

Information

about the business
performance in 2022

Luka Koper Group
in Luka Koper, d. d.

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1 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., January – December 2022.

In compliance with the financial calendar, the Annual Report 2022 will be published on 14 April 2023.

2 Performance highlights in 2022

2.1 Performance highlights of the Luka Koper Group in 2022

The Luka Koper Group successfully defied still difficult economic situation and concluded the business year with record business results. Total maritime throughput achieved 23.2 million tons of goods and exceeded planned quantities of 2022 by 378 thousand or by 2 percent, whilst the throughput in 2021 was exceeded by 2.4 million tons resp. by 12 percent. Higher throughput compared to planned quantities was achieved in all commodities groups, excluding general cargoes and containers, whereas in comparison with 2021, the throughput growth was recorded in all commodity groups. In 2021, 42 percent of freight was conveyed by road and 58 percent by rail. In 2022, the cargo transportation by road increased by 46 percent, the cargo transportation by rail decreased to 54 percent.

At the end of 2022, a new historic record was achieved in the containers throughput at the container terminal in the amount of 1.017.788 container units (TEU). Meanwhile, a historic milestone of a million transhipped container units (TEU) in a single year was crossed. However, the throughput of containers was slightly lower than planned by 2 percent compared to 2021. In 2022, also the Car terminal achieved a new transshipment record, since 801.036 vehicles were transhipped, which was 7 percent above the plan and 22 percent ahead of 2021. Historic milestones were achieved also at the terminals for general cargoes, dry and dry bulk cargoes and liquid cargoes. In 2022, 1.3 million tons were transhipped in the commodity group of general cargoes, which was 3 percent below plans and 16 percent ahead of 2021. The throughput of steel products was higher, which was attributable to the production in the automotive industry, white goods industry and building materials industry, and the throughput of the rubber and project resp. special loads. In 2022, 6.2 million tons of goods were transhipped in the commodity group of dry and dry bulk cargoes, which was 3 percent above the planned quantities and 12 percent ahead of 2021. The throughput of road salt, alumina and soya was also higher. In 2022, 4.6 million tons of goods in the commodity group of liquid cargoes were transhipped, which was 9 percent above the planned quantities and 39 percent ahead on the achieved throughput in 2021. The throughput of petroleum derivatives, jet fuel and chemicals increased.

In 2022, all financial indicators exceeded the achieved indicators in the previous year as well as planned indicators. Due to achieved very good business results in January – August 2022 and harsh economic trends, in September 2022, the Luka Koper Group drew up the revised business plan 2022. All comparisons in this report were drawn up on the basis of the adopted revised business plan.

2022 was marked also record high net revenue from sale of the Luka Koper Group, which amounted to EUR 313.5 million and exceeded planned revenue by 4 percent or by EUR 11 million, whereas last year results were exceeded by 37 percent or by EUR 85 million. The increased net revenue from sale was mostly attributable to the revenue from storage revenue due to longer dwell time in the warehouses, thus resulting from current situation in the global logistic market, which decreased at the end of the year, due to the gradual normalisation of the situation. In 2022, the average dwell time of full containers at the terminal was longer by 7.6 days, in 2021 the average dwell time of full containers at the terminal was 5.5 days. Higher revenue was attributable to the increase in service prices, increased volume in the throughput and additional services in all commodities groups, also due to the higher productivity.

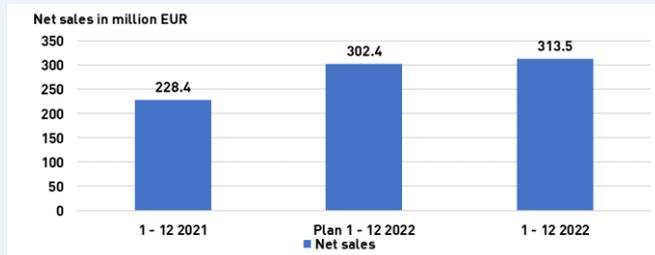
The year 2022 was marked by the war in Ukraine, which in the beginning of the second quarter changed the geopolitical situation and affected the development of economic trends in 2022. The economic prospects in the international environment deteriorated, the uncertainty, inflationary pressures increased, the situation on energy markets tightened. The direct exposure of the Luka Koper Group towards Russia and Ukraine is otherwise low, since the throughput through the Port of Koper, destined to the markets of Ukraine and Russia, is negligible. Nevertheless, the Management Board regularly monitors the situation in the markets and respond in order to ensure the smooth business performance.

In 2022, the Luka Koper Group implemented major investments mainly in the area of the container and car terminal. These investments represent a new development cycle of these the most important strategic groups. The Group adopted final investment decisions for the period 2022 to 2027 in the total amount of EUR 430 million.

NET SALES**313.5** million EUR

+37 % 2022/2021

+4 % 2022/PLAN 2022

**MARITIME THROUGHPUT****23.2** million TON

+12 % 2022/2021

+2 % 2022/PLAN 2022

CONTAINER THROUGHPUT**1** million TEU

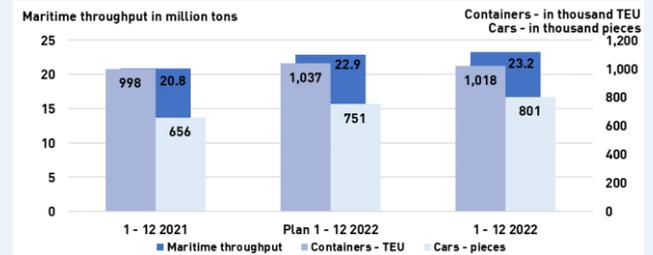
+2 % 2022/2021

-2 % 2022/PLAN 2022

CAR TRANSHIPMENT**801** THOUSAND UNITS

+22 % 2022/2021

+7 % 2022/PLAN 2022

**EARNINGS BEFORE INTEREST AND TAXES (EBIT)****83.1** million EUR

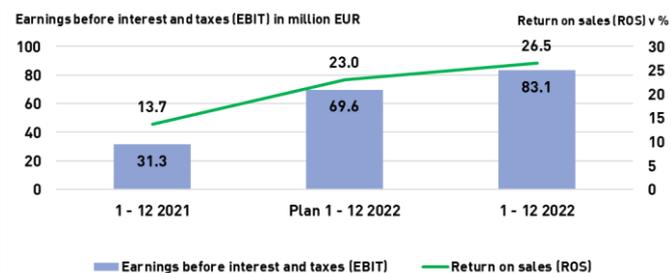
+165 % 2022/2021

+19 % 2022/PLAN 2022

RETURN ON SALES (ROS)**26.5** %

+93 % 2022/2021

+15 % 2022/PLAN 2022

**EARNINGS BEFORE INTEREST AND TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)****114.6** million EUR

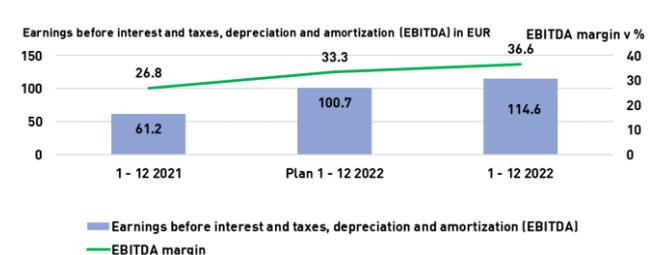
+87 % 2022/2021

+14 % 2022/PLAN 2022

EBITDA margin**36.6** %

+37 % 2022/2021

+10 % 2022/PLAN 2022



NET PROFIT OR LOSS

74.2 million EUR

+133 % 2022/2021

+17 % 2022/PLAN 2022



RETURN ON EQUITY (ROE)

15.1 %

+116 % 2022/2021

+14 % 2022/PLAN 2022

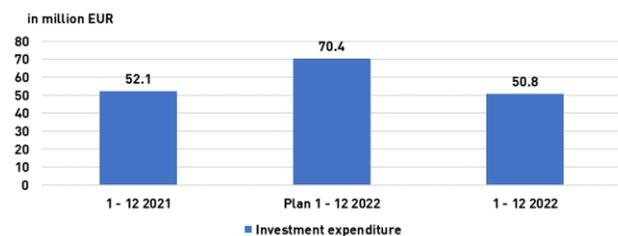


INVESTMENT EXPENDITURE

50.8 million EUR

-3 % 2022/2021

-28 % 2022/PLAN 2022

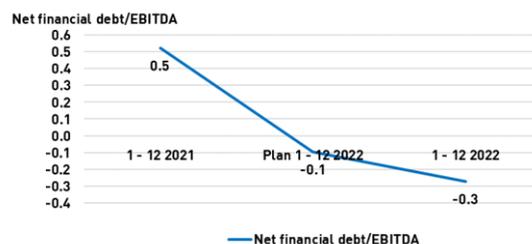


NET FINANCIAL DEBT/ EBITDA

-0.3

-0.8 2022/2021

-0.2 2022/PLAN 2022



Financial analysis of the performance of the Luka Koper Group

In 2022, the Luka Koper Group achieved record business results in all indicators exceeded the business performance of the previous year, excluding the investment expenditure, which were lower by EUR 50.8 million or by 3 percent than the expenditure in 2021. The maritime throughput exceeded the last year throughput by 12 percent, net revenue from sales was higher by 37 percent or by EUR 85 million. Higher achieved net revenue from sale resulted from higher net revenue from warehouse fees resulting from the extended retention time in warehouses due to current situation in the global logistics market, which decreased at the end of 2022 because of the gradual normalisation. Higher revenue was attributable to the increase in prices of services, increased volume of throughput and additional services in all commodity groups, also due to higher productivity. The sale of the building in the amount of in the amount of EUR 573 thousand was recognised within other revenue.

Higher net revenue from sales positively impacted the achieved earnings before interest and taxes (EBIT) in 2022, which amounted to EUR 83.1 million and exceeded the achieved operating profit in 2021 by 165 percent or by EUR 51.8 million.

In 2022, the operating expense amounted to EUR 234.7 million and increased by 16 percent or by EUR 32.8 million. All types of costs, excluding other operating expense, increased. Within the costs of material energy costs significantly increased by EUR 4.6 million due to the higher consumption of motor fuel and due to higher electricity prices, also the costs of spare parts increased due to increased volume of maintenance works. Due to higher maritime throughput and higher net revenue from sales, services costs increased most within the cost and namely by EUR 5.4 million. Also the costs of transshipment fee and concession fee rose, higher were also the costs of IT support as well as security and rat extermination costs. The labour costs were higher due to the higher number of employees and higher payments for job performance, more overtime work done and due to the adjustment of salaries for inflation. As at 31 December 2022, there were 63 employees more in the Luka Koper Group in comparison with 31 December 2021. Higher costs of amortisation and depreciation resulted from new purchases of assets, whilst other operating expense were lower than last year due to the lower costs of value adjustment of trade receivables.

In 2022, the share of operating expenses within net revenue from sale amounted to 74.9 percent, which was 13.5 percentage point less than in 2021, mainly due to higher net revenue from sale, the share of cost of material remained at the same level.

In 2022, the Luka Koper Group achieved a record net profit or loss in the amount of EUR 74.2 million, which was higher by 133 percent or by EUR 42.4 million than the result achieved last year. The above explained factors impacted the net profit or loss in 2022 in comparison to 2021, which contributed to the to the higher earnings before interest and taxes (EBIT), higher financial revenue had a positive impact on the operating profit.

Comparison of the results achieved by the Luka Koper Group in 2022, with the plan

Due to the achieved very good business results in January – August 2022 and harsh economic trends, the Luka Koper Group, in September 2022 drew up the revised 2022 Business plan. All the following comparisons are drawn up on the basis of the adopted rebalancing of the business plan. In 2022, the Luka Koper Group exceeded planned performance indicators, excluding the investments in non-financial assets, which of realisation was lower than planned, mostly due to the occupancy of areas and which resulted in delayed implementations and due to the repetition of the public procurements. The maritime throughput exceeded the planned level by 2 percent, record net revenue from sales in the amount of EUR 313.5 million were by 4 percent or EUR 11 million above the planned.

Higher net revenue from sales than planned and higher other revenue than planned had a positive impact on the earnings before interest (EBIT) of the Luka Koper Group, which in 2022 amounted to EUR 83.1 million and was by 19 percent or EUR 13.5 million higher than planned. Operating expenses of the Luka Koper Group were at the planned level

In 2022, net profit or loss of the Luka Koper Group amounted to a record EUR 74.2 million and were by 17 percent or by EUR 10.7 million higher than planned.

3 Overview of significant events in 2022

- In January, Luka Koper as investor started preparatory works for the arrangement of the external Truck terminal, located at the Sermin freight entrance and which will spread on the area of 5.2 ha.
- On January 21, 2022, Luka Koper, d. d., concluded a long-term syndicated loan agreement of EUR 60 million with the Nova Ljubljanska banka, d. d., and Banka Intesa Sanpaolo, d. d. The loan is intended to finance the company's investment activities and is based on a fixed interest rate with quarterly repayment instalments that will last from mid-2023 to the end of 2031.
- In February, the Russian Ukrainian conflict started. Luka Koper Group In analysing the consequences on the business performance, Luka Koper Group notes that its exposure to Russia and Ukraine is relatively small, since the volume of throughput destined for the markets of Ukraine and Russia is insignificant. The Luka Koper Group does not have direct financial exposure to Russia, Ukraine and Belarus, whilst indirect impacts on its investment portfolio may be expected due to developments in financial markets.
- In March, Luka Koper, d. d., started the construction of a multi-purpose warehouse on the area of 2,800 square metres on the Pier II. The warehouse will be built for the storage of bulk materials, mainly rolled sheet metal in coils.
- At the end of March 2022, a decree of the Government of the Republic of 2022 extended the port concession area on the plots of landfills 6A and 7A in the rear areas of the basin III. This increased the concession area by 11.6 hectares to total surface of 353 hectares. In the future the area will be arranged into storage areas, mainly for the car segment.
- In March 2002, Luka Koper set a new monthly record of containers throughput (TEU) at the container terminal).
- On 22 April 2022, the Supervisory Board of Luka Koper, d. d., appointed Nevenka Kržan as a Member of the Mangement Board, with the commencement of the five-year term on 1 July 2022.
- On its session held on 22 April 2022 the Supervisory Board discussed and adopted several relevant decisions related to the expansion and the construction of additional transshipment and storage capacities. In most cases, these are investments in the area of the Container terminal, which represent a new development cycle of this the most important strategic cargo group. The Supervisory board approved the project study which envisages EUR 248 million investments by 2030 in the increase of the capacity of the Container terminal to 1.75 million TEU/yearly.
- On 25 April 2022, Luka Koper, d. d., concluded a long-term syndicated loan agreement of EUR 36.1 million with the Nova Ljubljanska banka, d. d., and Banke Intesa Sanpaolo, d. d. The loan is intended for refinancing a portion of existing long-term loans, thereby lowering the interest margin and extending the loan repayment deadline. The loan is based on a variable interest rate with quarterly payment instalments, with the final repayment deadline in April 2032.
- On 27 April 2022, the company received a resignation statement from the member of the Supervisory Rado Antolovič, who resigned from the position of the member of the Supervisory Board of Luka Koper, d. d., on the aforesaid date.
- In April, one of two new container cranes was delivered in the Port of Koper. The cranes are super post-panamax and the same in dimensions and technical characteristics to the existing ones, purchased in 2017.
- In May, another super post-panamax container crane was delivered in the port.
- On May 13, 2022, the Company received the resignation statement of the Member of the Supervisory Board Tamara Kozlovič with three-month notice, as the period from 13 May 2022 to the appointment of a new (alternate) Member of the Supervisory Board resp. until the expiration of three months from the date of the resignation.
- By obtaining the use permit for the last section of the newly constructed extension of the Pier I, Luka Koper finalised one of the largest individual investments in recent decades.
- On June 6, 2022, 35th General Meeting of Shareholders of Luka Koper, d. d. was held. At the meeting, the shareholders decided that:
 - o The portion of the of the distributable profit totalling EUR 15,960,000.00 is to be used for the dividend pay-out in the gross amount of EUR 1.14 per ordinary share, the residual amount of accumulated profit totalling EUR 13,632,319.96 is to remain unappropriated.
 - o Approved the report on the remuneration of the members of the Company's Mangement and Supervisory Board in 2021,
 - o granted discharge to the Mangement Board and the Supervisory Board for 2021,
 - o took note of the resignation statement of the Member of the Supervisory Board Rado Antolovič, Ph.D.

- elected Tomaž Benčina as the Member of the Supervisory Board of Luka Koper, d. d., for a period of four years,
 - took note of a written report on the judicial proceedings against former Members of the Management Board and Members of the Supervisory Board.
- In July, Luka Koper, d. d., as the leading partner, successfully applied to the public tender for the solar power plant construction project within the project SOPOREM and will receive EUR 1.2 million of funds. Thanks to the construction of the solar power plant the company will provide higher energy self-sufficiency of the port, minor dependency on electricity price fluctuation in the market and contribute to the increased utilization of solar energy in the region.
- At the end of September, the Company published the revised 2022 business plan. Excellent business results, the Company achieved in January-August 2022 period, harsh economic conditions due to the current situation in Ukraine and developments in the energy markets, reflected in increases of energy prices and high inflation have contributed to the revised version of 2022 business plan of Luka Koper, d. d.
- Luka Koper, d. d., signed a contract with a contractor for the arrangement of the area on the landfill 5A0 in the rear area of the Basin 3. Additional 3.500 vehicles may be stored in the area, which will be expectedly finalised by the end of October 2023. Luka Koper, d. d., will invest EUR 5.1 million in the construction and arrangement of the new warehouse.
- In October, a new closed multi-purpose warehouse for general cargoes, located on the Pier II, was put into service.
- In October, three eRTG cranes for the needs of the Container terminal were delivered in the port.
- On November 11, 2022, the Supervisory Board of Luka Koper, d. d., removed Robert Rožac from his post of the Member of the Management Board and concluded with him the agreement on the termination of the employment contract. Other members of the Management Board will take over the tasks of the recalled Member of the Management Board.
- In December, Luka Koper crossed two important milestones in the throughput. For the first time in the history of the port, the throughput crossed one million TEUs and 800 thousand cars. The company set records also in other commodity groups or its segments.
- Due to the completion of the liquidation procedure from the court register, on 14 December 2022, Koper District Court deleted the entity Luka Koper Pristan, gostinstvo, d. o. o., Koper from the court register.
- In December 2022, on a proposal of the Workers' Council, the Supervisory Board of Luka Koper, d. d., reappointed Vojko Rotar as Member of the Management Board – company's Labour director. Vojko Rotar's new term of office will begin on 16 February 2023.
- The management Board of Luka Koper, d. d., convened 36th Shareholders' Meeting which was held on 6 February 2023. At the Shareholders' Meeting, the shareholders recalled members of the Supervisory Board Franci Matoz, Nevenka Črešnar Pergar, Andrej Koprivec and Božidarja Godnjavec and on 7 February 2023 appointed new members of the Supervisory Board, and namely Borut Škabar, Barbara Nose, Jožef Petrovič, Boštjan Rader and Mirko Bandelj.

4 Financial indicators

4.1 Financial indicators in 2022 (non-audited) in comparison with 2021

Table 1: The key performance indicators of Luka Koper, d. d., and the Luka Koper Group in 2022, in comparison with 2021

Items	Luka Koper, d. d.			Luka Koper Group		
	2022	2021	Index 2022/2021	2022	2021	Index 2022/2021
Net revenue from sale (in EUR)	310,196,680	224,990,379	138	313,462,636	228,444,062	137
Earnings before interest and taxes (EBIT) (in EUR)	81,729,523	30,745,444	266	83,114,534	31,346,268	265
Earnings before taxes, depreciation and amortisation (EBITDA) (in EUR)	112,529,369	59,832,637	188	114,602,528	61,170,729	187
Net profit or loss (in EUR)	73,266,227	29,920,330	245	74,159,799	31,793,527	233
Added value (in EUR)	206,717,589	142,075,730	145	216,463,633	150,251,354	144
Investment expenditure (in EUR)	50,157,229	51,835,252	97	50,784,443	52,096,515	97
Maritime throughput (in tons)	23,248,355	20,821,177	112	23,248,355	20,821,177	112
Number of employees	1,638	1,577	104	1,801	1,738	104

Indicators	2022	2021	Index 2022/2021	2022	2021	Index 2022/2021
Return on sales (ROS)	26.3%	13.7%	192	26.5%	13.7%	193
Return on equity (ROE)	16.1%	7.1%	227	15.1%	7.0%	216
Return on assets (ROA)	11.6%	5.1%	227	11.1%	5.1%	218
EBITDA margin	36.3%	26.6%	136	36.6%	26.8%	137
EBITDA margin from market activity	37.1%	27.4%	135	37.4%	27.6%	136
Financial liabilities /equity	13.3%	16.8%	79	12.3%	15.5%	79
Net financial debt/EBITDA	-0.05	0.9	-	-0.3	0.5	-

Items	31.12.2022	31.12.2021	Index 2022/2021	31.12.2022	31.12.2021	Index 2022/2021
Assets (in EUR)	662,680,856	596,417,076	111	701,154,228	634,103,258	111
Equity (in EUR)	480,225,780	432,176,305	111	515,732,169	466,965,328	110
Financial liabilities (in EUR)	63,801,193	72,645,327	88	63,680,089	72,605,452	88

Table 2: Maritime throughput in tons per cargo groups in 2022 and 2021

Cargo groups (in tons)	2022	2021	Index 2022/ 2021
General cargoes	1,311,121	1,126,786	116
Containers	9,659,007	9,703,415	100
Cars	1,394,106	1,094,326	127
Liquid cargoes	4,644,337	3,331,065	139
Dry and dry bulk cargoes	6,239,783	5,565,585	112
Total	23,248,355	20,821,177	112

Table 3: Throughput of containers (TEU) and cars (in units) in 2022 and 2021

Cargo groups	2022	2021	Index 2022/ 2021
Containers – TEU	1,017,788	997,566	102
Cars – UNITS	801,036	656,477	122

Alternative performance measures

The Luka Koper Group also used alternative measures (APMs¹ Guidelines), defined by ESMA

Alternative measure	Calculation	Explanation of the selection
Earnings before interest and taxes (EBIT)	Earnings before interest and taxes (EBIT) = difference between operating income and costs.	It shows the performance (profitability) of the company's operations from the core business.
Earnings before interest and taxes, depreciation and amortisation (EBITDA)	Earnings before interest and taxes, depreciation and amortisation (EBITDA) = Earnings before interest and taxes (EBIT) + amortisation.	A measure of the company's financial performance and an approximation of the cash flow from operations. Shows the ability to cover write-downs and other non-operating expenses.
Added value	Added value = net revenue from sale + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.	Shows the newly created value of the company within one year. It is a measure of economic activity and success.
Return on sales (ROS)	Return on sales (ROS) = Earnings before interest and taxes (EBIT) / net revenue from sale.	Shows the operational efficiency of the company.
Return on equity (ROE)	Return on equity (ROE) = net income / shareholder equity.	Shows the management success in increasing the value of the company for the owners or shareholders.
Return on assets (ROA)	Return on assets (ROA) = net income / average total assets.	Shows how a company manages its assets.
EBITDA margin	EBITDA margin = Earnings before interest, taxes, depreciation and amortisation (EBITDA) / net revenue from sale.	Shows the business performance and profitability of market activity in percent. It is used to compare the company performance with other companies.
EBITDA margin from market activity	EBITDA margin from market activity = Earnings before interest and taxes, depreciation and amortisation (EBITDA) / net revenue from sale from market activity.	Shows the business performance and profitability of market activity un percent.
Net financial debt/EBITDA	Net financial debt/EBITDA = (Financial liabilities – cash and cash equivalents) / EBITDA.	Shows indebtedness and profitability of a company in order to assess the company's ability to settle its financial debts in the future if the company maintains the same volume of business and profit.

¹ APMs – Alternative Performance Measures

4.2 Financial indicators in 2022 (non-audited) in comparison with plan

Table 4: The key performance indicators of Luka Koper, d. d., and the Luka Koper Group in 2022, in comparison with the plan for 2022

Items	Luka Koper, d. d.			Luka Koper Group		
	2022	Plan 2022	Index 2022/ plan 2022	2022	Plan 2022	Index 2022/ plan 2022
Net revenue from sale (in EUR)	310,196,680	300,703,591	103	313,462,636	302,449,674	104
Earnings before interest and taxes (EBIT) (in EUR)	81,729,523	68,870,351	119	83,114,534	69,634,233	119
Earnings before taxes, depreciation and amortization (EBITDA) (in EUR)	112,529,369	99,022,567	114	114,602,528	100,669,784	114
Net profit or loss (in EUR)	73,266,227	62,921,172	116	74,159,799	63,472,863	117
Added value (in EUR)	206,717,589	196,356,366	105	216,463,633	204,273,952	106
Investment expenditure (in EUR)	50,157,229	68,928,091	73	50,784,443	70,365,091	72
Maritime throughput (in tons)	23,248,355	22,870,331	102	23,248,355	22,870,331	102
Number of employees	1,638	1,703	96	1,801	1,864	97

Indicators	2022	Plan 2022	Index 2022/ plan 2022	2022	Plan 2022	Index 2022/ plan 2022
Return on sales (ROS)	26.3%	22.9%	115	26.5%	23.0%	115
Return on equity (ROE)	16.1%	14.1%	114	15.1%	13.2%	114
Return on assets (ROA)	11.6%	10.1%	115	11.1%	9.8%	113
EBITDA margin	36.3%	32.9%	110	36.6%	33.3%	110
EBITDA margin from market activity	37.1%	34.3%	108	37.4%	34.7%	108
Financial liabilities /equity	13.3%	13.6%	98	12.3%	12.6%	98
Net financial debt/EBITDA	-0.05	0.2	-	-0.3	-0.1	300

Items	31.12.2022	Plan 31.12.2022	Index 2022/ plan 2022	31.12.2022	Plan 31.12.2022	Index 2022/ plan 2022
Assets (in EUR)	662,680,856	641,404,214	103	701,154,228	674,879,968	104
Equity (in EUR)	480,225,780	467,878,081	103	515,732,169	499,683,062	103
Financial liabilities (in EUR)	63,801,193	63,796,044	100	63,680,089	62,767,333	101

Table 5: Maritime throughput in tons per cargo groups in 2022 in comparison with the plan 2022

Cargo groups (in tons)	2022	Plan 2022	Index 2022/ plan 2022
General cargoes	1,311,121	1,345,351	97
Containers	9,659,007	9,892,375	98
Cars	1,394,106	1,312,563	106
Liquid cargoes	4,644,337	4,278,620	109
Dry and dry bulk cargoes	6,239,783	6,041,421	103
Total	23,248,355	22,870,331	102

Table 6: Throughput of containers (TEU) and cars (in units) in 2022 in comparison with the plan 2022

Cargo groups	2022	Plan 2022	Index 2022/ plan 2022
Containers – TEU	1,017,788	1,036,898	98
Cars– UNITS	801,036	751,457	107

Members of the Management Board:

Boštjan Napast
President of the Management Board

Nevenka Kržan
Member of the Management Board

Vojko Rotar
Member of the Management Board – Labour Director

Koper, February 7, 2023