loans given	5,603	8,798	76,597	79,850
Trade and other receivables	46,806,971	43,342,836	47,531,761	43,828,727
Assets from contracts with customer	403,069	0	403,069	0
Income tax assets	410,720	4,165,130	431,215	4,129,542
Cash and cash equivalents	73,607,643	65,846,592	81,336,278	73,030,320
Current assets	122,613,949	114,785,854	131,158,863	122,490,937
TOTAL ASSETS	591,265,852	578,115,124	610,653,588	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	17,712,724	14,581,468	18,059,622	14,948,315
Retained earnings	45,014,675	30,013,664	76,693,670	61,607,313
Equity of owners of the parent	0	0	437,048,119	418,850,455
Non-controlling interests	0	0	235,557	238,901
Equity	405,022,226	386,889,959	437,283,676	419,089,356
Provisions	19,824,345	21,211,774	20,341,113	21,728,542
Deferred income	23,697,776	24,422,250	25,221,825	26,051,821
Loans and borrowings	92,470,284	97,730,871	76,470,284	81,730,871
Other non-current financial liabilities	328,545	185,627	350,119	237,955
Non-current operating liabilities	1,033,707	933,707	1,064,211	965,934
Non-current liabilities	137,354,657	144,484,229	123,447,552	130,715,123
Loans and borrowings	10,521,175	10,521,175	10,521,175	10,521,175
Other current financial liabilities	1,056,244	406,608	1,107,411	511,715
Trade and other payables	37,311,550	35,813,153	38,293,774	36,573,045
Current liabilities	48,888,969	46,740,936	49,922,360	47,605,935
TOTAL EQUITY AND LIABILITIES	591,265,852	578,115,124	610,653,588	597,410,414

16.4 Statement of Cash Flows

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the period	15,001,011	24,821,409	15,086,201	25,197,558
Adjustments for:				
Amortisation/Depreciation	13,592,823	14,307,007	13,992,499	14,669,421
Reversal and impairment losses on property, plant and equipment, and intangible assets	6,717	65	6,878	65
Gain on sale of property, plant and equipment, intangible assets and investment property	0	0	-435	-7,114
Allowances for receivables	375,253	294,164	386,181	312,618
Collected written-off receivables and liabilities	-362,006	-61,953	-364,155	-63,276
Reversal of provisions	0	-66,565	-	-66,565
Finance income	-883,791	-1,647,310	-113,859	-283,609
Finance expenses	376,591	500,304	226,442	396,163
Recognised results of subsidiaries under equity method	0	0	-469,185	-812,621
Income tax expense and income (expenses) from deferred taxes	2,489,414	4,929,349	2,518,362	5,090,057
Profit before change in net current operating assets and taxes	30,596,012	43,076,470	31,268,929	44,432,697
Change in other assets	888,207	-2,945,257	988,407	-2,807,289
Change in operating receivables	-3,878,338	-7,720,470	-4,126,430	-7,631,709
Change in inventories	42,555	81,695	42,555	81,695
Change in assets (disposal group) held for sale	0	0	-	0
Change in operating liabilities	4,636,350	1,793,345	-2,617,328	1,360,947
Change in provision	-1,387,429	8,648	-1,387,429	-14,107
Change in non-current deferred income	-724,474	917,784	-829,996	809,752
Cash generated in operating activities	30,172,883	35,212,215	23,338,708	36,231,986
Interest expenses	-382,899	-489,297	-232,501	-384,927
Tax expenses	1,262,479	-14,314,151	1,177,448	-14,335,141
Net cash from operating activities	31,052,463	20,408,767	24,283,655	21,511,918
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	174,083	117,100	92,787	83,561
Dividends received and profit sharing - subsidiaries	6,813	14,281	-	0
Dividends received and profit sharing - associates	681,823	1,230,171	681,823	1,230,171
Dividends received and share of profits – other companies	21,072	185,767	21,072	100,048
Proceeds from sale of property, plant and equipment, and intangible assets	0	0	274	7,049
Proceeds from sale, less investments and loans given	4,476	8,333	4,599	8,472
Acquisition of property, plant and equipment, and intangible assets	-19,331,717	-9,274,699	-11,896,464	-9,783,461
Net cash used in investing activities	-18,443,450	-7,719,047	-11,095,909	-8,354,160
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	-4,669,825	-9,021,351	-4,669,825	-9,021,351
Payment of the leased asset	-178,137	-157,671	-215,150	-161,439
Dividends paid	0	-285	3,187	-285
Net cash used in financing activities	-4,847,962	6,822,764	-4,881,788	6,818,996
Net increase in cash and cash equivalents	7,761,051	19,512,484	8,305,958	19,976,754
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	73,607,643	92,888,790	81,336,278	99,560,047

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	24,821,409	0	0	24,821,409
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,812,527	0	1,812,527
	0	0	0	0	24,821,409	1,812,527	0	26,633,936
Balance at 30 June 2019	58,420,965	89,562,703	18,765,115	156,136,738	54,073,852	13,465,924	-1,146,395	389,278,902
Balance at 31 December 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	15,001,011	0	0	15,001,011
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	3,131,255	0	3,131,255
	0	0	0	0	15,001,011	3,131,255	0	18,132,266
Balance at 30 June 2020	58,420,965	89,562,703	18,765,115	175,546,044	45,014,675	19,142,113	-1,429,389	405,022,226

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 December 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	25,193,048	0	0	25,193,048	4,510	25,197,558
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	25,193,048	-232,580	0	24,960,469	4,510	24,964,979
Balance at 30 June 2019	58,420,965	89,562,703	18,765,115	156,136,738	84,467,624	12,498,100	-1,222,788	418,628,458	215,326	418,843,784
Balance as at 1 January 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
Equity changes - transactions with owners										
Dividends paid s	0	0	0	0	0	0	0	0	-3,187	-3,187
	0	0	0	0	0	0	0	0	-3,187	-3,187
Total comprehensive income for the period										
Profit for the period	0	0	0	0	15,086,357	0	0	15,086,357	-156	15,086,201
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	3,111,306	0	3,111,306	0	3,111,306
	0	0	0	0	15,086,357	3,111,306	0	18,197,663	-156	18,197,507
Balance at 30 June 2020	58,420,965	89,562,703	18,765,115	175,546,044	76,693,669	19,615,916	-1,556,295	437,048,118	235,557	437,283,675

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 – June 2020 resp. as at 30 June 2020 are presented hereinafter. Consolidated financial statements refer to the financial statements of the controlling company, its subsidiaries and corresponding results of associates.

Subsidiaries included in the consolidated financial statements:

- Luka Koper INPO, d. o. o., 100 %
- Adria Terminali, d. o. o., 100 %
- Luka Koper Pristan, d. o. o., 100 %
- TOC, d. o. o., 68,13 %

Associates included in the consolidated financial statements:

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

Companies excluded from the consolidated financial statements as at 30 June 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 – June 2020, in comparison with the comparable data for the previous year, together with the company's financial position as at 30 June 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 – June 2020 are not audited, whilst they were audited for the comparable period as at 31 December 2019.

In light of the uncertainties regarding further developments of COVID-19 outbreak, the Management Board closely examines the current situation by establishing that Luka Koper, d.d./the Luka Koper Group will dispose with enough liquidity assets to ensure the continuity of business performance.

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. Formation of estimates and the related assumptions and uncertainties are disclosed in the notes to individual items.

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

18 Additional notes to Income Statement

Net revenue from sale

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Revenue from sales with domestic customers based on contract with customer	33,182,087	39,262,422	34,709,201	40,945,168
- services	33,181,222	39,255,508	34,708,336	40,938,254
- goods and material	865	6,914	865	6,914
Revenue from sales with foreign customers based on contract with customer	70,805,353	77,780,699	71,241,600	78,238,480
- services	70,805,353	77,780,699	71,241,600	78,238,480
Revenue from sales with domestic customers from rentals	885,249	811,770	822,939	717,969
Revenue from sales with foreign customers from rentals	1,966	2,215	1,966	2,215
Total	104,874,655	117,857,106	106,775,706	119,903,832

Other revenue

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Other operating income	362,006	128,518	1,165,837	962,942
Reversal of provisions	0	66,565	0	66,565
Subsidies, grants and similar income	0	0	801,247	825,987
Revaluation operating income	362,006	61,953	364,590	70,390
Income on sale of property, plant and equipment and investment property	0	0	435	7,114
Collected written-off receivables and written-off liabilities	362,006	61,953	364,155	63,276
Other income	2,839,340	1,157,311	2,902,208	1,165,641
Compensations and damages	383,136	974,765	383,470	975,370
Subsidies and other income not related to services	269,080	181,180	269,080	181,180
Other income	2,187,124	1,366	2,249,658	9,091
Total	3,201,346	1,285,829	4,068,045	2,128,583

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. are 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. Other revenue were higher mostly due to the exemption from the payment of pension and disability insurance contributions in compliance with the provisions of the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and mitigate its consequences for citizens and the economy and the Decree on the methodology for assessing the damage, conditions and procedure for the allocation of public funds referred to in point b Article 20 a of the same Act.

Cost of material

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Cost of material	0	0	127	870
Cost of auxiliary material	1,419,960	1,388,724	1,484,240	1,445,539
Cost of spare parts	3,471,311	3,125,809	3,466,385	3,041,620
Cost of energy	3,265,251	3,873,937	3,368,483	3,978,257
Cost of office stationary	102,830	116,940	110,745	122,969
Other cost of material	254,368	209,291	267,485	224,029
Total	8,513,720	8,714,701	8,697,465	8,813,284

Cost of services

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Port services	12,666,421	12,971,084	11,575,156	11,815,450
Cost of transportation	70,835	106,340	85,666	118,339
Cost of maintenance	3,646,674	4,364,516	3,475,983	4,252,378
Rentals	53,065	58,577	81,291	91,844
Reimbursement of labour-related costs	86,433	200,669	93,181	216,224
Costs of payment processing, bank charges and insurance premiums	570,688	550,483	603,244	583,153
Cost of intellectual and personal services	475,758	718,100	494,880	735,436
Advertising, trade fairs and hospitality	488,569	733,737	490,883	737,228
Costs of services provided by individuals not performing business activities	125,984	170,016	127,533	177,776
Sewage and disposal services	743,024	511,180	372,247	271,072
Information support	1,523,698	1,362,213	1,595,925	1,432,959
Concession-related costs	3,561,487	4,013,536	3,561,487	4,013,536
Transshipment fee	2,395,794	2,130,856	2,395,794	2,130,856
Costs of other services	1,269,590	974,731	1,216,171	802,997
Total	27,678,020	28,866,038	26,169,441	27,379,248

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 – June 2020, the transshipment fee was invoiced for all six months, whilst in the same period in 2019, it was invoiced only for the period of four months (March – June).

Cost of labour

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Wages and salaries	24,273,507	22,829,972	26,461,779	24,737,115
Wage compensations	3,283,305	2,899,624	3,562,013	3,165,797
Costs of additional pension insurance	1,014,203	896,039	1,118,407	988,871
Employer's contributions on employee benefits	4,521,239	4,273,630	4,907,258	4,622,739
Annual holiday pay, reimbursements and other costs	3,676,690	3,354,708	4,057,838	3,646,512
Total	36,768,944	34,253,973	40,107,295	37,161,034

In the first six months of the year, labour costs increased in comparison with the same period in the preceding year, primarily because of additional recruitments within the framework of the implementation of the port service provision strategy taking place during 2019, and due to the payment of the crisis supplement to the employees in compliance with the provisions of the Act determining the intervention measures to contain the COVID-19 epidemic and mitigate its consequences for citizens and the economy.

Amortisation and depreciation expense

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Depreciation of buildings	6,561,330	6,479,218	6,720,561	6,719,888
Depreciation of equipment and spare parts	6,169,201	7,032,562	6,424,582	7,283,787
Depreciation of small tools	9,365	7,731	9,560	8,105
Depreciation of investment property	285,554	284,982	203,172	120,928
Amortisation of intangible assets	385,876	341,785	413,563	369,396
Depreciation of investment into foreign-owned assets	5,802	5,786	8,739	8,715
Depreciation of right-of-use	175,695	154,943	212,322	158,602
Total	13,592,823	14,307,007	13,992,499	14,669,421

Other expenses

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Provisions	6,215	27,481	6,215	27,481
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	6,717	65	6,878	65
Expenses for allowances for receivables	375,253	294,164	386,181	312,618
Levies that are not contingent upon employee benefits expense and other types of cost	3,374,547	3,369,907	3,457,548	3,373,108
Donations	269,528	147,300	269,728	149,500
Environmental levies	101,725	48,857	95,519	42,461
Awards and scholarship to students inclusive of tax	6,105	9,302	6,105	9,302
Awards and scholarship to students	1,200	1,200	1,200	1,200
Other costs and expenses	475,738	561,115	477,482	572,857
Total	4,617,028	4,459,391	4,706,856	4,488,592

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

Other costs and expenses mainly consist of compensations for damage to assets owned by third persons.

Finance income and finance expenses

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	1-6 2020	1-6 2019	1-6 2020	1-6 2019
Finance income from shares and interests	709,708	1,530,219	21,072	200,048
Finance income from shares and interests in Group companies	6,813	14,281	0	0
Finance income from shares and interests in associated companies	681,823	1,330,171	0	0
Finance income from shares and interests in other companies	21,072	185,767	21,072	200,048
Finance income - interest	271	429	342	524
Interest income - other	271	429	342	524
Finance income from operating receivables	173,812	116,662	92,445	83,037
Finance income from operating receivables due from others	173,812	116,662	92,445	83,037
Total finance income	883,791	1,647,310	113,859	283,609
Finance expenses – interest	-286,054	-435,796	-219,549	-369,165
Interest expenses – Group companies	-66,891	-66,775	0	0
Interest expenses – banks	-216,721	-366,454	-216,721	-366,454
Financial expenses arising from lease liabilities to others	-2,272	-2,380	-2,828	-2,711
Financial expenses arising from lease liabilities to Group companies	-170	-187	0	0
Finance expenses for financial liabilities	-90,537	-64,508	-6,893	-26,998
Finance expenses for trade payables	-87	-72	-91	-72
Finance expenses for other operating liabilities	-90,450	-64,436	-6,802	-26,926
Total finance expenses	-376,591	-500,304	-226,442	-396,163
Net financial result	507,200	1,147,006	-112,583	-112,554

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

In January – June 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 – June 2020, the company generated the operating profit in the amount of EUR 16.983.225, whilst in the comparable period in the previous year EUR 28.603.752. The financial result was positive and amounted to EUR 507.200, likewise it was positive in the same period last year, when it amounted to EUR 1.147.006. The profit before tax amounted to EUR 17.490.425, in the same period last year it amounted to EUR 29.750.758. The corporate income tax in the amount of EUR 2.491.931 and deferred taxes were calculated. In the first six months of the year, Luka Koper, d.d. generated the net profit in the amount of EUR 15.001.011, whilst the net profit in the comparable period of the previous year amounted to EUR 24.821.409.

Luka Koper Group

In January – June 2020, Luka Koper Group generated the operating profit in the amount of EUR 17.247.961, in the equivalent period last year EUR 29.587.548. The financial result was negative and amounted to EUR -112.583, likewise it was negative in the same period last year when it amounted to EUR -112.554. The attributed result of associated companies amounted to EUR 469.185, in the same period last year to EUR 812.621. The profit before tax amounted to EUR 17.604.563, in the comparable period last year to EUR 30.287.615. In the first half of 2020, Luka Koper Group generated the net profit in the amount of EUR 15.086.201 (in the comparable period last year EUR 25.197.558), whereof EUR 15.086.357 (in the comparable period of the previous year EUR 25.193.048) is attributable to the owner of the controlling company, to owners of non-controlling interests EUR -156 (in the comparable period last year EUR 4.510). 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	
	30 Jun 2020	31.12.2019	30 Jun 2020	31.12.2019
Net profit for the period	15,001,011	24,821,409	15,086,357	25,193,048
Total number of shares	14,000,000	14,000,000	14,000,000	14,000,000
Basic and diluted earnings per share	1.07	1.77	1.08	1.80

19 Additional Notes to the Statement of Financial position

Property, plant and equipment

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Land	18,687,326	15,165,920	21,937,550	18,416,144
Buildings	235,630,035	236,619,770	244,021,011	245,246,634
Plant and machinery	84,902,808	87,434,051	87,143,777	89,891,722
Property, plant and equipment being acquired and advances given	27,535,154	24,398,527	27,547,004	24,410,377
Right-of-use	647,191	438,707	733,084	615,026
Total	367,402,514	364,056,975	381,382,426	378,579,903

In January – June 2020, Luka Koper, d. d., invested in property, plant and equipment in the amount of EUR16.244.314, whilst Luka Koper Group EUR 16.283.348.

The largest investments were the following:

- continued construction of the parking garage for cars,
- a new RO-RO berth in Basin III was constructed and the surfaces were arranged,
- RTG crane for the needs of the Container terminal was purchased,
- The group VI of the railway tracks was constructed.

Right-of-use assets

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Land	562,243	359,534	569,938	359,534
Buildings	82,511	69,622	73,983	104,155
Plant and machinery	2,437	9,551	89,163	151,337
	647,191	438,707	733,084	615,026

Investment property

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Investment property - land	14,506,711	14,506,711	11,256,486	11,256,486
Investment property - buildings	9,499,684	9,776,572	3,709,948	3,830,735
Total	24,006,395	24,283,283	14,966,434	15,087,221

Among investment property are land and buildings under lease, and property which increases 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	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Non-current property rights (concessions, patents, licenses, trademarks and similar rights)	2,063,539	2,053,785	2,268,807	2,286,740
Total	2,063,539	2,053,785	2,268,807	2,286,740

Other assets

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
31 Dec	17,752,840	4,542,623	17,853,040	4,780,591
Increase	965,253	19,561,694	965,738	19,663,194
Transfer between property, plant and equipment	-1,853,460	-6,351,477	-1,853,945	-6,590,745
Return	0	0	-100,200	0
Reporting date	16,864,633	17,752,840	16,864,633	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 30 June 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 30 June 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)	2020	2019
Balance at 1 Jan	13,800,193	13,754,815
Attributed profits	469,185	1,375,549
- Adria Transport, d. o. o.	96,238	287,178
- Adria-tow, d. o. o.	178,541	672,737
- Adriaфин, d. o. o.	-21,767	68,114
- Avtoservis, d. o. o.	216,173	347,519
Profit distribution	-681,823	-1,330,171
- Adria Transport, d. o. o.	0	-200,000
- Adria-tow, d. o. o.	-336,000	-350,000
- Adriaфин, d. o. o.	0	-100,000
- Avtoservis, d. o. o.	-345,823	-680,171
Balance at 30 Jun	13,587,555	13,800,193

Other non-current investments

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Other investments measured at fait value through profit or loss	920,103	920,103	3,405,878	3,405,878
Other investments measured at fair value through comprehensive income	39,754,507	35,888,758	40,610,372	36,769,252
Total	40,674,610	36,808,861	44,016,250	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	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019	30 Jun 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	4,490,125	3,755,633	9,176,547	9,176,547	4,601,264	3,871,451
allowances for trade receivables	254,527	252,010	0	0	329,066	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	10,814,704	10,812,187	4,490,125	3,755,633	10,959,502	10,956,985	4,601,264	3,871,451
Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-4,490,125	-3,755,633	-4,490,125	-3,755,633	-4,601,264	-3,871,451	-4,601,264	-3,871,451
Total	6,324,579	7,056,554	0	0	6,358,238	7,085,534	0	0

Trade and other receivables

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Current trade receivables:				
domestic costumers	17,547,347	19,133,717	18,169,416	19,612,271
foreign costumers	19,203,484	17,324,285	19,474,104	17,462,130
Current operating receivables due from Group companies	551,229	294,598	0	0
Current operating receivables due from associates	726,042	41,963	726,042	78,263
Current trade receivables	38,028,102	36,794,562	38,369,562	37,152,665
Current receivables arising from dividends	0	36,300	0	0
Advances and collaterals given	53,350	64,999	53,855	65,451
Receivables due from the state	1,945,096	2,340,993	2,060,377	2,471,790
Other current receivables	918,629	220,511	1,004,691	250,896
Total trade receivables	40,945,177	39,457,365	41,488,485	39,940,802
Short-term deferred costs and expenses	5,740,043	3,447,639	5,921,526	3,450,094
Accrued income	121,751	437,832	121,750	437,831
Right-of-use	403,069	0	403,069	0
Other receivables	6,264,863	3,885,471	6,446,345	3,887,925
Total	47,210,040	43,342,836	47,934,830	43,828,727

The increase of Short-term deferred costs are relatable to the deferring of costs of the annual leave allowance and the overpayment of concession costs, both for the financial year 2020.

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

(in EUR)	30 Jun 2020	Allowances 1 - 6 2020	31 Dec 2019	Allowances 1 - 12 2019
Outstanding and undue trade receivables	31,845,747	-55,709	31,369,533	-54,731
Past due receivables:				
up to 30 days	4,528,230	-45,282	3,749,175	-37,492
31 to 60 days overdue	1,089,674	-108,967	764,795	-76,480
61 to 90 days overdue	626,334	-125,267	494,431	-98,886
91 to 180 days overdue	349,257	-124,884	1,016,842	-296,350
more than 180 days overdue	760,007	-711,038	593,986	-593,961
Total	39,199,249	-1,171,147	37,988,762	-1,157,900

Note: the amount comprises trade receivables due from subsidiaries and associates.

Movements of trade receivables of Luka Koper

(in EUR)	30 Jun 2020	Allowances 1 - 6 2020	31 Dec 2019	Allowances 1 - 12 2019
Outstanding and undue trade receivables	32,015,481	-57,694	31,436,955	-57,137
Past due receivables:				
up to 30 days	4,649,847	-46,498	3,945,120	-39,450
31 to 60 days overdue	1,122,848	-112,285	830,886	-83,089
61 to 90 days overdue	657,061	-131,412	496,075	-99,215
91 to 180 days overdue	352,405	-127,179	1,023,518	-298,619
more than 181 days overdue	1,144,156	-1,097,168	970,320	-972,700
Total	39,941,798	-1,572,236	38,702,874	-1,550,210

Note: the amount comprises trade receivables due from associates.

Cash and cash equivalents

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Cash in hand	140	140	23,319	11,397
Bank balances	23,607,503	15,846,452	29,332,959	21,038,923
Current deposits	50,000,000	50,000,000	51,980,000	51,980,000
Total	73,607,643	65,846,592	81,336,278	73,030,320

Equity

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 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	17,712,724	14,581,468	18,059,622	14,948,315
Retained earnings	30,013,664	10,604,358	61,607,313	40,619,540
Net profit for the period	15,001,011	19,409,306	15,086,357	20,987,773
Equity of owners of the parent	405,022,226	386,889,959	437,048,119	418,850,455
Non-controlling interests	0	0	235,557	238,901
Equity	405,022,226	386,889,959	437,283,676	419,089,356

Provisions

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Provisions for retirement benefits and similar obligations	5,432,232	5,298,377	5,949,000	5,815,145
Provisions for legal disputes	14,392,113	15,913,397	14,392,113	15,913,397
Total	19,824,345	21,211,774	20,341,113	21,728,542

Movement of provisions of 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	506,825	506,825	0	506,825
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 Jun 2020	3,665,975	671,656	1,094,601	5,432,232	14,392,113	19,824,345

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	506,825	506,825	0	506,825
Use	0	0	-372,970	-372,970	-1,521,284	-1,894,254
Balance at 31 Jun 2020	4,131,054	723,345	1,094,601	5,949,000	14,392,113	20,341,113

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 position in a dispute with other parties.

Deferred income

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Long-term deferred income for regular maintenance	19,503,040	20,154,593	19,503,040	20,154,593
Non-refundable grants received	4,194,736	4,267,657	4,417,815	4,539,574
Other non-current deferred income	0	0	1,300,970	1,357,654
Total	23,697,776	24,422,250	25,221,825	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 utilising non-current deferred income.

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 utilised in accordance with their useful life. Under non-refundable funds received, the Group also records retained contributions on salaries of employees of the Luka Koper INPO, d. o. o., sheltered workshop, and namely contributions to insurance schemes for retirement pension, disability, sickness, and maternity. The funds were used in compliance with the Vocational rehabilitation and employment of persons with disabilities 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	
	30 Jun 2020	31 Dec 2019	30 Jun 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	52,945,694	57,058,740	52,945,694	57,058,740
Non-current borrowings from foreign banks	23,524,590	24,672,131	23,524,590	24,672,131
Total	92,470,284	97,730,871	76,470,284	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	
	30 Jun 2020	31 Dec 2019	30 Jun 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	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Current liabilities to:				
domestic suppliers	15,562,882	21,406,588	15,859,051	21,673,532
foreign suppliers	344,024	1,241,253	346,789	1,253,926
Current liabilities to Group companies	529,555	489,859	0	0
Current liabilities to associates	123,166	91,305	123,166	91,305
Current trade payables	16,559,627	23,229,005	16,329,006	23,018,763
Current liabilities from advances	2,187,279	3,496,747	2,356,703	3,665,707
Current liabilities to employees	5,708,085	5,280,131	6,051,266	5,640,827
Current liabilities to state and other institutions	729	11,729	42,599	21,023
Total operating liabilities	24,455,720	32,017,612	24,779,574	32,346,320
Accrued costs	12,855,830	3,795,541	13,514,200	4,226,725
Other operating liabilities	12,855,830	3,795,541	13,514,200	4,226,725
Total	37,311,550	35,813,153	38,293,774	36,573,045

The accrued costs comprise the accrued costs for the collective job performance, interests for loans, costs of performance bonuses for employees under individual contracts, costs of unused holidays, fees for the use of the construction land and accrued costs for invoices to be received. Accrued costs during the year are higher as some categories are accrued during the year and used at the end of the financial year.

Contingent liabilities

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Guarantees given	3,110,000	2,610,000	3,436,709	2,940,709
Securities given	2,579,485	2,832,122	2,579,485	2,832,122
Contingent liabilities under legal disputes	21,859,545	2,792,791	21,859,545	2,792,791
Commitments for the purchase of assets	68,735,529	25,082,672	68,735,529	25,316,472
	96,284,559	33,317,586	96,611,268	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	Costs/	Payments	Costs/	Payments	Costs/	Payments	Costs/
	in period	expenses	in period	expenses	in period	expenses	in period	expenses
	1-6 2020	1-6 2020	1-6 2019	1-6 2019	1-6 2020	1-6 2020	1-6 2019	1-6 2019
Concessions and water fee	3,907,243	3,561,487	3,578,307	4,013,536	3,907,243	3,561,487	3,578,307	4,013,536
Transhipment tax	1,200,143	2,395,794	0	2,130,856	1,200,143	2,395,794	0	2,130,856
Corporate income tax (taxes and advance payments)	1,262,479	2,491,931	14,314,151	4,983,030	1,177,448	2,520,879	14,335,141	5,143,738
Other taxes and contributions	3,576,048	4,521,239	4,071,417	4,273,630	3,677,823	4,907,258	4,428,833	4,622,739
Total	9,945,913	12,970,451	21,963,876	15,401,052	9,962,657	13,385,418	22,342,281	15,910,869

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 transhipment 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 half of 2020, Luka Koper, d. d., sales transactions conducted between Luka Koper, d. d., and entities in which the state has directly dominant influence were recorded at EUR 5.093.065 and purchasing transactions amounted to EUR 14.056.820. Most of sales referred to services in connection with the port activity, major purchases represent also cost of railway transport, purchase of energy and insurance costs. As at 30 June 2020, Luka Koper, d. d., recorded receivables in the amount of EUR 1.780.524 and liabilities in the amount of EUR

1.417.000. 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 half of 2020, Luka Koper Group conducted transactions in the amount of EUR 5.104.142 referring to the sales to companies where the State has direct dominant influence, and transactions in the amount of EUR 4.099.646 referring to the purchase. Most of sales referred to services in connection with the port activity, major purchases represent also cost of railway transport, purchase of energy and insurance costs. As at 30 June 2020, Luka Koper Group recorded receivables in the amount of EUR 1.808.630 and liabilities in the amount of EUR 21.423.937. 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 - June 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 comprise:

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

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

1. Risk management relating to change in fair value

Luka Koper, d. d.

As at 30 June 2020, Luka Koper, d.d. had invested 6.9 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 recognised with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 30 June 2020, the value of non-current investments at fair value amounted to EUR 40.674.610.

Sensitivity analysis of finance investments at fair value:

Risk of change at fair value of securities as at 30 June 2020

Luka Koper, d. d.	
Change of Index in %	Impact on equity
-10%	-4,067,461
10%	4,067,461

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 4.067.461. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

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

Fair value hierarchy

(in EUR)	Luka Koper, d. d.			
	Valuation at fair value			
	Carrying amount at	Direct stock market quotation	Value defined on the basis of comparable market inputs	No observable market inputs
	30 Jun 2020	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value				
Other interests and shares	40,674,610	39,754,507	0	920,103

(in EUR)	Luka Koper, d. d.			
	Valuation at fair value			
	Carrying amount at	Direct stock market quotation	Value defined on the basis of comparable market inputs	No observable market inputs
	31 Dec 2019	(Level 1)	(Level 2)	(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 30 June 2020, Luka Koper Group had invested 7.2 percent (as 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 recognised with regard to investments in market securities of Slovenian companies and to investments in shares and interests.

As at 30 June 2020, the value of non-current investments at fair value amounted to EUR 44.016.250.

Sensitivity analysis of finance investments at fair value

Risk of change at fair value of securities as at 30 June 2020

Luka Koper Group	
Change of Index in %	Impact on equity
-10%	-4,401,625
10%	4,401,625

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 4.401.625. A 10 percent decrease in the comparable class would have the opposite effect, reducing the fair value of these investments by the same amount.

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

Fair value hierarchy

(in EUR)	Luka Koper Group			
	Valuation at fair value			
	Carrying amount at	Direct stock market quotation	Value defined on the basis of comparable market inputs	No observable market inputs
	30 Jun 2020	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value				
Other interests and shares	44,016,250	40,610,372	0	3,405,878

	Luka Koper Group			
	Valuation at fair value			
	Carrying amount at	Direct stock market quotation	Value defined on the basis of comparable market inputs	No observable market inputs
	31 Dec 2019	(Level 1)	(Level 2)	(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 30 June 2020, the share of financial liabilities (without other liabilities), fell from initial 18.7 percent in 2019 to 17.4 percent. The effect of variable interest rate changes on future profit or loss after taxes is shown in the table below.

Possible interest rate fluctuations would consequently have an impact on 45.5 percent (as at 31 December 2019, 45.9 percent); the remaining 54.5 percent of borrowings were concluded with a fixed interest rate.

Overview exposure

(in EUR)	30 Jun 2020	Exposure 30 Jun 2020	31 Dec 2019	Exposure 31 Dec 2019
Borrowings received at variable interest rate (without interest rate hedge)	46,819,672	45.5%	49,717,213	45.9%
Borrowings received at nominal interest rate	56,171,787	54.5%	58,534,833	54.1%
Total	102,991,459	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 30 Jun 2020				
3M EURIBOR	46,819,672	38,730	64,549	169,418
Total effect on interests expenses	46,819,672	38,730	64,549	169,418
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 30 June 2020, the Company's borrowings not hedged against interest rate were subject to the movement of 3M Euribor.

Luka Koper Group

As at 30 June 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 14.2 percent as at 30 June 2020. The effect of variable interest rates changes on future profit and losses after taxes is shown in the table below.

Possible interest rate fluctuations would consequently have an impact on 53.8 percent (as at 31 December 2019 58.9 percent); the remaining 46.2 percent of borrowings were concluded with a fixed interest rate.

Overview of exposure

(in EUR)	30 Jun 2020	Exposure 30 Jun 2020	31 Dec 2019	Exposure 31 Dec 2019
Borrowings received at variable interest rate (without interest rate hedge)	46,819,672	53.8%	49,717,213	53.9%
Borrowings received at nominal interest rate	40,171,787	46.2%	42,534,833	46.1%
Total	86,991,459	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 30 Jun 2020				
3M EURIBOR	46,819,672	38,730	64,549	169,418
Total effect on interests expenses	46,819,672	38,730	64,549	169,418
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 30 June 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.					
	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	Over 5 years	Total
30 Jun 2020						
Loans and borrowings*	2,630,294	7,890,881	26,521,175	31,563,524	34,385,586	102,991,459
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	826,620	229,624	110,455	218,090	0	1,384,789
Payables to suppliers	16,559,627	0	0	0	0	16,559,627
Other operating liabilities	7,896,093	0	0	0	0	7,896,093
Total	28,091,263	8,641,626	27,229,423	32,841,420	34,897,901	131,701,633
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	
30 Jun 2020						
Loans and borrowings	2,630,294	7,890,881	10,521,175	31,563,524	34,385,586	86,991,459
Accrued interest maturing in the next calendar year	153,126	388,018	457,545	954,901	409,616	2,363,206
Other financial liabilities	827,869	279,542	132,029	218,090	0	1,457,530
Payables to suppliers	16,329,006	0	0	0	0	16,329,006
Other operating liabilities	8,450,568	0	0	0	0	8,450,568
Total	28,390,863	8,558,441	11,110,748	32,736,515	34,795,202	115,591,768
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, and advance payment system is set up for all ordered services with the aim of avoiding the late payments. This area is positively impacted by the specific structure of the Company's/Group's customers, who are predominantly major companies, freight forwarders and forwarding agents that have been the Company's/Group's business partners for a number of years.

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

(in EUR)	Luka Koper, d. d.		Luka Koper Group	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Non-current loans	3,797	5,078	9,318	10,594
Non-current operating liabilities	41,064	41,122	41,064	41,122
Current deposits	0	0	70,994	71,052
Current loans	5,603	8,798	5,603	8,798
Current trade receivables	38,028,102	36,794,562	38,369,562	37,152,665
Other current receivables	2,917,075	2,662,803	3,118,923	2,788,137
Cash and cash equivalents	73,607,643	65,846,592	81,336,278	73,030,320
Guarantees and collaterals granted	5,689,485	5,442,122	6,016,194	5,772,831
Total	120,292,769	110,801,077	128,967,936	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 30 June 2020, the percentage in the company was 31.5 percent, which is a decrease by 1.6 percent compared to 31 December 2019, in the Luka Koper Group 28.4 percent, which is 1.5 percent decrease in comparison to 31 December 2019.

(in EUR)	Luka Koper, d. d.				Luka Koper Group			
	30 Jun 2020		31 Dec 2019		30 Jun 2020		31 Dec 2019	
	in EUR	share (in %)	in EUR	share (in %)	in EUR	share (in %)	in EUR	share (in %)
Equity	405,022,226	68.5%	386,889,959	66.9%	437,283,676	71.6%	419,089,356	70.2%
Non-current liabilities	137,354,657	23.2%	144,484,229	25.0%	123,447,552	20.2%	130,715,123	21.9%
Current liabilities	48,888,969	8.3%	46,740,936	8.1%	49,922,360	8.2%	47,605,935	8.0%
Total accumulated profit	591,265,852	100.0%	578,115,124	100.0%	610,653,588	100.0%	597,410,414	100.0%

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 30 June 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. The condensed financial statements January – June 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 30 June 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

Member of the Management Board



Vojko Rotar

Member of the Management Board –

Labour Director