ANNUAL REPORT

ON COMPANY STATUS AND BUSINESS ACTIVITIES IN 2021

Zagreb, April 2022

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

Content

Note: The report in PDF format is an unofficial report, while the official version of the annual report, in accordance with the Capital Market Act, has been prepared and publicly available in accordance with the unique electronic reporting format (ESEF - European Single Electronic Format).

1 MANAGEMENT REPORT

1.1 A word by the Management Board

Unlike the truly turbulent year 2020, one could say that 2021 brought a certain stabilisation as everyone grew accustomed to the 'new normal'. The year got off to a fairly optimistic start with growth in statistical indicators, but a rather diverse market environment began to emerge as it progressed. All in all, however, the market certainly did not lack activity throughout the year thanks to new issues, improvements to various services and processes, as well as other steps contributing to market quality and efficiency so as to provide a better service to all its participants.

Three new issues were admitted to trading on the regulated market over the course of the year, with Span drawing the greatest interest as the first IT company to list its shares on the Exchange in 18 years, expanding the range of sectoral opportunities for investors in the local market. In addition, three other listings resulting from capital increases of respective companies were recorded, with a total of six bonds of all types (municipal, government, corporate) also admitted to trading by the end of the year. After acquiring 5.3% of the equity in the Macedonian Stock Exchange late in 2019, the Zagreb Stock Exchange increased its holding in that exchange to 7.06% by the end of 2021. Also, the Macedonian and the Zagreb Stock Exchange entered into a Cooperation Agreement aimed at improving the expertise and professional development of the participants of Macedonia's capital market through ZSE Academy training.

The last day of August marked five years since the shares of the Zagreb Stock Exchange were admitted to trading on the regulated market managed by the Exchange. At the time, the Zagreb Stock Exchange was and still continues to be the only exchange in Central and South-Eastern Europe to have its shares admitted to trading on the regulated market. Thus, following the example of developed markets, it set new transparency standards and corporate governance criteria to further strengthen its position as a capital market leader and service provider in the wider region.

The Exchange's Progress Market, intended for SMEs, also saw plenty of activity – particularly on its Funderbeam platform, which ran successful new fund-raising campaigns for local start-ups.

The Zagreb Stock Exchange joined the UN Sustainable Stock Exchanges (SSE) initiative, aimed at promoting sustainability in capital markets. In accordance with the goals set by the initiative, it will take active part in a dialogue with the UN and other SEE members to jointly improve business practices related to environmental, social and corporate governance issues. The Zagreb Stock Exchange was again among more than 100 exchanges around the world to mark the International Women's Day by symbolically ringing the bell for the start of trading to emphasise the role that the business and financial sector may have in empowering women in key positions, as an important global sustainable development goal.

Through the ZSE Academy, we sought to enhance the level of knowledge and expertise of all capital market participants. The Academy marked the 11th year of its operations, during which training was delivered to more than 10,000 individuals. It has developed more than 80 training programmes, several of them more complex in terms of duration and scope: the investor relations programme was completed by the 11th generation of IR experts, followed by the Academy's compliance programme, while the investment fundamentals programme completed by the 5th generation of participants.

Numerous events and investment conferences organised by the Exchange gathered more than 1,000 participants in a bid to promote not only our own but the regional market as well, while bringing together market participants and connecting them with the international investment community. The traditional Ljubljana and Zagreb Stock Exchange Investment Days, first introduced back in 2014, were held in May and marked the first time that the companies trading on the Macedonian Stock Exchange joined Slovenian and Croatian companies at the event. A total of 18 companies presented their business operations and results to a record 230+ analysts and investors from more than 20 countries, including Great Britain, the United States, Austria, Germany, Finland, Russia, Estonia, Turkey, the Czech Republic, Switzerland and others. Another edition of the investment conference, hosting more than 170 meetings between listed companies and investors in a single day, was held in December. In September, the Prime Plus investment webcast of the Zagreb Stock Exchange, involving the participation of companies listed on the Prime Market and several companies in other market segments of the Exchange, attracted more than 50 local and foreign analysts and investors.

The Croatian Financial Services Supervisory Agency (HANFA), the Central Depository and Clearing Company and the Zagreb Stock Exchange held the 12th round of their annual education, aimed at the companies whose securities are admitted to trading on the Zagreb Stock Exchange's regulated market. A hundred-odd issuer representatives in attendance learned about the novelties concerning capital market regulation and other related topics. This round focused on non-financial reporting, corporate governance and the SRD II Directive.

October saw the 'Challenge of Change' conference, traditionally organised by the Zagreb Stock Exchange and the Association of Pension Fund Management and Pension Insurance Companies. The conference brought together more than 400 financial industry participants from Croatia and its wider region and featured 20-odd prominent speakers, including Deputy Prime Minister and Finance Minister Zdravko Marić, Minister for Labour, Pension System, Family and Social Policy Josip Aladrović, chairman of HANFA's Board Ante Žigman and central bank governor Boris Vujčić. As part of the conference, the daily Poslovni dnevnik and the Zagreb Stock Exchange presented their awards to companies providing the best investor relations for the twelfth year running.

The Zagreb Stock Exchange LEI Service, as one of no more than 38 globally accredited LEI assignment entities, managed some 1,400 LEIs at the end of the year. According to the performance criteria of the Global LEI Foundation, the quality of the ZSE LEI Service scored an exceptionally high 99–100%.

In March, the Exchange launched a series of short-form videos entitled the ZSE Stock Talk, in which our prominent figures address current finance, economics, capital market and other current topics in order to bring the capital market and related topics closer to the general public. Marking the third year of its existence, the Zagreb Stock Exchange blog Burzin brief saw the publication of more than 60 texts written by local and foreign experts in the field of finance.

The 10th annual Zagreb Stock Exchange Awards, aimed at enhancing market recognition and the visibility of its active participants among the financial and general public, were presented in December to recognise, support and reward excellence. The Exchange marked the 30th anniversary of its modern-day existence by screening a documentary featuring a number of figures who played prominent roles in the establishment of the local capital market. We would like to stress that the Zagreb Stock Exchange development over the past three decades since its establishment has always been aimed at creating a regional leader in the provision of capital market services by setting up sound and resilient market infrastructure, comparable to that of the most developed markets.

Among the projects aimed at improving trade infrastructure and raising the level of service quality for all participants, our focus this year was primarily on developing our own trading surveillance software named Zeus, as well as on formulating an Exchange strategy for the next five years. We also participated in the project of CCP implementation in Croatia, successfully delivered new trading system releases and undertook other activities for the optimisation of infrastructure which, while not always appearing obvious, contribute significantly to the quality of capital market services.

The Zagreb Stock Exchange maintained business and trading continuity through uninterrupted provision of superior quality products and services, aimed at meeting the needs of shareholders, investors, issuers, member firms and all other stakeholders for efficient, transparent and cost-effective capital market services. None of this would have been possible without the unwavering efforts invested by all market participants, member firms and issuers in particular, as well as the excellent cooperation with the Regulator.

In the coming year, we will strive to improve our services further and continue to develop all the projects initiated, while also joining forces with the Regulator, issuers and other stakeholders to create an environment conducive to excellence, the highest ethical standards in business and corporate governance so as to contribute to increasing the value of the market as a whole and creating better investment opportunities for companies and investors.

Even with the challenging circumstances under which the capital market will certainly continue to operate in 2022, the Zagreb Stock Exchange aims to maintain its position as a regional leader and one of the mechanisms supporting economic growth. We will press on with our efforts to strengthen the very market capacity, provide for the needs of shareholders, investors, issuers, member firms and all other stakeholders, while enhancing the level of transparency and its positive impact on investor confidence, liquidity and the value of the market as a whole.

1.2 ZSE Key Performance Indicators in 2021

In 2021, operating revenues slightly decreased by -2.05% compared to 2020, amounting to HRK 14,467 thousand. Although other operating income increased by HRK +287 thousand, the main reason for the decrease in operating revenues is the decrease in sales revenue, primarily in trading commissions and income from listing fees.

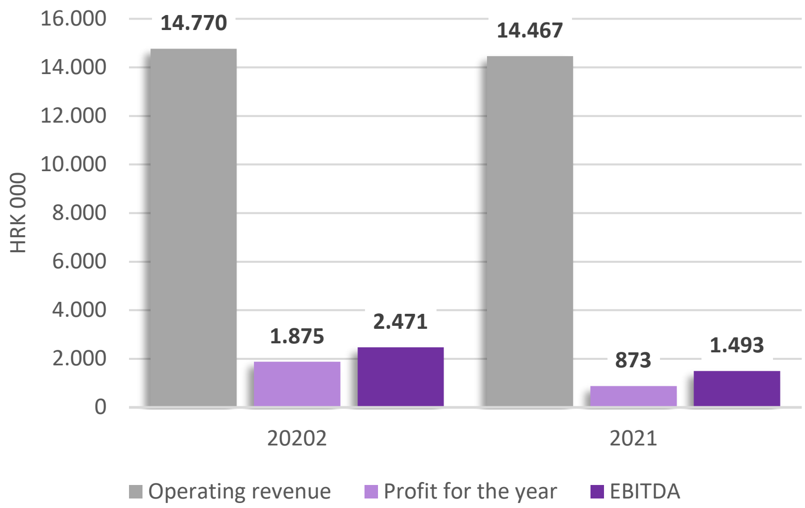

Figure 1: Operating revenue, profit for the year and EBITDA

Operating expenses increased by just over +5% compared to the pandemic 2020, but not enough for the operating profit to end in a negative amount. The year 2021 was thus concluded with an operating profit of HRK 310 thousand, a positive net financial result of HRK 563 thousand and a net profit of HRK 873 thousand. Operating profit before interest, taxes, depreciation and amortization in 2021 still amounts to a significant HRK 1,493 thousand, but it is a decrease of almost -40% compared to 2020.

HRK 000	2020	2021	change
Share capital	46,357	46,357	0.00%
Capital and reserves	42,456	43,329	2.06%
Total assets	47,937	51,422	7.27%
Operating revenue	**14,770**	**14,467**	**-2.05%**
Sales revenue	*10,172*	*9,582*	*-5.80%*
Other operating income	*4,598*	*4,885*	*6.25%*
Operating expenses	**-13,426**	**-14,157**	**5.45%**
Staff costs	*-6,935*	*-7,117*	*2.62%*
Depreciation and amortization	*-1,127*	*-1,183*	*4.98%*
Other costs	*-5,364*	*-5,857*	*9.19%*
EBIT	**1,344**	**310**	**-76.93%**
EBITDA	**2,471**	**1,493**	**-39.57%**
Net financial result	531	563	6.03%
EBT	**1,875**	**873**	**-53.43%**
Income tax credit	0	0	
Profit for the year	**1,875**	**873**	**-53.43%**
Number of shares (in thousands)	4,636	4,636	0.00%
Number of employees	24	26	8.33%

Table 1: Main business indicators

1.2.1 Trading and price of ZB-R-A stock of the issuer Zagreb Stock Exchange, Inc.

Zagreb Stock Exchange stocks were listed on the regulated market (Official market segment) in August 2016. Issued share capital of Zagreb Stock Exchange amounts to HRK 46,357,000 and it is divided into 4,635,700 ordinary shares. From 1 January 2021 to 31 December 2021, the total orderbook turnover in the amount of HRK 627,946.30 was reached.

Symbol	ZB-R-A
ISIN	HRZB00RA0003
Number of listed shares	4,635,700
Total turnover (HRK)	627,946.30
Total trading volume	48,864
Highest price (HRK)	15.90
Lowest prices (HRK)	12.00
Last price (HRK)	12.05
Average daily turnover (HRK)	11,213.33

Table 2: ZB-R-A stock in 2021

The ZB-R-A stock price reached its peak on January 8, 2021 in the amount of HRK 15.90, while it fell to its lowest level on December 27, 2021, when it was worth HRK 12.00.

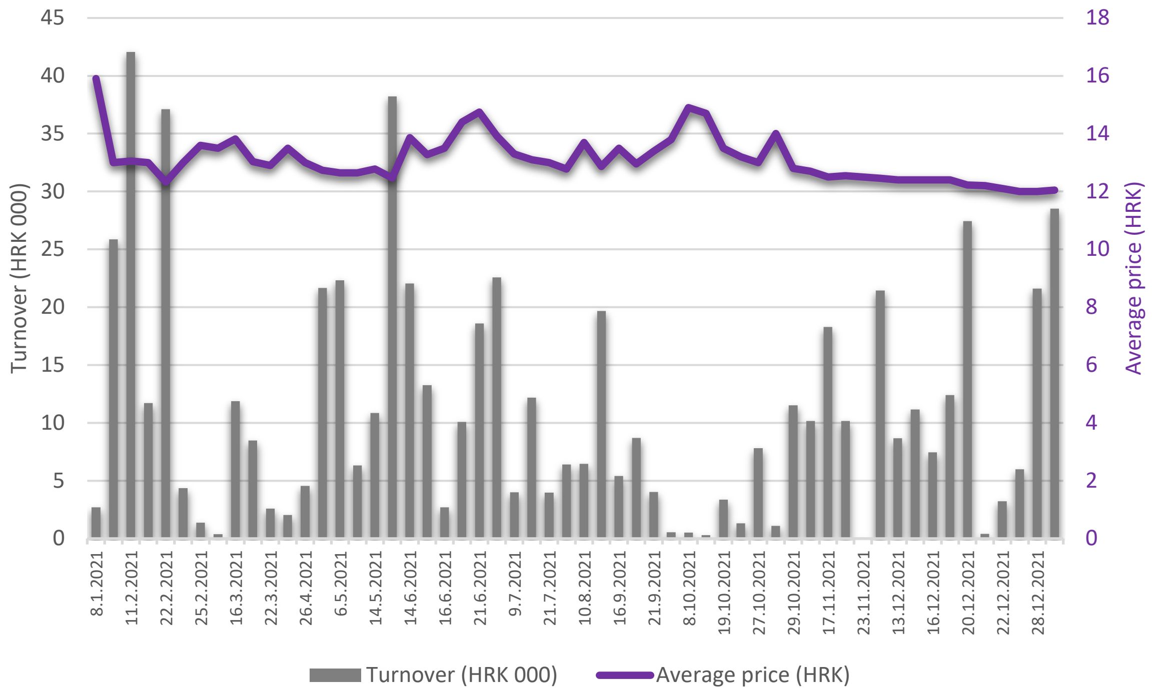

Figure 2: Turnover and average price ZB-R-A stock in 2021

1.2.2 Ownership structure of the issuer Zagreb Stock Exchange

A total of 199 shareholders were noted in the ownership structure of the Zagreb Stock Exchange on 31 December 2021.

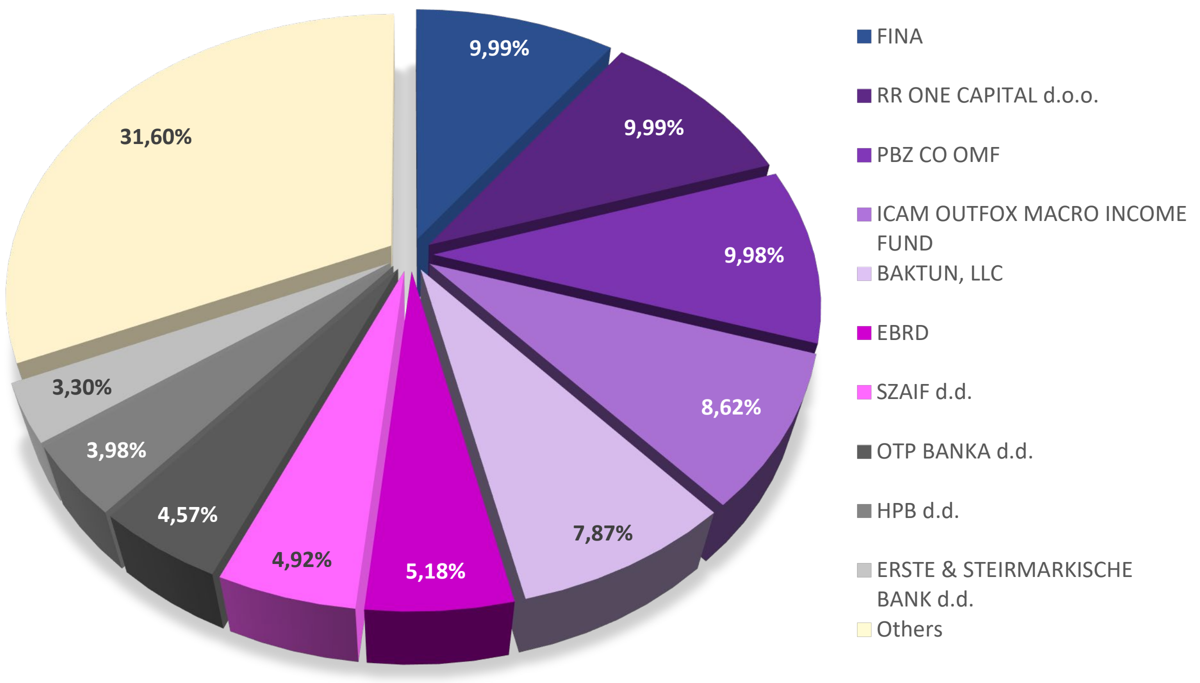

Figure 3: Ownership structure on 31 December 2021

1.3 Financial results and business operations in 2021

In 2021, the Company generated a total of HRK 14,467 thousand of operating revenues, which is HRK -303 thousand or -2% less than in the previous year when they amounted to HRK 14,770 thousand. Compared to 2020, sales revenues fell from HRK 10,171 to HRK 9,582 thousand, i.e., by a significant HRK -590 thousand or -5.8%. The decline in sales revenue is primarily the result of a decrease in revenue from trading commissions, which, following a lower turnover in securities compared to a significantly increased turnover from the end of February to mid-April 2020, by the end of 2021 reached HRK 3,365 thousand (HRK -571 thousand or -14.5% less compared to 2020 when they amounted to HRK 3,936 thousand). Following the slightly smaller number of newly listed securities than in the previous year, income from quotation fees in 2021 amounted to HRK 955 thousand, which is HRK -227 thousand or -19% less than in 2020. Within sales revenues, only income from quotation maintenance increased to HRK 5,062 thousand (an increase of HRK +188 thousand or +3.9% compared to 2020, when they amounted to HRK 4,874 thousand) and revenues from membership fees increased to the amount of HRK 200 thousand (2020: HRK 180 thousand). Compared to 2020, other operating income increased by HRK +287 thousand or +6.2%, i.e., from HRK 4,598 to HRK 4,885 thousand. This increase in other operating income is due to the growth of revenue from the supply of information which amounted to HRK 2,559 thousand (HRK +103 thousand or +4.2%), income from seminars which amounted to HRK 775 thousand (HRK +132 thousand or +20.5%) and other revenues, which increased by HRK +237 thousand or +20% and amounted to a significant HRK 1,409 thousand.

At the beginning of the coronavirus pandemic, i.e., in the first quarter of 2020, the Company began to record a decline in operating expenses primarily due to a changed working mode (working from home, absence of business trips, live events, etc.). In 2021, business operations normalized in one part, which is why the Company's total operating expenses increased by a significant HRK +731 thousand (+5.4%) compared to 2020 and amounted to HRK 14,147 thousand (2020: HRK 13,426 thousand). The increase in operating expenses was mostly due to the increase in other operating expenses (HRK +493 thousand or +9.2%, i.e., from HRK 5,364 to HRK 5,857 thousand), the growth of which is mostly due to the increase in professional services (translation, lawyer, notary and consulting services) by HRK +527 thousand or +66.4%, i.e., from HRK 794 to HRK 1,321 thousand, and an increase of software costs and licenses by HRK +222 thousand or +13.3% (an increase from HRK 1,663 to HRK 1,885 thousand). Staff costs increased by HRK +182 thousand or +2.6% (from HRK 6,935 to HRK 7,117 thousand), which is within the planned, and depreciation by HRK +56 thousand or almost +5% (from HRK 1,127 to HRK 1,183 thousand).

The Company's operating profit in 2021 amounted to HRK 310 thousand, while in the previous year the operating profit amounted to HRK 1,344 thousand (HRK -1,034 or -76.9%). Financial revenues and financial expenses increased significantly, so in 2021 financial revenues amounted to HRK 1,044 thousand (HRK +473 thousand or +83%) and financial expenses amounted to HRK 481 thousand (HRK +441 thousand). Changes in the movement of financial revenues are primarily the result of dividends received from the Ljubljana and Macedonian Stock Exchanges in the amount of HRK 1,011 thousand (2020: HRK 411 thousand).

Considering all the above, the Company’s net profit in 2021 amounts to HRK 873 thousand, which is HRK -1,002 thousand (-53.4%) less than in 2020, when the Company's net profit amounted to HRK 1,875 thousand. Operating profit before interest, taxes, depreciation and amortization is positive and in 2021 amounts to HRK 1,493 thousand, i.e., HRK -978 thousand less than in 2020.

In 2021, in order to preserve the value of its assets, the Company invested its available cash in bond funds and bank deposits. At the end of 2021, the Company's free assets amounted to HRK 22,347 thousand (units in investment funds and cash in the bank).

1.4 Business analysis

1.4.1 Total operating revenues

Total operating revenues in 2021 amount to HRK 14,467 thousand and are lower by HRK -303 thousand or -2% compared to 2020 when they amounted to HRK 14,770 thousand. The largest increase in revenue was recorded in income from quotation maintenance (HRK +188 thousand or +4%), and the largest decrease in revenue from trading commissions (HRK -571 thousand or -14.5%).

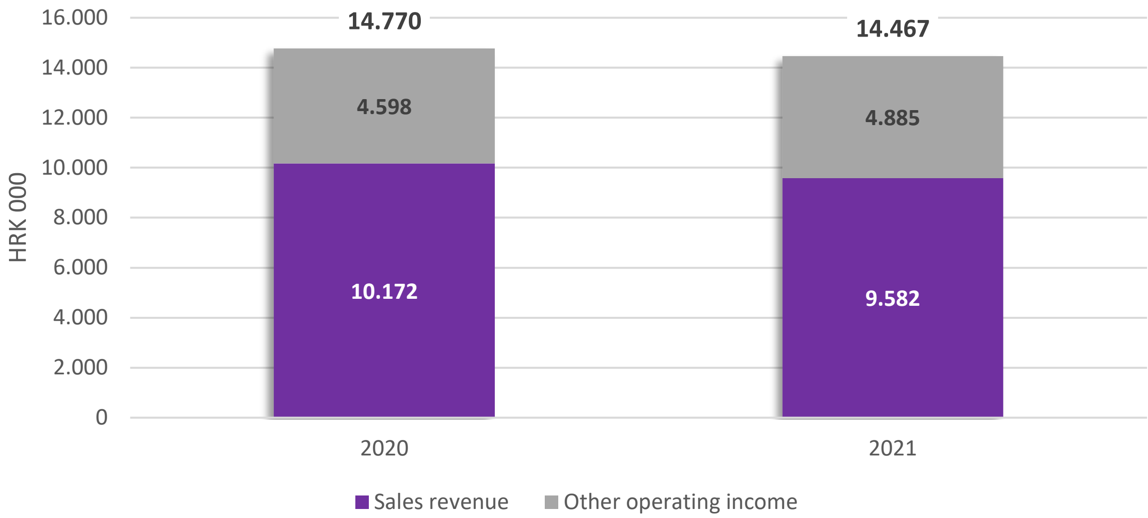

Figure 4: Operating revenue

As in the previous year, in 2021 the largest share in operating revenues had income from quotation maintenance (35%) and revenues from trading commissions (23%).

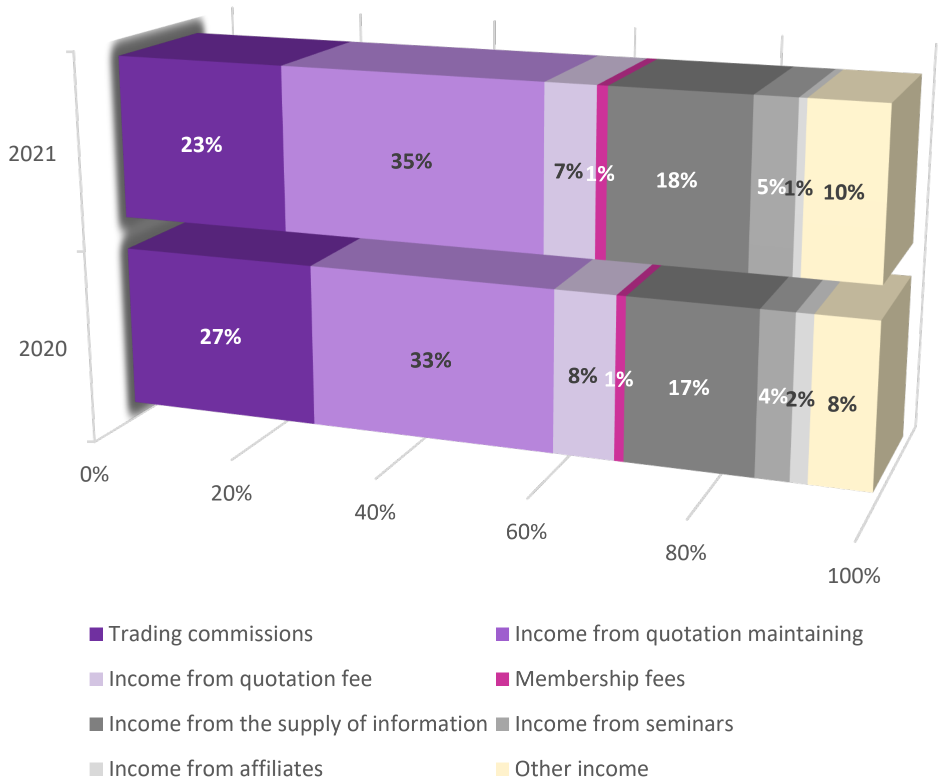

Figure 5: Operating revenue structure

Trading commissions and membership fees

In 2021, HRK 3,365 thousand was generated on the basis of trading commissions, which is HRK -571 thousand or -14.5% less compared to 2020, when they amounted to HRK 3,936 thousand. At the end of 2021, the Exchange had a total of 13 members, one member less than in 2020, but membership fees revenues are higher by HRK 20 thousand or 11% and amount to HRK 200 thousand.

Income from quotation maintenance

Income from quotation maintenance increased from HRK 4,874 to HRK 5,062 thousand (HRK +188 thousand or +4%). At the end of 2021, 98 stocks (2020: 104), 32 bonds (2020: 26) and 2 ETFs (2020: 2) were listed on the Regulated Market.

Income from quotation fees

In 2021, income from quotation fees decreased from HRK 1,182 to HRK 955 thousand (HRK -227 thousand or -19.2%) compared to the previous year. In 2021, three stocks and six bonds were listed, while in 2020, five stocks, five bonds and two ETFs were listed.

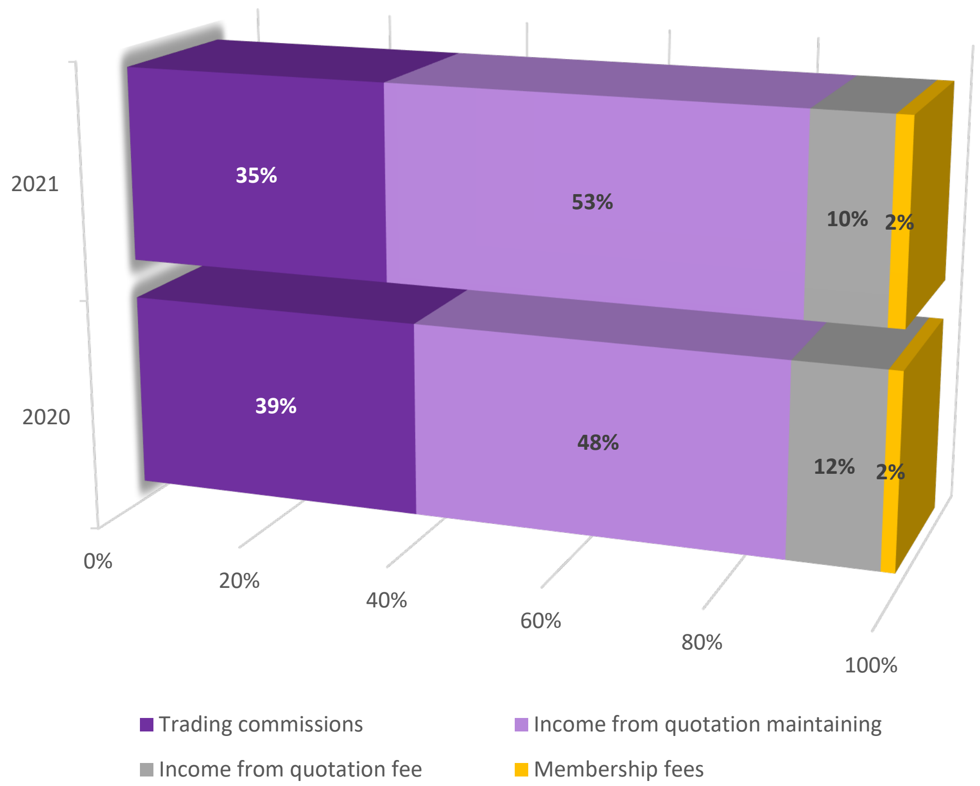

Figure 6: Sales revenue structure

Other operating income

Other operating income increased by HRK +287 thousand or +6.2% compared to 2020 (from HRK 4,598 to HRK 4,885 thousand) due to the growth of revenue from the supply of information amounting to HRK 2,559 thousand (HRK +103 thousand or +4.2%), increase in revenues from seminars amounting to HRK 775 thousand (HRK +132 thousand or +20.5%), and other revenues that increased by HRK +237 thousand or +20% and amounted to a significant HRK 1,409 thousand. Within other operating income, only income from affiliates decreased (HRK -185 thousand or -56.6%, i.e., from HRK 327 to HRK 142 thousand). Revenues from the supply of information have the largest share in other operating income (52%), which also includes income from real-time data distribution rights paid by members.

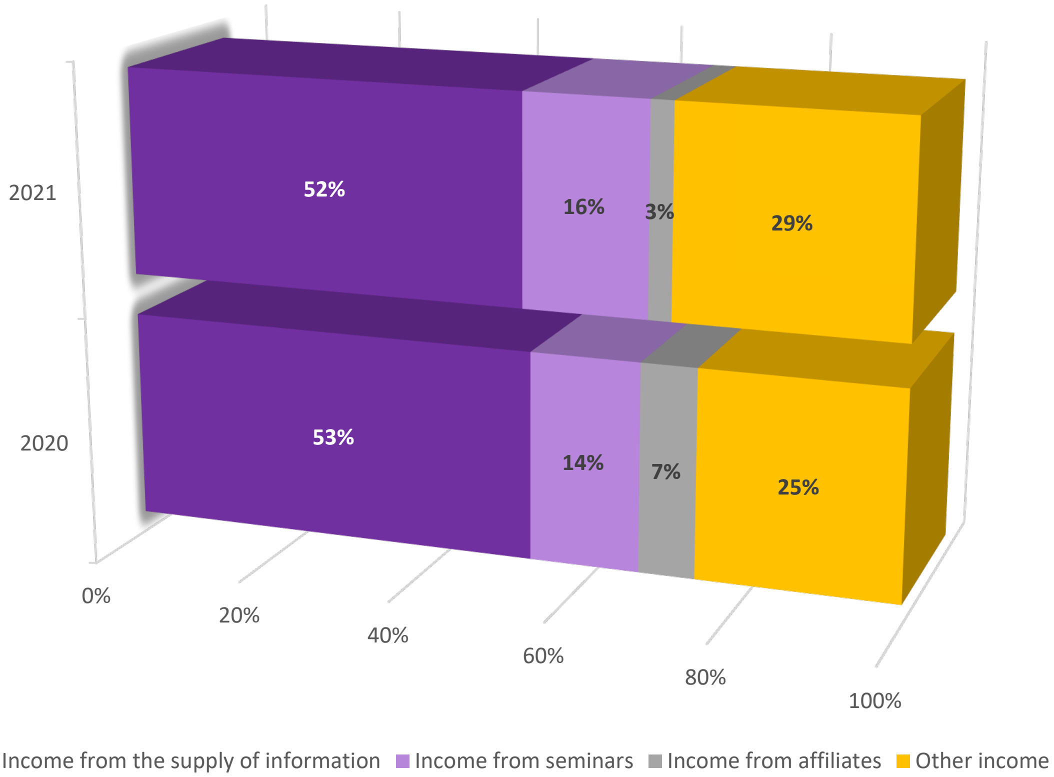

Figure 7: Other operating income structure

1.4.2 Total operating expenses

Total operating expenses in 2021 amounted to HRK 14,157 thousand, which is an increase of HRK +731 thousand or +5.4% (in 2020 they amounted to HRK 13,426 thousand).

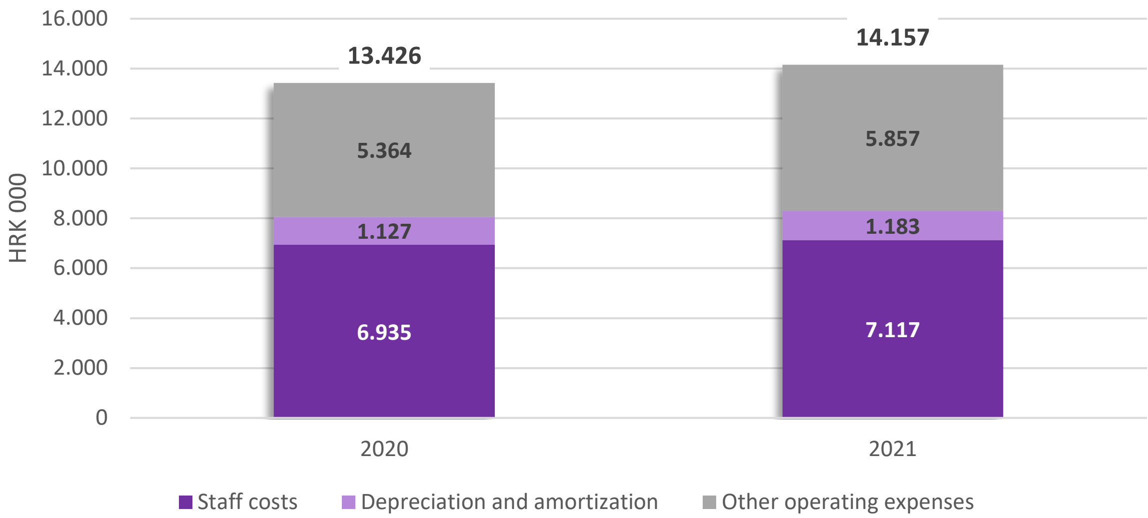

Figure 8: Operating expenses structure

As already mentioned, the significant growth of operating expenses in 2021 is mainly related to the normalization of part of the business after the pandemic 2020. At the end of 2021, two more people were employed than at the end of the previous year and staff costs increased from HRK 6,935 to HRK 7,117 thousand (HRK +182 thousand or +2.6%). Depreciation increased by HRK +56 thousand or almost +5% (from HRK 1,127 to HRK 1,183 thousand).

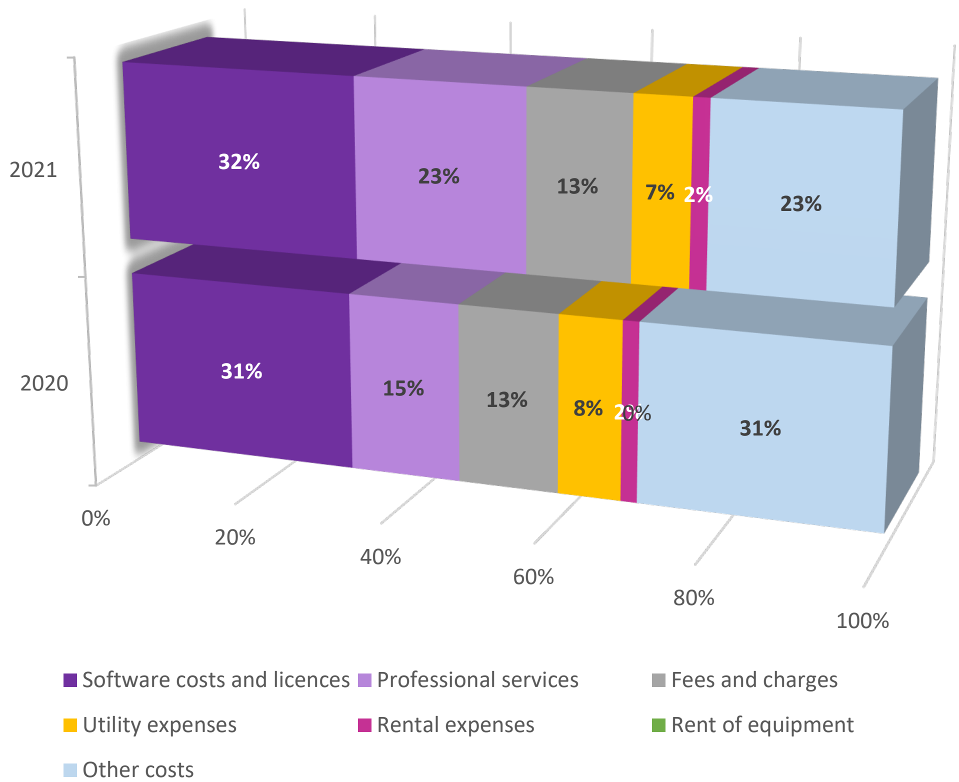

Figure 9: Other operating expenses structure

Other operating expenses increased from HRK 5,364 to HRK 5,857 thousand (HRK +493 thousand or +9.2%) and contributed the most to the increase in total operating expenses. Among them, the most significant is the increase in the costs of professional (translation, legal, notary and consulting) services from HRK 794 to HRK 1,321 thousand (HRK +527 thousand or +66.4%) and the increase in the software costs and licenses from HRK 1,663 to HRK 1,885 thousand (HRK +222 thousand or +13.3%) which have the largest share in other operating expenses (32%).

1.4.3 Net profit for the period

In 2021, the net profit for the period amounted to HRK 873 thousand; a decrease of HRK -1,002 thousand or -53.4% compared to the previous year when net profit amounted to HRK 1,875 thousand. Besides the decrease in the most important income, that of trading commissions (-14.5%), which traditionally accounts for about 40% of sales revenue and about 25% of total revenue, revenue from quotation fees also fell significantly (-19%). The Company, however, partially annulled the decrease in these items by increasing revenues from other bases, where it is necessary to highlight revenues from quotation maintenance fees in the amount of HRK 5,062 thousand, revenues from the supply of information in the amount of HRK 2,559 thousand, revenues from seminars in the amount of HRK 775 thousand and a positive net financial result in the amount of HRK 563 thousand.

Operating profit before interest, taxes, depreciation and amortization decreased compared to the previous year (HRK -978 thousand) and in 2021 amounted to still significant HRK 1,493 thousand.

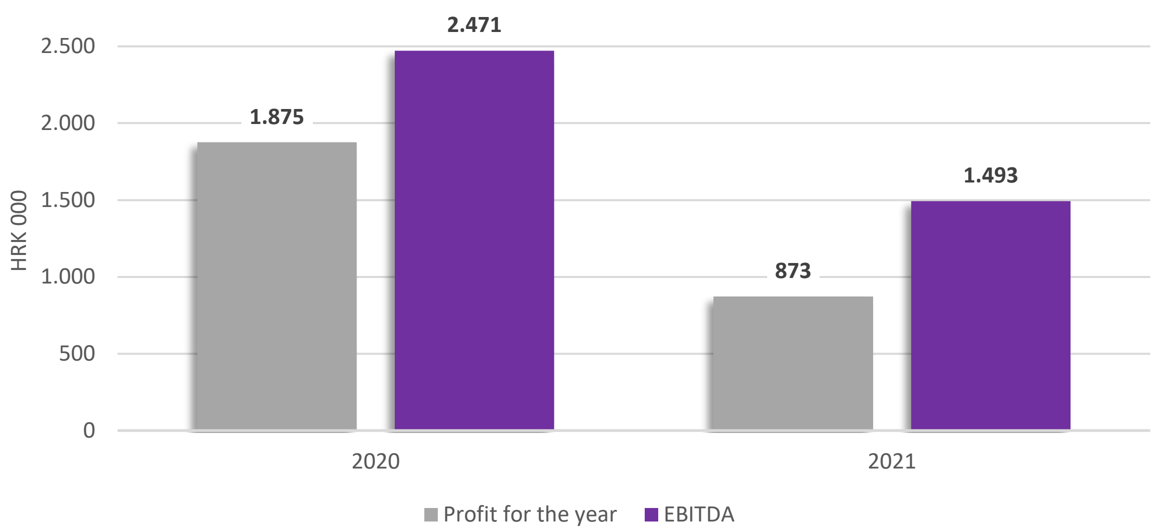

Figure 10: Net profit for the year and EBITDA

1.4.4 The Company's Assets

As of 31 December 2021, the total assets of the Company amounted to HRK 51,422 thousand, which is +7.3% more than on the last day of 2020.

HRK 000	2020.	2021.	change
Non-current assets	**23,205**	**26,670**	**14.9%**
Current assets	**24,732**	**24,752**	**0.1%**
Inventories	*7*	*6*	*-14.3%*
Trade receivables	*2,726*	*2,328*	*-14.6%*
Financial assets	*17,774*	*14,479*	*-18.5%*
Short-term deposits	*2,500*	*4,506*	*80.2%*
Cash and cash equivalents	*1,639*	*3,362*	*105.1%*
Prepaid expenses	*86*	*71*	*-17.4%*
Total assets	**47,937**	**51,422**	**7.3%**
Equity	**42,456**	**43,329**	**2.1%**
Long term obligations	**32**	**2,227**	**6,859.4%**
Current liabilities	**5,449**	**5,866**	**7.7%**
Total equity and liabilities	**47,937**	**51,422**	**7.3%**

Table 3: Balance Sheet on 31 December

The structure of the balance sheet has changed slightly compared to 2020. On the assets side, current assets and non-current assets replaced shares in total assets, while on the liabilities side the share of equity decreased, the share of long-term liabilities increased, and the share of short-term liabilities remained unchanged.

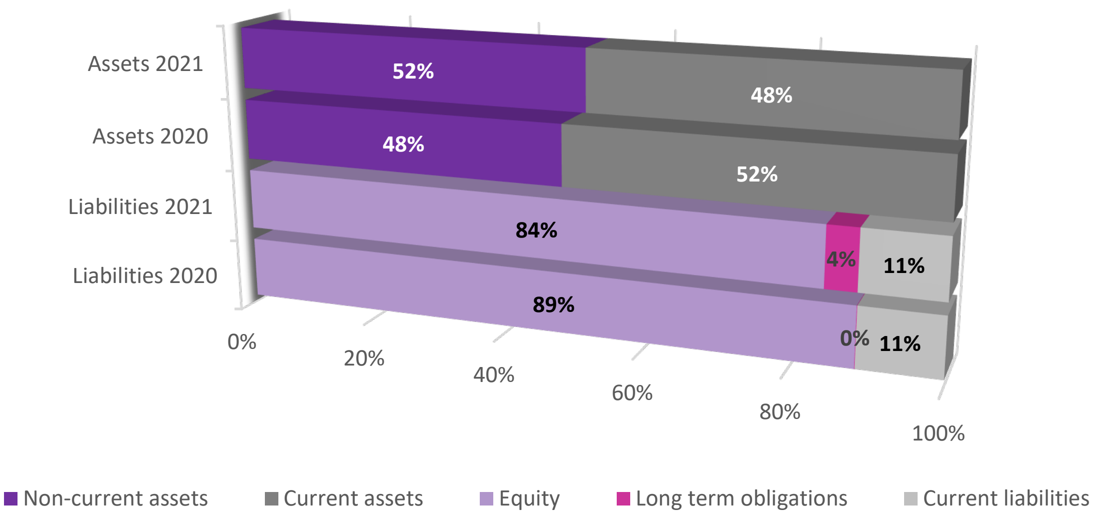

Figure 8: Assets and Liabilities Structure

1.5 Significant events after the end of the financial year

In 2021, uncertainty continued over the prevention measures taken to halt the spread and suppression of the COVID-19 pandemic. It is not possible to estimate the future duration of the pandemic, but the Company is actively monitoring the situation and will take all necessary measures to minimize potential negative impacts in the event of a worsening situation. With its infrastructure and working procedures, the Company is fully trained and ready to ensure business continuity so that trading can run smoothly. Infrastructure and work processes are adapted to work in crisis situations, employees are on standby, and tests related to working in such circumstances have been successfully conducted, thus ensuring continuous trading in securities throughout the trading day, without difficulties even in emergencies.

The long-term effect can also affect the company's operations in terms of difficult operations of our clients - issuers, as well as reducing the volume of trade due to possible uncertainties of investors related to the impact of the crisis on the Croatian economy. Despite the aforementioned, at the date of issue of these financial statements, the Company continues to settle due to liabilities and, consequently, prepares financial statements under the assumption of indefinite operation.

Ongoing military action in Ukraine and sanctions against the Russian Federation are affecting economies in Europe and the world. The company has no significant exposure in Ukraine, Russia and Belarus. However, the effect on the general economic situation may require a revision of certain assumptions and estimates, which may lead to significant adjustments in the carrying amount of certain assets and liabilities over the next financial year. At this stage, management cannot reliably assess the impact as new developments take place day by day.

Apart from the above, no other business events or transactions have occurred after the balance sheet date that would have a material impact on the financial statements on or for the period then ended or are of such significance to the Company's operations as to require disclosure in management.

1.6 Expected development of the Company

In 2022, the Company will continue to focus on restoring confidence and raising Corporate Governance standards and reporting on a regulated market. The Company will also focus on greater promotion of existing issuers, with a focus on Prime Market. The Company will continue internally to develop IT services that will be used by the Zagreb and Ljubljana Stock Exchanges, and thus further reduce the need for external suppliers.

The Company will press on with previously initiated projects, placing the greatest emphasis on the project of regional SME capital market development (Progress), and further activities related to financing and investing in start-ups (Funderbeam SEE).

1.7 Research and Development activities

The Company has pressed on with continuous efforts at developing and improving its own service offering and at expanding service provision to the Slovenian market as well.

During the second half of 2019, the Company began migrating the Ljubljana Stock Exchange's downstream system to the Company's internally developed data warehouse system. Work on the full implementation of this system has also been carried over to the first part of 2020.

During 2020, the Exchange also developed and launched a completely new website of the Zagreb and Ljubljana Stock Exchanges.

In 2021, the biggest focus was on the development of Exchange's own trading monitoring software, Zeus, as well as on the Exchange's strategy development project for the next five years. The Exchange also participated in the CCP implementation project for the Republic of Croatia and successfully implemented new trading system releases and other infrastructure optimization activities.

1.8 Information on repurchase of own shares

As of December 31, 2021, the Company held no own shares.

The Company did not acquire own shares between 1 January 2021 and 31 December 2021.

1.9 Subsidiaries of the Company

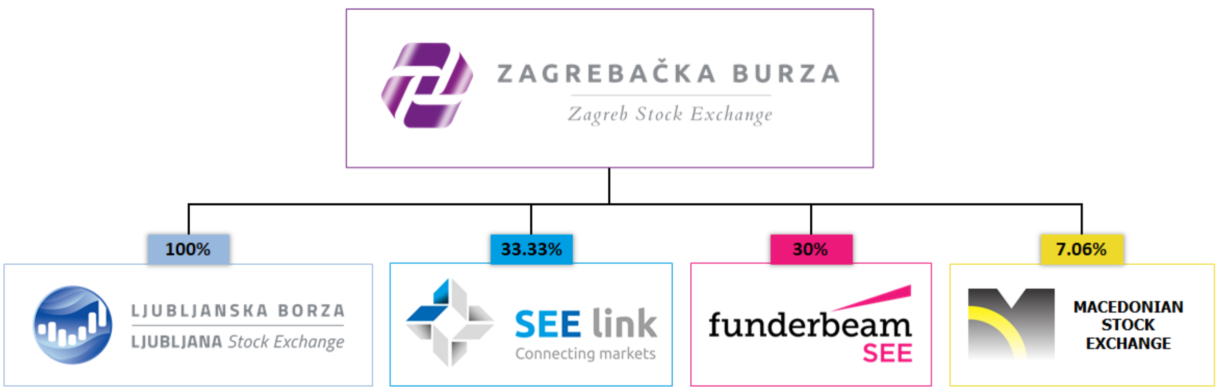

Figure 9: Subsidiaries of the Company

On 30 December 2015, the Zagreb Stock Exchange took over a 100% participation in company Ljubljana Stock Exchange Inc. The issued share capital of Ljubljana Stock Exchange on 31 December 2021 is EUR 1,401,000, and the Zagreb Stock Exchange participates with 100%. Ivana Gažić, President of the

Management Board of the Zagreb Stock Exchange, is the President of the Supervisory Board of the Ljubljana Stock Exchange, and the members of the Supervisory Board as of 31 December 2021 are Tomislav Gračan, Member of the Management Board of the Zagreb Stock Exchange, and Matko Maravić, Member of the Supervisory Board of the Zagreb Stock Exchange.

SEE Link d.o.o. is a company seated in Skopje established by the Bulgarian, Macedonian and Zagreb Stock Exchanges in May 2014 with the aim of setting up the regional infrastructure for trading in securities listed in those three exchanges, holding equal equity participations. The issued share capital of SEE LINK is 80,000 EUR and Zagreb Stock Exchange participates with 33.33%. Manyu Moravenov, Executive Director of the Bulgarian Stock Exchange, is the President of the Supervisory Board of SEE Link. Ivana Gažić, President of the Management Board of the Zagreb Stock Exchange, and Ivan Steriev, President of the Management Board of the Macedonian Stock Exchange, are members of the Supervisory Board of SEE Link.

Funderbeam South-East Europe d.o.o. is a company that the Zagreb Stock Exchange founded in 2016 together with company Funderbeam Ventures OÜ. The issued share capital of the company is HRK 244,000, and the Exchage participates with 30%.

After acquiring 148 shares on 18 December 2019, or 5.3% of the Macedonian Stock Exchange's share capital, the Zagreb Stock Exchange acquired an additional 49 shares on 19 October 2021, i.e., a share of 1.76% in the share capital of the Macedonian Stock Exchange, thus increasing its ownership stake to 7.06%.

1.10 Financial instruments

The Company is fully funded by its own capital. The financial instruments the Company invests in are investment funds (money market and bond funds) and bank deposits.

1.11 Business operation risks

Business operation risks are detailed in the notes to the financial statements (Note 23).

1.12 Zagreb Stock Exchange in 2021

Despite positive market sentiment at the year start, the following months brought diverging trends. While the 2021 orderbook turnover decreased by one quarter and total turnover by almost 19% compared to 2020, market activity was strong throughout the year amid keen investor interest, ample investment opportunities and compelling investment stories.

In 2021, the orderbook turnover amounted to HRK 1,962 million, -24% less than in 2020 which was marked by increased turnover in securities from the end of February to the beginning of May under the influence of Covid-19 in the Republic of Croatia. Of this amount, HRK 1,739 million relates to shares, HRK 177 million to bonds, while ETFs, which marked one-year anniversary in November 2021, had a significant turnover of HRK 45 million. The equity block turnover amounted to slightly more than HRK 527 million (2020: HRK 551 million), while the debt block turnover amounted to HRK 50 million in the fourth quarter alone (in 2020 there was no debt block turnover).

HRK mil.	**2017**	**2018**	**2019**	**2020**	**2021**
Orderbook turnover	2,989	2,266	2,472	2,578	1,962
Stocks	*2,621*	*1,579*	*2,179*	*2,300*	*1,739*
Bonds	*368*	*686*	*293*	*256*	*177*
ETFs	-	-	-	*22*	*45*
Total Block Turnover	670	588	523	551	578
Equity Block Turnover	*589*	*542*	*523*	*551*	*527*
Debt Block Turnover	*81*	*46*	-	-	*50*
Total Turnover	**3,660**	**2,854**	**2,994**	**3,129**	**2,540**

Table 4: ZSE securities turnover

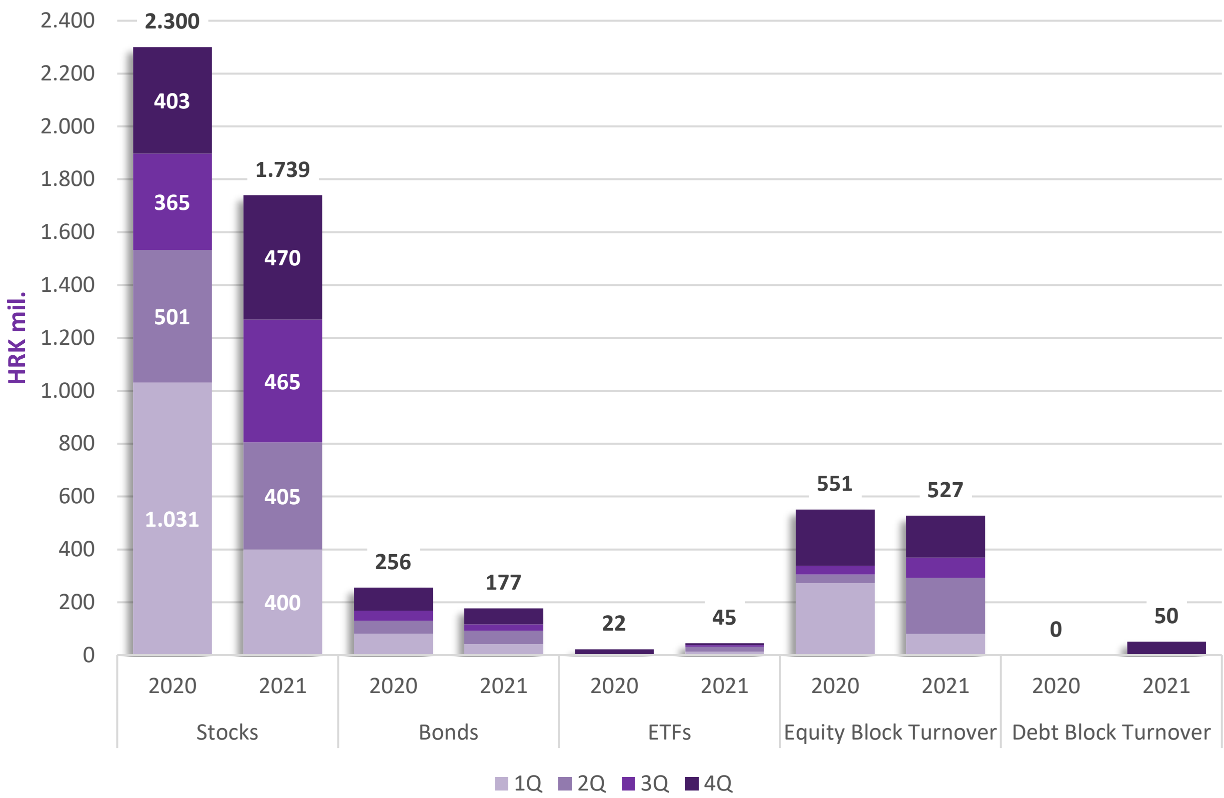

Figure 13: ZSE turnover by type of security

Compared to the end of 2020, the market value measured by market capitalization as of 31 December 2021 is higher in almost all segments - it increased by HRK +3.5 billion or +1% in total, with the market capitalization of the Prime Market higher by +9%, the Official Market by +21%, and the market capitalization of ETFs by +134%. These data point to a constant market recovery since May last year when the initial market shock, caused by the emergence of the Covid-19 virus, which contributed to a large drop in market capitalization in the first quarter of 2020, began to weaken.

	2020	2021	change	2020	2021	change
	Market Capitalization (HRK)			Number of listed securities		
Stocks	**137,359,095,717**	**139,352,326,167**	**1.45%**	**104**	**100**	**-3.85%**
Prime Market	*28,716,090,400*	*31,342,835,154*	*9.15%*	*6*	*6*	*0.00%*
Official Market	*41,567,941,436*	*50,325,878,835*	*21.07%*	*22*	*23*	*4.55%*
Regular Market	*67,075,063,881*	*57,683,612,178*	*-14.00%*	*76*	*71*	*-6.58%*
Bonds	**133,529,271,553**	**134,549,299,989**	**0.76%**	**26**	**29**	**11.54%**
ETFs	**27,013,863**	**63,216,843**	**134.02%**	**2**	**2**	**0.00%**
TOTAL	**270,915,381,134**	**273,964,842,999**	**1.13%**	**132**	**131**	**-0.76%**

Table 5: Market Capitalization and number of listed securities

Compared to 31 December 2020, at the end of 2021, a total of five shares were listed less on the Regular Market and one share more on the Official Market, while the number of shares listed on the Prime Market remained unchanged.

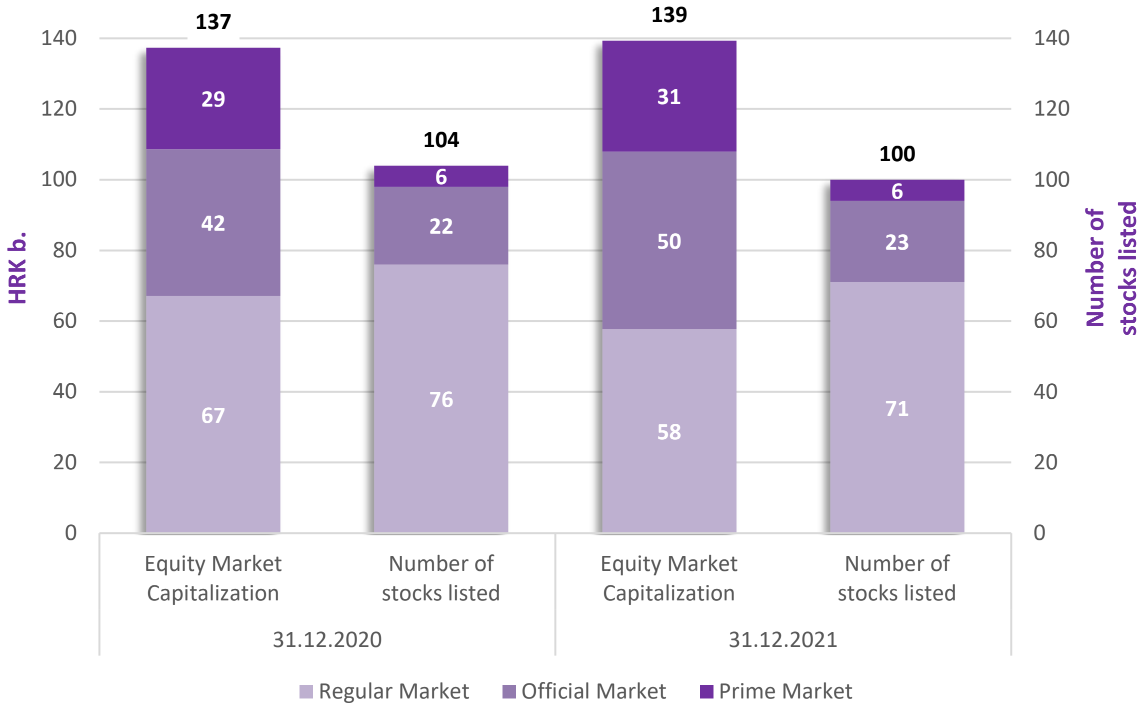

Figure 14: Equity Market Capitalization and number of stocks listed

A comparison of data for 2021 with data from the year before shows a stable and positive trend among indices as well. Namely, after a sharp decline in the index's values since the end of February 2020, the index's values began to normalize and continued to grow continuously from May 2020. With the exception of CROBEXkonstrukt, which weakened -31.49%, all other equity indices rose in double digits compared to the closing value on 31 December 2020; most CROBEXnutris (+24%) and CROBEXtr, which includes dividend yield, as much as +22%, which is an excellent indicator of the return on investment that investors could achieve. The regional index ADRIAprime increased by a significant +32.22%, while the bond index CROBIStr rose slightly by +0.7%, and CROBIS fell by -1.6%.

Index	31.12.2020	31.12.2021	change	Turnover (HRK) 2020	Turnover (HRK) 2021	change
CROBEX	1,739.29	2,079.35	19.55%	1,885,108,067	1,399,889,320	-25.74%
CROBEXtr	1,179.89	1,441.05	22.13%	1,885,108,067	1,399,889,320	-25.74%
CROBEX10	1,087.81	1,262.31	16.04%	1,579,203,982	1,099,034,169	-30.41%
CROBEX10tr	1,087.33	1,293.33	\	484,036,133	1,099,034,169	\
CROBEXprime	1,048.11	1,220.29	16.43%	771,279,606	749,544,419	-2.82%
CROBEXplus	1,104.30	1,230.38	11.42%	1,866,174,136	1,394,946,800	-25.25%
CROBEXindustrija	950.45	1,121.90	18.04%	324,532,518	225,404,583	-30.54%
CROBEXkonstrukt	698.94	478.85	-31.49%	96,873,815	54,113,520	-44.14%
CROBEXnutris	623.36	773.75	24.13%	286,638,338	303,885,082	6.02%
CROBEXtransport	\	809.49	\	\	162,758,728	
CROBEXturist	3,477.97	3,591.00	3.25%	434,896,393	244,945,580	-43.68%
CROBIS	112.36	110.56	-1.60%	25,040,891,148	5,600,804,076	-77.63%
CROBIStr	186.89	188.22	0.71%	25,040,891,148	5,600,804,076	-77.63%
ADRIAprime	1,072.87	1,418.59	32.22%	\	\	\

Table 6: Indices - value and turnover

The most traded share in 2021 was that of Podravka d.d., followed by Hrvatski telekom d.d., Valamar Riviera d.d., Atlantska plovidba d.d., and Preffered Stock of Adris grupa d.d. Half of the orderbook turnover is concentrated in the first 5 most liquid stocks.

Rank	Ticker	Issuer	Turnover (HRK)	Share
1	PODR	PODRAVKA d.d.	215,679,688	12.40%
2	HT	HT d.d.	188,785,821	10.85%
3	RIVP	Valamar Riviera d.d.	182,001,948	10.46%
4	ATPL	ATLANTSKA PLOVIDBA d.d.	173,787,693	9.99%
5	ADRS2	ADRIS GRUPA d.d.	113,421,871	6.52%
		Others	865,797,714	49.77%
	TOTAL		**1,739,474,734**	**100.00%**

Table 7: Turnover of the 5 most liquid stocks in 2021

At the end of 2021, the Exchange had 13 members, and the top five members of the Exchange with the highest turnover in 2021 are listed in the following table:

Rank	Member	Turnover (HRK)	Share
1	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O.	1,328,898,851	26.14%
2	ERSTE&STEIERMARKISCHE D.D.	643,445,062	12.66%
3	FIMA-VRIJEDNOSNICE D.O.O.	629,845,865	12.39%
4	PRIVREDNA BANKA ZAGREB D.D.	536,969,402	10.56%
5	HITA VRIJEDNOSNICE D.D.	447,702,401	8.81%
	Others	1,496,469,951	29.44%
	TOTAL	**5,083,331,532**	**100.00%**

Table 8: Top 5 members of the Stock Exchange in 2021

The turnover of the first five members of the Exchange accounts for slightly more than 70% of the total turnover.

1.12.1 Support for members

The Zagreb Stock Exchange regularly provides support to member firms regarding the Exchange trading process. This includes both configuring and maintenance of the trading system itself, and the preparation of various support applications used for trading. In that respect, the Exchange actively communicates with member firms during the implementation of new trading system functionalities and other changes which might reflect on the members' business. It focuses especially on own member-side applications, developed using the FIX (a Vienna Stock Exchange version – CEESEG FIX) protocol interface. In cooperation with the Vienna Stock Exchange, the Exchange provides support to member firms when developing their own applications and conducts initial certification of their software solutions.

The Exchange also provides other forms of technical support and, for that purpose, it has made available a dedicated collaboration website (http://it.zse.hr) for users to submit their support requests directly to the Information and Technology Development Department.

1.12.2 Support for issuers

Zagreb Stock Exchange has an advisory role and supports all issuers listed on the regulated market while ensuring that everyone follows the Rules of the Exchange and the provisions of the Capital Market Act. It also monitors if mentioned issuers act in accordance with the procedures and recommendations and also practice the Code of Corporate Governance.

The Exchange organizes annually a joint education for the issuers on the regulated market in co-operation with the Croatian Financial Services Supervisory Agency and the Central Depository and Clearing Company.

The Exchange licences authorized advisors on the Progress Market and monitors the entire application process for trade listing on the Progress Market. It also handles trade supervision and ensures that issuers fulfill their obligations towards the Exchange after they have listed on the Progress Market.

The Zagreb Stock Exchange strategy, among other things, includes continuous work on increasing the level of transparency and corporate governance of issuers in all market segments, and in December 2019 the Exchange Rules were significantly changed regarding the supervising issuers in terms of fulfilling post-listing obligations.

1.13 Internal controls and risk management system

Zagreb Stock Exchange internal controls system consists of procedures and processes for monitoring of business efficiency, financial reports reliability and legal compliance.

All employees, including the Management and Supervisory Board, are included in internal controls system enforcement.

The Exchange enforces the internal controls system through two independent control functions: compliance with the relevant regulations function and internal audit function.

These control functions process and monitor the work of all organizational units, company activities and support services in their internal documents.

Risk management is a set of procedures and methods for determining, measuring, assessing, controlling and monitoring risks and also reporting on the risks to which the Exchange is or might be exposed in its operations.

The Exchange has adopted the following procedures related to risk management:

- Risk management policy,
- Information system risk management,
- Self-assessment procedure for compliance with Art. 48. MIFID II,
- The procedure for admission to membership and termination of membership, which contains the annual evaluation of the members of the Exchange,
- Service agreements management procedure.

The internal auditor, Antares revizija d.o.o., compiles the following documents:

- Strategic internal audit plan,
- Annual internal audit plan.

In order to successfully manage risks that affect completion of Company's objectives, the Company assesses risks by identifying and analysing them.

Considering the Company's determined objectives and defined core processes, the Exchange has identified and determined risks that could influence the company's business processes. List of risks doesn't encompass all risks but only those on higher level. Other, more detailed risks (lower level risks) are identified during the internal audit of business processes.

The risks are grouped by those that influence the Exchange's organizational units that perform specific business processes within the company and by other risks that are connected with the Exchange's business in general.

Considering the previously defined company's core business processes and determined risks, the Exchange has adopted Risk assessment with regard to their impact on business processes.

Risk assessment encompasses every process's inherent risk and during the assessment, the very nature of those processes and best practice were taken into consideration.

Based on the risk assessment results, main areas that will be covered by internal audit procedures and measures that will prevent the occurrence of risky events have been established.
Risk monitoring is not separated and entrusted to Company's independent organizational unit, but to one or more Company's departments, depending on the type of risk. Therefore, every employee of the Exchange is included in Company's risk management.

Each organizational unit, depending on the identified risks and risk management system, is in charge of risk monitoring and cooperation with other organizational units, especially with the Management Board who makes decisions on individual risk management and its control.

In addition, two mutually independent control functions are involved in Company's risk management system: compliance with relevant regulations function (Compliance Department within the Sector of Legal and General Affairs) and internal audit performed by the independent company Antares revizija d.o.o.

Ivana Gažić
President of the Management Board

ZAGREBAČKA BURZA d.d.
Zagreb

Tomislav Gračan
Member of the Management Board

2 Statement on the application of the Corporate Governance Code

Pursuant to provision of Article 272, paragraph, in conjunction with provision of Article 250a, paragraph 4 of the Companies Act (Official Gazette no. 111/93, 34/99, 52/00, 118/03, 107/07, 148/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19 and 34/22; hereinafter: CA) and provision of Article 22 of the Accounting Act (Official Gazette no. 78/15, 134/15, 120/16, 116/18, 42/20, 47/20; hereinafter: AA), the Management Board of company ZAGREB STOCK EXCHANGE Inc., Zagreb, Ivana Lučića 2a (hereinafter: the Company), on 26 April 2022, issued the following

STATEMENT
on the application of the Corporate Governance Code

1. The Company implements the Corporate Governance Code prescribed by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange Inc. Zagreb. The Code is published in Zagreb Stock Exchange website, www.zse.hr.

2. In financial year 2021 the Company essentially complied with and implemented recommendations established by the Code, publishing all information as envisaged by the positive regulations as well as information that are in the interest of Company's shareholders. Detailed explanations regarding minor deviations from the recommendations of the Code are presented by the Company in the Annual Questionnaire that is provided.

3. In accordance with Code requests, and pursuant to provisions of the Companies Act and Capital Market Act (Official Gazette no. 65/18, 17/20; hereinafter: CMA), the Supervisory Board conducts internal supervision of the Company by conducting regular controls of prepared reports. Members of the Supervisory Board receive on regular basis detailed information on management and work of the Company. All issues under the competence of the Supervisory Board, as prescribed by the CA, CMA and Articles of Association of the Company, are discussed and decided upon in the Supervisory Board meetings. Supervisory Board Report is part of the Company's Annual Report presented to the General Assembly. In addition, the Supervisory Board performs internal controls and supervision through Audit Board that provides expert support to the Supervisory Board and the Management Board in the efficient execution of obligations relating to corporate governance, risk management, financial reporting and control of the Company. The Management Board is bound to monitor that the Company keeps business books and other books and business documents, prepares book-keeping documents, provides realistic assessments of the assets and liabilities, drafts financial and other reports in accordance with accounting regulations and standards and applicable laws and regulations.

4. Top ten shareholders on 31 December 2021

	Shareholder	No. of shares	Ownership share
1	FINA	463,106	9.9900%
2	RR ONE CAPITAL d.o.o.	463,106	9.9900%
3	PBZ CO OMF	462,800	9.9834%
4	ICAM OUTFOX MACRO INCOME FUND	399,500	8.6179%
5	BAKTUN, LLC	364,957	7.8727%
6	EBRD	240,000	5.1772%
7	SZAIF d.d.	228,000	4.9184%
8	OTP BANKA d.d.	211,800	4.5689%
9	HPB d.d.	184,600	3.9821%
10	ERSTE & STEIRMARKISCHE BANK d.d.	152,800	3.2962%
	Others	1,465,031	31.6032%
	Total	**4,635,700**	**100.0000%**

Pursuant to the Articles of Association of the Company, shareholder's voting rights are not limited to a certain percentage or number of votes nor there are time limitations to acquire voting right. Each ordinary share provides a right to one vote in the General Assembly.

Rights and obligations of the Company deriving from the acquisition of own shares are met in accordance with the provision of the CA.

In 2021, the Company did not acquire own shares.

5. Management Board of the Company consists of two members. Mrs Ivana Gažić performs duties of the President of the Management Board, and Mr Tomislav Gračan performs duties of the member of the Management Board.

The Management Board runs Company business operations in line with the Articles of Association and legal regulations.

The Management Board is appointed and dismissed by the Supervisory Board that consists of the following members:

- Borislav Centner, President
- Matko Maravić, Deputy President
- Dražen Čović
- Tomislav Jakšić
- Enrique Bernardo Mariano
- Silvije Orsag
- Ivan Sardelić

6. There are several boards / committees of the Supervisory Board in the Company which provides expert support to the Supervisory Board and the Management board. The members of these boards / committees are appointed and recalled by the Supervisory Board.

The Supervisory Board has established Audit Committee composed of three members, namely:

- Matko Maravić,
- Enrique Bernardo Mariano,
- Silvije Orsag.

The Supervisory Board has established Remuneration Committee composed of three members, namely:

- Matko Maravić,
- Tomislav Jakšić,
- Enrique Bernardo Mariano.

The Supervisory Board has established Strategy Committee composed of five members, namely:

- Borislav Centner,
- Dražen Čović,
- Matko Maravić,
- Enrique Bernardo Mariano,
- Ivana Gažić,
- Tomislav Gračan.

The Supervisory Board has established Nomination Committee composed of three members, namely:

- Matko Maravić,
- Tomislav Jakšić,
- Silvije Orsag.

Pursuant to provisions of Article 250a, paragraph 4 and Article 272, paragraph of the CA, and Article 22 of the AA, this Statement is a special section and integral part of the Company's Annual Report for 2021.

Ivana Gažić	ZAGREBAČKA BURZA d.d.	Tomislav Gračan
President of the Management Board	Zagreb	Member of the Management Board

Responsibilities of the Management Board for the Annual report

The Management Board of the Company is required to prepare financial statements for each financial year, which give a true and fair view of the financial position of the Company and of the results of its operations and cash flows, in accordance with International Financial Reporting Standards as adopted by the European Union. The Management Board is responsible for implementing and maintaining proper accounting records relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board has general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform to applicable accounting standards and then applying them consistently; making judgments and estimates that are reasonable and prudent; and preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is also responsible for the preparation and content of the Management report and the statement of implementation of the Corporate Governance Code, as required by the Croatian Accounting Act (Official Gazette 78/15, 134/15, 120/16, 116/18, 42/20, 47/20), and the rest of other information (together "other information").

The Management Board is responsible for the submission of the Annual report to the Supervisory Board which includes the financial statements and other information for acceptance, following which the Supervisory Board is required to consider, and if appropriate approve the annual financial statements for submission to the General Assembly for adoption.

The financial statements and other information are approved by the Management Board on 26 April 2022 and are signed and verified for submission to the Supervisory Board.

Signed on behalf of the Zagreb Stock Exchange, Inc.:

ZAGREBAČKA BURZA d.d.
Zagreb

Ivana Gažić

President of the
Management Board

Tomislav Gračan

Member of the
Management Board

Deloitte.

Deloitte d.o.o.
ZagrebTower
Radnička cesta 80
10 000 Zagreb
Hrvatska
OIB: 11686457780

Tel: +385 (0) 1 2351 900
Fax: +385 (0) 1 2351 999
www.deloitte.com/hr

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zagrebačka burza d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zagrebačka burza d.d. („Company"), which comprise the unconsolidated statement of financial position as at 31 December 2021, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

Basis for Opinion

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

Emphasis of matter

We draw attention to the fact that consolidated financial statements for Zagrebačka burza d.d. and its subsidiary, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRSs), have been issued separately. Consolidated financial statements have been approved for issue at the date of this report and for a better understanding of Group Zagrebačka burza as a whole, users should read consolidated financial statements related to these financial statements.

Key Audit Matters

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

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

The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: Kn 44,900.00; Company Directors: Marina Tonžetić, Dražen Nimčević, Katarina Kadunc; Bank: Privredna banka Zagreb d.d., Radnička cesta 50, 10 000 Zagreb, bank account no. 2340009–1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/en/about to learn more.

© 2022. For information, contact Deloitte Croatia.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

<table>
<tr><th>Sales revenue recognition</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">According to the disclosures made in Note 4, sales revenue of the Company for the financial year amount to HRK 9,582 thousand (2020: HRK 10,172 thousand). Accounting policies for revenue recognition are disclosed in Note 3 k).</td></tr>
<tr><td>Revenue is important for assessing the Company's financial performance. The Company generates sales revenue from trading commissions, fees for maintenance of quotations, quotations fees and membership fees.

Revenue is recognized in accordance with IFRS 15 "Revenue from Contracts with Customers", according to performance obligations at point in time and performance obligations over time.

Considering possible impact of inaccurate revenue calculation, we have concluded that sales revenue recognition is a key audit matter.</td><td>In order to address the risks associated with sales revenue recognition, identified as key audit matter, we have designed audit procedures that allowed us to obtain sufficient appropriate audit evidence for our conclusion.

We performed following audit procedures with respect to sales revenue recognition area:
• Review and verify the applied accounting policy for revenue recognition;
• Obtaining understanding of control environment and internal controls implemented by the Management within the process of sale revenue recognition;
• Assessing the adequacy of the design and implementation of identified internal controls relevant to the sales revenue recognition process;
• Testing implementation and operational effectiveness of identified relevant internal controls over the process of recognizing sales revenue;
• Determining the scope and nature of substantive audit tests in order to verify the correctness of the calculation and recognition of sales revenue;
• Performing substantive audit procedures on the calculation and recognition of sales revenue on determined sample.</td></tr>
</table>

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report and the Corporate Governance Statement, which are included in the Annual Report, we have also performed the procedures prescribed by the Accounting Act. These procedures include examination of whether the Management Report and Corporate Governance Statement include required disclosures as set out in the Articles 21 and 22 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in the Article 22 of the Accounting Act.

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

1. Information included in the other information is, in all material respects, consistent with the attached financial statements.
2. Management Report has been prepared, in all material respects, in accordance with the Article 21 of the Accounting Act.
3. Corporate Governance Statement has been prepared, in all material aspects, in accordance with the Article 22, paragraph 1, items 3 and 4 of the Accounting Act, and includes also the information from the Article 22, paragraph 1, point 2, 5, 6 and 7.

Based on the knowledge and understanding of the Company and its environment, which we gained during our audit of the financial statements, we have not identified material misstatements in the other information.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF)

Auditor's reasonable assurance report on the compliance of annual non-consolidated financial statements (financial statements), prepared based on the provision of Article 462 (5) of the Capital Market Act by applying the requirements of the Delegated Regulation (EU) 2018/815 specifying for the issuers a single electronic reporting format ("ESEF Regulation"). We conducted a reasonable assurance engagement on whether the financial statements of Zagrebačka burza d.d. for the financial year ended 31 December 2021 prepared to be made public pursuant to Article 462 (5) of the Capital Market Act, contained in the electronic file *ZSEInc.-2021-12-31*, have been prepared in all material aspects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation and content of the financial statements in line with the ESEF Regulation.
In addition, Management is responsible for maintaining the internal controls system that reasonably ensures the preparation of financial statements without material differences with the reporting requirements from the ESEF Regulation, whether due to fraud or error.
Furthermore, Company Management is responsible for the following:

- public reporting of financial statements presented in the annual report in valid XHTML format
- selection and use of XBRL markups in line with the requirements of the ESEF Regulation.

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

Auditor's Responsibilities

It is our responsibility to carry out a reasonable assurance engagement and, based on the audit evidence obtained, give our conclusion on whether the financial statements have been prepared without material differences with the requirements from the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

Quality assurance

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct. We comply with the *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* (ISQC 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF) (continued)

Procedures performed

As part of the selected procedures, we have conducted the following activities:

- We have read the requirements of the ESEF Regulation;
- We have gained an understanding of internal controls of the Company, relevant for the application of the ESEF Regulation requirements;
- We have identified and assessed the risks of material differences with the ESEF Regulation due to fraud or error;
- We have devised and designed procedures for responding to estimated risks and obtaining reasonable assurance in order to give our conclusion.

Our procedures focused on assessing whether:

- Financial statements included in the non-consolidated annual report have been prepared in valid XHTML format;
- Data included in the non-consolidated financial statements required by the ESEF Regulation have been marked up and meet all of the following requirements:
- XBRL has been used for markups.
    - Core taxonomy elements stipulated in the ESEF Regulation with the closest accounting meaning were used unless an extension taxonomy element was created in line with the Annex IV of the ESEF Regulation;
    - Markups comply with the common rules on markups in line with the ESEF Regulation.

We believe the evidence we obtained to be sufficient and appropriate to provide a basis for our conclusion.

Conclusion

We believe that, based on the procedures performed and evidence obtained, the financial statements of the Company presented in the ESEF format, contained in the aforementioned electronic file, and based on the provision of Article 462 (5) of the Capital Market Act, have been prepared to be published for public, in all material aspects in accordance with the requirements of articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2021.
In addition to this conclusion, as well as the audit opinion contained in this Independent Auditor's Report for the accompanying financial statements and annual report for the year ended 31 December 2021, we do not express any opinion on the information contained in these documents or other information contained in the above mentioned file.

Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

[Report on Other Legal and Regulatory Requirements]

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and the Council and the Audit Act

We were appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 14 June 2021 to perform audit of accompanying financial statements. Our total uninterrupted engagement has lasted 3 years and covers period 1 January 2019 to 31 December 2021.
We confirm that:

- our audit opinion on the accompanying financial statements is consistent with the additional report issued to the Audit Committee of the Company on 26 April 2022 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

The engagement partner on the audit resulting in this independent auditor's report is Goran Končar.

Marina Tonžetić

Director

For signatures, please refer to the original Croatian auditor`s report, which prevails.

Goran Končar

Certified auditor

Deloitte d.o.o.

26 April 2022

Radnička cesta 80,

10 000 Zagreb,

Croatia

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

Unconsolidated statement of comprehensive income

	Note	**2021**	**2020**
		'000 kn	**'000 kn**
Sales revenue	4	9,582	10,172
Other operating income	5	4,885	4,598
Staff costs	6	(7,117)	(6,935)
Depreciation and amortization	10,11,12	(1,183)	(1,127)
Other operating costs	7	(5,857)	(5,364)
(Loss)/profit from operations		**310**	**1,344**
Financial income	8	1,044	571
Financial expenses	8	(458)	(28)
Net loss from foreign exchange		(23)	(12)
Net financial income		**563**	**531**
Profit before tax		**873**	**1,875**
Income tax expense	9	-	-
Profit for the year		**873**	**1,875**
Other comprehensive income, net of income taxes		**-**	**-**
Total comprehensive income for the year		**873**	**1,875**
Basic and diluted profit per share (HRK)	20	0.19	0.40

The accounting policies and other notes form an integral part of these separate financial statements.

Unconsolidated statement of financial position

	Note	2021 '000 kn	2020 '000 kn
Assets			
Non-current assets			
Equipment	10	1,183	743
Intangible asset	11	919	971
Right-of-use assets	12	3,020	322
Investment in subsidiary	13	19,125	19,125
Investment in associate and joint venture	14	275	275
Financial assets at fair value through other comprehensive income	15a	1,681	1,302
Guarantee deposits		250	250
Loans given to related parties	18	217	217
Total non-current assets		**26,670**	**23,205**
Current assets			
Trade receivables and other assets	16	2,328	2,726
Financial assets at fair value through profit or loss	15b	14,479	17,774
Short-term deposits		4,506	2,500
Cash and cash equivalents	17	3,362	1,639
Inventories		6	7
Prepaid expenses		71	86
Total current assets		**24,752**	**24,732**
Total assets		**51,422**	**47,937**
Equity, reserves and liabilities			
Equity and reserves			
Issued share capital	19	46,357	46,357
Share premium		13,860	13,860
Legal reserves		141	141
Accumulated losses		(17,029)	(17,902)
Result for the period			
Total equity and reserves		**43,329**	**42,456**
Long term liabilities			
Lease liabilities		2,227	32
Total Long term liabilities		**2,227**	**32**
Current liabilities			
Trade and other payables	21	1,581	1,641
Lease liabilities		700	272
Contractual liabilities	22	3,585	3,536
Total current liabilities		**5,866**	**5,449**
Total equity, reserves and liabilities		**51,422**	**47,937**

The accounting policies and other notes form an integral part of these separate financial statements.

Unconsolidated statement of changes in equity and reserves

	Issued share equity	Share premium	Legal reserves	Accumulated loss	Total
	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn
Balance at 1 January 2020	**46,357**	**13,860**	**141**	**(19,777)**	**40,581**
Profit for the year	-	-	-	1,875	**1,875**
Total comprehensive income for the year	-	-	-	*1,875*	***1,875***
Balance at 31 December 2020	**46,357**	**13,860**	**141**	**(17,902)**	**42,456**
Profit for the year	-	-	-	873	**873**
Total comprehensive income for the year	-	-	-	*873*	***873***
Balance at 31 December 2021	**46,357**	**13,860**	**141**	**(17,029)**	**43,329**

The accounting policies and other notes form an integral part of these separate financial statements.

Unconsolidated statement of cash flows

	Note	2021	2020
		'000 kn	**'000 kn**
Cash flow from operating activities		-	-
Profit before tax		**873**	**1,875**
Adjustments:			-
Depreciation and amortization	10,11,12	1,183	1,127
Unrealized (profit)/loss from financial assets at fair value through profit and loss	8	187	(34)
Unrealized loss from financial assets at fair value through other comprehensive income	8	224	-
Decrease in short term receivables	7	82	286
Dividends income	8	(1,011)	(411)
Interest income	8	(11)	(17)
Net foreign exchange loss/(profit)		10	-
Write-offs		-	-
Other adjustments		33	(269)
Cash flow before changes in operating assets and liabilities		**1,570**	**2,557**
Changes in operating assets and liabilities			
Decrease/(increase) in trade receivables		292	111
(Increase)/decrease in prepaid expenses		15	(22)
Increase in short trade and other payables		(60)	321
Increase in contractual obligations and accrued expenses		52	102
Change in operating assets and liabilities		**299**	**512**
Income tax	9		-
Net cash inflow/(outflow) from operating activities		**1,869**	**3,069**
Cash flow from investing activities			
Investment in joint ventures		-	(24)
Purchase of tangible long term assets	10	(757)	(776)
Sale of tangible long term assets	10	-	58
Purchase of financial instruments		(3,185)	(500)
Purchase of intangible assets	11	(76)	(67)
Sale of financial instruments		3,692	2,342
Dividends received		1,011	411
Interest received		11	17
Investment in short-term deposits		-	(2,500)
Net cash (outflow)/inflow from investing activities		**696**	**(1,039)**
Cash flow from financing activities			
Repayment of lease liabilities		(842)	(711)
Net expenditures on financing activities		**(842)**	**(711)**
Net (decrease)/increase in cash and cash equivalents		**1,723**	**1,319**
Cash and cash equivalents at the beginning of the yeas		1,639	320
Cash and cash equivalents at the end of the year	17	**3,362**	**1,639**

The accounting policies and other notes form an integral part of these separate financial statements.

Notes to the financial statements

1 Reporting entity

Zagrebačka burza d.d. ("Zagreb Stock Exchange" or "the Company") is domiciled in Republic of Croatia and registered at the Commercial Court in Zagreb on 5 July 1991. The address of the Company's registered office is Eurotower, 22nd floor, Ivana Lučića 2a/22, Zagreb, Croatia During 2021, there were no changes in the name of the Company or any other way of designating the reporting entity.

The business activities of the Company include: management of the regulated market; collection, processing and publishing of trading data; management of Multilateral Trading Facility; development, maintenance and disposition of computer software used for management of the regulated market and collection, processing and publishing of the data on securities trading; organizing and providing professional trainings for participants of capital markets.

At the year end the Company was owned by 199 shareholders (31 December 2020: 196 shareholders). The Company does not have an ultimate parent company.

As of 31 December 2021, and 31 December 2020 the Zagreb Stock Exchange is the owner of Ljubljanska borza d.d. ("Ljubljana Stock Exchange") and has an investment in a joint venture SEE Link d.o.o. Skopje, Republic of North Macedonia. As of 31 December 2021, Zagreb Stock Exchange has an investment in the associate company Funderbeam South-East Europe d.o.o., Zagreb, Croatia.

The activities of the Company are regulated by Croatian Agency for Supervision of Financial Services – Hrvatska agencija za nadzor financijskih usluga ("HANFA").

These financial statements comprise the separated financial statements of the Company as defined in International Accounting Standards 27 *Separate Financial Statements*. Zagrebačka burza Group prepares consolidated financial statements, which are published as a separate document.

2 Basis for preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by European Union („IFRS“).

These financial statements were authorized for issue by the Management Board on 26 April 2022 for submitting for approval by the Supervisory Board.

b) Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),

- Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021),

- Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9" adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

Notes to the financial statements (continued)

2 Basis for preparation (continued)

b) Initial application of new amendments to the existing standards effective for the current reporting period (continued)

The adoption of amendments to the existing standards has not led to any material changes in the Group's financial statements.

c) Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorization of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

Notes to the financial statements (continued)

2 Basis for preparation (continued)

d) New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at date of publication of financial statements (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

- **Amendments to IFRS 17 "Insurance contracts"** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements, if applied as at the balance sheet date

Notes to the financial statements (continued)

2 Basis for preparation (continued)

e) Basics of measurement

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

f) Functional and presentation currency

The financial statements are presented in the local currency, the Croatian kuna (“HRK”), which is the currency of the primary economic environment in which the Company operates (“the functional currency”). All financial data presented in HRK are rounded to the nearest thousand.

g) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.
Estimates and related assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances and the information available at the date of preparation of the financial statements. Their result represents the basis for determination of book value of assets and liabilities which is not easily identifiable from other sources. Actual results may differ from these estimates.
Estimates and assumptions are reviewed on a regular basis. Changes in accounting estimates are recognized in the period in which the estimate is changed and in future periods, if the change affects them as well.
Information on significant sources of uncertainty and key judgments in applying accounting policies that have a significant effect on the amounts reported in the financial statements are described in Note 26.

h) Foreign currency conversion

Transactions in foreign currencies are translated into functional currency at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to functional currency at the rate of exchange at the date of reporting. Foreign exchange gains or losses on monetary items represent the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and year-round payments, and the amortized cost in the foreign currency at the rate of exchange at the date of the transaction.

Non-monetary assets and liabilities measured at fair value in the foreign currency are translated to functional currency at the rate of exchange at the date their fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the rate of exchange at the date of the transaction.

Foreign exchange differences arising from translation of foreign currency into functional currency are recognized in the income statement.

Alongside Croatian kuna, the most significant currency of Company’s assets and liabilities is Euro. The exchange rate used for conversion on 31 December 2021 was 1 EUR = HRK 7.517174 (31 December 2020: 1 EUR = 7.53689 HRK).

Notes to the financial statements (continued)

3 Significant accounting policies

a) Equipment and intangible assets

Equipment mainly includes computers and office equipment, furniture and telephone equipment. Intangible assets include licenses for computer programs capitalized on the basis of costs incurred in acquiring and putting into use of a particular program.

Recognition and measurement

Equipment and intangible assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes costs that are directly attributable to the acquisition of the asset.

Subsequent costs

Subsequent costs are recognized in the carrying amount of the asset or as a separate item only, if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are an expense in the period in which they are incurred.

Amortization

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of certain items of property and equipment. Assets under construction are not depreciated.

The estimated useful lives are shown below and have not changed from the previous year:

Computers and office equipment	4-7 years
Office furniture and equipment	5-7 years
Computer programs	2-5 years
Computer program for trading	6-18 years
Investments in other people's property	rental period

Depreciation methods and useful lives are reviewed, and modified if appropriate, at each reporting date. The carrying amount of an asset is reduced to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

b) Financial instruments

Classification

Classification categories

After initial recognition, financial assets are classified as assets at amortized cost, assets at fair value through other comprehensive income (FVOCI) and assets at fair value through profit or loss (FVTPL).

Financial assets at amortized cost

Financial assets are measured at amortized cost if they meet both of the following conditions and if they are not measured at fair value through profit or loss (FVTPL):

- The purpose of the business model is to hold assets to collect contractual cash flows; and
- The contractual terms of financial assets assume cash flows that are solely repayments of principal and interest (SPPI), on certain dates.

This category includes loans to related parties, trade receivables, cash and cash equivalents and placements with banks.

Financial assets at fair value through other comprehensive income

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and if it is not measured at fair value through profit or loss (FVTPL):

- the purpose of the business model is to hold assets to collect contractual cash flows and sell financial assets; and
- contractual terms of financial assets assume cash flows that are solely repayments of principal and interest (SPPI), on certain dates.

Upon initial recognition of investments in equity instruments that are not held for trading, the Company may irrevocably choose to disclose subsequent changes in fair value through other comprehensive income. This choice is made on the basis of individual investment.

Financial assets at fair value through profit or loss

All other financial assets are classified as financial assets at fair value through profit or loss.
In addition, on initial recognition, the Company may irrevocably measure financial assets at fair value through profit or loss, although it meets the requirements for measurement at amortized cost or at fair value through other comprehensive income, if this eliminates or significantly reduces accounting mismatches that would the opposite arose.

As at 31 December 2021, financial assets at fair value through profit or loss relate to investments in units of open-end investment funds.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

b) Financial instruments (continued)

Financial obligations

The Company measures all financial liabilities not determined at fair value through profit or loss at amortized cost, which includes liabilities for loans, guarantee deposits and other liabilities.

Reclassification

Financial assets are not reclassified after initial recognition, except in the period after the change in the financial asset management business model.

Business model evaluation

Business models indicate the way in which a group of financial assets is managed jointly as a whole (portfolio) in order to achieve a specific business goal and define the way in which financial assets are expected to generate cash flows. Financial assets held for trading and whose performance is measured at fair value are measured at fair value through profit or loss because they are not held for the purpose of collecting contracted cash flows or for collecting contractual cash flows and for sale.

Recognition and derecognition

Financial assets and financial liabilities at fair value through profit or loss are recognized on the trade date, i.e., the date on which the Company commits to purchase or sell the asset. Loans and receivables and other financial liabilities measured at amortized cost are recognized when the financial asset is transferred to the borrower, or the liability is received from the lender.

The Company derecognizes a financial asset (in whole or in part) when the rights to receive cash flows from the financial asset expire or when it loses control over the contractual rights to the financial asset. This occurs when the Company substantially transfers all risks and rewards of ownership to another entity or when rights are exercised, transferred or expired. The Company ceases to recognize financial liabilities only when they cease to exist, i.e., when they are fulfilled, canceled, expired or significantly changed (10% change test). If the terms of the financial liability change, the Company will derecognize that liability and begin recognizing the new financial liability with the new terms.

As of January 1, 2018, any cumulative gain or loss recognized in comprehensive income from equity securities under the FVOCI option is not recognized in the income statement upon derecognition of such securities. All interest on transferred financial assets that meet the conditions for derecognition is recognized by the Company as a separate asset or liability.

An investment company in equity listed and described in Note 15 a) is valued at the FVOCI option. In accordance with IFRS 9, the Company decided to value these investments in shares under the FVOCI option as it does not hold these shares for trading. The fair values of these investments are disclosed in Note 15 a).

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

b) Financial instruments (continued)

Initial and subsequent measurement

Financial assets and liabilities are initially recognized at fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs for financial assets at fair value through profit or loss are recognized immediately in profit or loss, while for other financial instruments they are amortized. All financial assets at fair value through profit or loss are subsequently stated at fair value. Loans and receivables are stated at amortized cost less impairment losses and other financial liabilities at amortized cost. Amortized cost is calculated using the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Principles of measuring fair value

The fair value of financial assets at fair value through profit or loss is the quoted market price in an active market at the reporting date, net of selling expenses. The Company reviews each financial instrument separately to determine whether the financial instrument is quoted in an active market.

Fair value levels

The Company uses the following levels to determine the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets,

Level 2: other techniques in which all parameters that have a significant effect on fair value are visible, either directly or indirectly,

Level 3: techniques that use data that have a significant impact on determining fair value and that are not based on visible market data.

31 December 2021

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income (note 15)	-	-	1,681	1,681
Financial assets at fair value through profit or loss (note 15)	14,479	-	-	14,479
Total	**14,479**	**-**	**1,681**	**16,160**

31 December 2020

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income (note 15)	-	-	1,302	1,302
Financial assets at fair value through profit or loss (note 15)	17,774	-	-	17,774
Total	**17,774**	**-**	**1,302**	**19,076**

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

b) Financial instruments (continued)

Impairment of financial assets

Financial instruments

For credit exposures for which there has been no significant increase in credit risk since initial recognition, expected credit losses are recognized for credit losses arising from the probability of default in the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, an adjustment is required for expected credit losses over a lifetime, regardless of the time of borrowing. For trade receivables and contractual assets, the Company applies a simplified approach to the calculation of expected credit losses and therefore does not monitor changes in credit risk but recognizes impairment based on lifelong expected credit loss at the end of each reporting period.

The Company writes off financial assets when there are indications that the debtor is in serious financial difficulty, that there is no realistic prospect of recovery or that the debtor is likely to go bankrupt or otherwise undergo financial reorganization or restructuring. Depreciated financial assets may still be subject to collection activities of the Company.

Expected credit losses on trade receivables are estimated on the basis of the arrears matrix, taking into account the historical experience of the occurrence of the default status of the debtor and the analysis of the current financial position of the debtor. The Company has recognized a loss of 100% on all receivables overdue for more than 120 days as historical experience indicates that these receivables are generally uncollectible.

In estimating expected credit losses, the Company considers reasonable information that is relevant and available. This includes quantitative and qualitative information and analysis, based on the Company's historical experience and informed creditworthiness assessment, including information relating to the future.

The Company considers that financial assets are not recoverable if it is unlikely that the debtor will pay its obligations to the Company in full without the Company having to initiate actions such as activating collateral (if any). The maximum period that is taken into account when estimating the expected credit loss is the maximum contracted period during which the Company is exposed to credit risk.
The Company recognizes a gain or loss in the income statement for all financial instruments with an appropriate adjustment to the carrying amount through the provision for expected credit losses.

Measuring expected credit losses

Expected credit losses are estimates of the weighted probabilities of credit losses. Credit losses are measured as the present value of all cash losses (the difference between the cash flows to which the Company is entitled under the contract and the cash flows that the Company expects to actually receive). Expected credit losses are discounted at the effective interest rate of the financial assets in question.
There were no changes in valuation techniques or significant assumptions during the current reporting period.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

b) Financial instruments (continued)

Trade receivables, other assets, short-term deposits with banks and loans granted to associates

Trade receivables, other assets, short-term deposits with banks and loans to associates are initially recognized at fair value plus transaction costs, and subsequently at amortized cost less any impairment losses.

Investments in funds

Investments in open-end and closed-end investment funds are classified as financial assets at fair value through profit or loss and are measured at fair value.

Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost.

c) Impairment of non-financial assets

The net carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indications are identified, the recoverable amount of the asset is estimated.

The recoverable amount is estimated at each reporting date for intangible assets that do not have a finite useful life (the Company did not have such assets at the reporting date) and for intangible assets that are not yet in use.

Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss is recognized in the income statement.

The recoverable amount of equipment and intangible assets is the higher of net selling price and the asset's value in use. For the purpose of determining impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash-generating units'). In estimating value in use, the present value of estimated future cash flows is calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment loss at each reporting date. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, but not exceeding the carrying amount of the asset that does not exceed the carrying amount that would have been determined, net of depreciation, had there been no impairment.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

d) Leases

Entity is a lessor

Assets given under business leases are depreciated over an expected life same as other similar assets.

Leases in which the Entity is a lessor are classified as financial or operating leases. The lease is classified as a financial lease if it transmits almost all the risks and benefits associated with ownership of the respective property to the lessee. All other leases are classified as operating leases.

When the Entity is an intermediate lessor, it calculates the main lease and sub-lease as two separate contracts. The flooring is classified as a financial or operating lease by reference to the right-of-use property resulting from the main lease.

Income from rents based on operating leases is recognized in a straight line during the period of the lease in question. The initial direct costs incurred at the stage of negotiating and arranging the terms of the operating lease shall be attributed to the book amount of the subject matter of the lease and recognized in a straight line during the rental period.

Receivables based on financial leases are recorded as receivables in the Group's net investment in leases. Financial lease income is allocated to accounting periods to reflect the constant periodic rate of return on the Open State of the Group's net investment based on leases.

When the contract covers components relating to leases and non-rental components, the Company applies IFRS 15 to distribute the fee in accordance with the contract for each component.

The Entity assesses whether it is a lease agreement or whether the contract contains a lease, at the beginning of the contract. The Entity shall disclose the right-to-use assets and the corresponding lease liability with regard to all leases in which it is lessee, except for short-term leases (defined as leases with a duration of 12 months or less) and leases of low value assets (such as tablets and personal computers, office furniture and telephones). For such leases, the Entity correctly recognizes rental payments as operating expenses for the duration of the lease, unless another systematic basis better reflects the time dynamics of spending the economic benefits of the assets held in the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

d) Leases (continued)

The Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

When the Entity bears the costs of dismantling and removing the leased assets, renovating the place where the property is located, or returning the underlying assets to the state required under the terms of the lease, the provision shall be recognized and measured in accordance with IAS 37. If costs relate to right-of-assets, the costs are included in the associated right-of-use assets, unless those costs are incurred in the production of stocks.

Right-of-use assets are depreciated through the lease period or life of use, whichever is shorter. If, on the basis of the lease, ownership of the underlying property is transferred or if the cost of the right-of-use property reflects that the Company will take advantage of the purchase option, the right-to-use asset is depreciated through the useful life of the use of the underlying asset. Depreciation starts at the start date of the lease.

The Entity applies IAS 36 to determine whether the value of the right-to-use property is impaired or whether any impairment losses have been calculated for it, as described in the policy "Real estate, plant and equipment".

Variable rents that do not depend on the index or rate are not covered by the measurement of the lease able and the right-to-use assets. Related payments are recognized as costs in the period in which the event was incurred or the condition that triggered the payments in matter and are in 'Other costs' in profit and loss (see Note 7).

As a practical solution, IFRS 16 allows the lessee to not provide non-rental components and to calculate components related to rent and non-rental components as a single component. The Entity didn't use that practical solution. For a contract containing a lease-related component and one or more additional non-lease-related components, the Entity is required to distribute the non-rental fee under the contract to each component relating to the lease based on the relative standalone price of that component and the total standalone price of non-rental components.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

e) Cash and cash equivalents

Cash and cash equivalents for the purpose of preparation of cash flow statements and the statement of financial position comprise gyro accounts, cash in hand and short-term deposits with banks with original maturity up to three months.

f) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

g) *Employee benefits*

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in income statement of the period in which they have been incurred.

i) Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

h) Taxation

Income tax charge is based on taxable profit for the year and comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the reporting date, and considering the adjustments to tax payable in respect of positions from previous years.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

h) Taxation (continued)

Deferred taxes are calculated using the balance sheet method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable profit in the years in which those temporary differences are expected to be realized, or settled, based on tax rates enacted or substantially in force at the reporting date.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and/or liabilities in the statement of financial position. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. No deferred tax assets or liabilities were recognized at the reporting date. The company forms a tax liability in accordance with Croatian law. The income tax rate for 2021 is 18% (2020: 18%).

i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation which can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting of the expected future cash flows at a pre-tax rate that reflects current assessment of the time value of money and the risks specific to the liability.

Restructuring

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Company makes no provision for future operating costs.

j) Issued share capital, premiums and reserves

Share capital represents the nominal value of paid-in shares classified as equity and it is denominated in HRK. Share premium represents the excess of the paid amount over nominal value of the issued shares upon initial issue of shares. Any profit for the year after appropriations is transferred to retained earnings.

A legal reserve has been created in accordance with Croatian law, which requires 5% of the profit for the year to be transferred to the reserve until the total of legal reserves and capital reserves reaches 5% of issued share capital. The legal reserve can be used for covering current and prior period losses in the amount of up to 5% of issued share capital.

k) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer. The Company recognizes the following revenues: trading commissions, membership fees, fees for the maintenance of quotations and other fees.

Commission income is recognized when the service is provided. Income from fees is deferred over the relevant period to which the fees relate.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

k) Revenue

Income from maintenance of quotations, subscriptions for information and subscriptions for the real time monitoring of trade is deferred over the period of duration of the relevant quotation or subscription.

Income from initial listing fees is deferred to the period in which the client has a substantive right to service.

l) Financial income

Interest income is recognized in income statement in the corresponding time period for all interest-bearing financial instruments measured at amortized cost using the effective interest rate method.

m) Dividend income

Dividends on equity instruments are recognized in profit or loss when the Company's right to receive a dividend is established.

n) Investments in subsidiaries

Subsidiaries are entities in which the Company, directly or indirectly, has control over their activities. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company's investment in subsidiary is measured in the non-consolidated financial statements using the cost method.

o) Investments in associates and joint ventures

Associates are entities in which the Company has significant influence but not control. A significant influence is the power to participate in the financial and operating policies of entity in which the investment is made but does not constitute control or joint control of those policies.

Joint ventures are companies in which two or more parties have joint control.

The Company's investments in associates and joint ventures are measured in the non-consolidated financial statements using the cost method.

Notes to the financial statements (continued)

4 Sales revenue

	2021	2020
	'000 kn	'000 kn
Commissions	3,365	3,936
Income from quotation maintaining	5,062	4,874
Income from quotation fee	955	1,182
Membership fees	200	180
Total sales revenue	**9,582**	**10,172**

Commissions from members are charged based on value of realized transactions at the time of execution of the transaction. Commission income is recognized when the service is provided. Income from fees is deferred over the relevant period to which the fees relate.

Income from quotation maintenance represents an annual commission for the continuation of inclusion of the securities in the Official and Regular Market quotations. Quotation fees are collected from issuers of securities on the Official and Regular Market. Income from quotation maintenance is deferred over the period of duration of the relevant quotation.

Membership fees include one-time admission fee payable for acquiring the status of Exchange Member, as well as fees charged to existing members on a quarterly basis. Income from membership fees is deferred to the period in which the client has a substantive right to service.

5 Operating income

	2021	2020
	'000 kn	'000 kn
Income from sale of information	2,559	2,456
Income from seminars	775	643
Income from related parties	142	327
Other income	1,409	1,172
Total other operating income	**4,885**	**4,598**

Income from sale of information and subscriptions to software, for the real time trading, is deferred over the period of subscription duration.

Other revenues include subsequently collected receivables, income from various fees, revenue from penalties and other income.

Entire revenue is generated in the Republic of Croatia. Total recognized revenue in accordance with International Financial Reporting Standard 15 (IFRS 15) amounts to HRK 15,511 thousand (2020: HRK 15,331 thousand). The maturity of all trade receivables by age groups is presented in Note 16.

Notes to the financial statements (continued)

6 Staff costs

	2021	2020
	'000 kn	**'000 kn**
Net salaries	3,903	3,718
Payroll contributions	2,049	1,989
Payroll taxes and surtaxes	858	975
Other staff costs	307	253
Total salaries	**7,117**	**6,935**

At the end of 2021, the company had 26 employees (2020: 24). Staff costs include HRK 1,121 thousand (2020: HRK 1,101 thousand) of paid contributions to mandatory pension funds. Contributions are calculated as a percentage of the employee's gross salary. In 2021, bonuses in the amount of HRK 403 thousand were paid out (2020: HRK 303 thousand).

7 Other operating expenses

	2021	2020
	'000 kn	**'000 kn**
Software and licenses	1,885	1,663
Professional services	1,321	794
Fees and charges	783	706
Utility expenses	425	439
Post and telephone services	184	173
Impairment of trade receivables	82	286
Rent expense	124	113
Representation	70	69
Business travel	38	25
Seminar and marketing costs	15	13
Intangible assets write-off	3	1
Other expenses	927	1,082
Total other operating expenses	**5,857**	**5,364**

Other costs in the amount of HRK 927 thousand relate to costs of lecturers (natural persons) and other fees to these persons, as well as maintenance costs, material and energy costs, insurance costs, and other costs.

Notes to the financial statements (continued)

8 Financial income and expenses

a) Financial income

	2021	2020
	'000 kn	**'000 kn**
Dividend income	1,011	411
Net gain from financial assets at fair value through profit or loss	-	34
Interest income	15	16
Other financial income	18	110
Total financial income	**1,044**	**571**

b) Financial expense

	2021	2020
	'000 kn	**'000 kn**
Interest expense	59	28
Total financial expense	399	-
Net financial income	**458**	**28**

9 Income tax expense

a) Income tax expense

	2021	2020
	'000 kn	**'000 kn**
Current income tax expense	-	-
Differed income tax	-	-
Total income tax expense	-	-

b) Reconciliation of accounting profit and current income tax liability

	2021	2020
	'000 kn	**'000 kn**
Tax calculated at 18% (2019: 18%)	157	338
Tax non-deductible expenses	40	21
Non-taxable income	(226)	(139)
Tax losses not recognized as deferred tax assets	29	-
Losses from previous years that were not recognized as deferred tax assets	-	(220)
Total income tax expense	**-**	**-**

Notes to the financial statements (continued)

9 Income tax (continued)

a) Tax losses carried forward

Gross tax losses in the amount of HRK 3,518 thousand can be used for reduction of Company's future taxable profits at the end of 2021. The tax loss can be transferred by the Company and is subject to review by the Ministry of Finance. At the end of 2020, the Company had HRK 7,028 thousand of tax losses available for transfer to future periods. At both reporting dates, the Company did not recognize deferred tax assets based on carried forward tax losses, as it is uncertain when sufficient taxable profit will be generated in the future.

As at 31 December 2021, the Company did not recognize deferred tax assets in the amount of HRK 633 thousand on the basis of temporary differences (impairment receivables) and carried forward tax losses, as it is not certain that the Company will realize the necessary amount of taxable profit . The Company will reassess the conditions for recognizing deferred tax assets at the next reporting date.

As at 31 December, the gross tax losses available for transfer expire as follows:

	‘000 kn	**‘000 kn**
Up to 1 year	3,221	3,672
Up to 2 years	135	3,221
Up to 3 years	-	135
Up to 4 years	-	-
Up to 5 years	162	-
Total tax loss available to be carried forward	**3,518**	**7,028**

The tax return was prepared in accordance with a legally prescribed methodology. According to tax regulations, the tax administration may review the Company’s books and records at any time during 3 years period after the end of the year in which the tax liability is stated. The company's management is not aware of any circumstances that could lead to significant omissions in this regard.

Notes to the financial statements (continued)

10 Equipment

	Computer equipment	Furniture and other equipment	Leasehold improvements	Total
	'000 kn	**'000 kn**	**'000 kn**	**'000 kn**
Purchase value				
On January 1, 2020	**4,539**	**2,175**	**1,272**	**7,986**
Additions	702	5	-	707
Write-offs	-	-	-	-
As of December 31, 2020	**5,241**	**2,180**	**1,272**	**8,693**
On January 1, 2021	**5,241**	**2,180**	**1,272**	**8,693**
Additions	280	221	256	757
Write-offs	-	-	-	-
As of December 31, 2021	**5,521**	**2,401**	**1,528**	**9,450**
Accumulated depreciation				
On January 1, 2020	**(4,379)**	**(2,173)**	**(1,178)**	**(7,730)**
Charge for the year	(187)	(2)	(32)	(221)
Write-offs	-	-	-	-
As of December 31, 2020	**(4,566)**	**(2,175)**	**(1,210)**	**(7,951)**
On January 1, 2021	**(4,566)**	**(2,175)**	**(1,210)**	**(7,950)**
Charge for the year	(212)	(47)	(58)	(317)
Write-offs	-	-	-	-
As of December 31, 2021	**(4,778)**	**(2,222)**	**(1,268)**	**(8,267)**
Net book value				
As of December 31, 2020	**675**	**5**	**62**	**742**
As of December 31, 2021	**743**	**179**	**260**	**1,183**

Notes to the financial statements (continued)

11 Intangible assets

	Computer programs	Assets in progress	Total
	'000 kn	'000 kn	'000 kn
Purchase value			
On January 1, 2020	**2,036**	**219**	**2,255**
Increase	67	-	67
Write-off	-	-	-
As of December 31, 2020	**2,103**	**219**	**2,322**
On January 1, 2021	**2,103**	**219**	**2,322**
Increase	31	45	76
Write-off			
As of December 31, 2021	**2,134**	**264**	**2,398**
Accumulated depreciation			
On January 1, 2020	**(1,175)**	**-**	**(1,175)**
Depreciation expense	(176)		(176)
Write-off	-	-	-
Balance as at 31 December 2020	**(1,351)**	**-**	**(1,351)**
On January 1, 2021	**(1,351)**	**-**	**(1,351)**
Depreciation expense	(128)		(128)
Write-off	-	-	-
Balance as at 31 December 2021	**(1,479)**	**-**	**(1,479)**
Net book value			
As of December 31, 2020	**752**	**219**	**971**
As of December 31, 2021	**655**	**264**	**919**

Notes to the financial statements (continued)

12 Right-of-use assets

	Real estate	Equipment	In total
	'000 kn	**'000 kn**	**'000 kn**
Purchase value			
On January 1, 2020	1,542	228	1,770
Increases	-	69	69
Write-off	-	(121)	(121)
As of December 31, 2020	**1,542**	**176**	**1,718**
On January 1, 2021	**1,542**	**176**	**1,718**
Increases	3,283	195	3,478
Write-off	(1,542)	(69)	(1,611)
As of December 31, 2021	**3,283**	**302**	**3,585**
Accumulated depreciation			
On January 1, 2020	**(661)**	**(68)**	**(729)**
Depreciation expense	(661)	(68)	(729)
Write-off	-	62	62
As of December 31, 2020	**(1,322)**	**(74)**	**(1,396)**
On January 1, 2021	**(1,322)**	**(74)**	**(1,396)**
Depreciation expense	(665)	(72)	(737)
Write-off	1,542	26	1,568
As of December 31, 2021	**(445)**	**(120)**	**(565)**
Net book value			
As of December 31, 2020	**220**	**102**	**322**
As of December 31, 2021	**2,838**	**182**	**3,020**

Right-of-use assets related to leases refer to lease of several vehicles (3-5 years) and real estate (up to 3 years). The weighted average incremental rate applied to lease liabilities recognized in the statement of financial position at the date of initial application is 4.2%. Total cash expenditures for right-of-use assets in 2021 amount to HRK 757 thousand.

Amounts recognized in the statement of comprehensive income:	**2021**	**2020**
Depreciation expense on right-of-use assets	737	729
Interest on business leases	59	28
Costs related to short-term rent	351	757

Notes to the financial statements (continued)

12 Right-of-use assets (continued)

Discounted liabilities under operating leases mature as follows:

	31.12.2021	**31.12.2020**
Within a year	700	272
In the second year	605	18
In the third year	686	14
In the fourth year	706	-
In the fifth year	230	-
After five years	-	-
In total	**2,927**	**304**

	1.1.2021
	'000 kn
Operating lease liability as at 31 December 2020, as disclosed in the Company's financial statements	304
Operating lease liability discounted at incremental borrowing rate on 1.1.2021.	-
Liabilities for financial lease of assets on 31.12.2020.	304
Recognized exemptions:	-
- short-term leases	-
- leases of low value assets	-
Rental extension and termination options that are expected to be used	-
Liabilities based on operating leases on 1.1.2021	304

Notes to the financial statements (continued)

13 Investments in subsidiaries

	2021	2020
	'000 kn	**'000 kn**
Investment in Ljubljana Stock Exchange	19,125	19,125
Total investments in subsidiaries	**19,125**	**19,125**

Zagreb Stock Exchange acquired Ljubljana Stock Exchange by taking over 100% of its shares from the CEE Stock Exchange Company (CEESEG) for purchase price of EUR 2,500 thousand paid in cash. The process started with exclusive negotiations with CEESEG in June 2015, continued with capital increase of the Zagreb Stock Exchange and was completed with the approval by regulatory authorities of both countries. The process ended on 30 December 2015.

.

The summary of financial data for the Ljubljana Stock Exchange is as follows:

	2021	2020
	'000 kn	**'000 kn**
Fixed assets	8,621	10,762
Current assets	11,825	10,940
Of which Money and cash equivalents	8,248	7,686
Total assets	**20,446**	**21,702**
Long-term liabilites	517	404
Short-term liabilities	1,573	2,173
Of which Short-term financial liabilities	28	-
Total liabilities	**2,090**	**2,577**
Total revenue	**11,490**	**12,067**
Interest income	8	31
Interest expense	8	8
Profit tax	104	-
Profit for the period	**316**	**1,172**

Notes to the financial statements (continued)

14 Investments in associates and joint ventures

	31.12.2021	31.12.2020
	'000 kn	'000 kn
Investment in SEE Link doo	202	202
Investment in Funderbeam South-East Europe Ltd.	73	73
Total investment in associates and joint venture	**275**	**275**

SEE Link d.o.o is a joint venture (Zagrebačka burza has 1/3 ownership) founded in 2014. During 2015, each of the three owners paid the additional HRK 177 thousand to increase the share capital of SEE Link d.o.o.

The summary of financial data for SEE Link d.o.o. is as follows :

	2021	2020
	'000 kn	'000 kn
Ownership share	**33%**	**33%**
Fixed assets	185	113
Current assets	502	486
Of which Money and cash equivalents	177	318
Total assets	**687**	**599**
Long term obligations	-	-
Short-term liabilities	258	265
Of which Short-term financial liabilities	-	-
Total liabilities	**258**	**265**
Total revenue	**566**	**758**
Amortization	141	461
Net interest expense	1	-
Profit tax	-	-
Profit / (loss) of the period	**90**	**(3)**

Notes to the financial statements (continued)

14 Investments in associates and joint ventures (continued)

Funderbeam South-East Europe d.o.o. was founded in 2017. During 2018, the year in which business operations started, the Company paid an additional HRK 44.8 thousand to increase the share capital of Funderbeam South-East Europe d.o.o. In 2020, the Company acquired a new share in the amount of HRK 28.4 thousand. The ownership share as of December 31, 2021 is 30% (December 31, 2020. 30%).

Summary of financial data for Funderbeam South -East Europe Ltd. is as follows:

	2021	2020
	'000 kn	'000 kn
Ownership share	**30%**	**30%**
Fixed assets	2	2
Current assets	205	227
Of which Money and cash equivalents	43	72
Total assets	**207**	**234**
Long term obligations	225	225
Short-term liabilities	1,023	995
Of which Short-term financial liabilities	924	925
Total liabilities	**1,248**	**1,220**
Total revenue	**179**	**603**
Net interest income / (expense)	(16)	(23)
Profit tax	-	-
Profit / (loss) of the period	**162**	**(16)**

Notes to the financial statements (continued)

15 Financial assets

	2021	2020
	'000 kn	**'000 kn**
a) Financial assets at fair value through profit or loss		
Investments in stocks	1,681	1,302
In total	**1,681**	**1,302**

Movement of expected credit losses of bonds (level 3):

	2021	2020
	'000 kn	**'000 kn**
Balance on January 1st	368	472
Expected credit losses	(368)	(472)
In total	**-**	**-**

Investments in equity instruments in the amount of HRK 1,681 thousand (31 December 2020: HRK 1,302 thousand) relate to planned long-term investments.

As at 31 December 2021, the Company has 197 shares in Makedonska berza AD (31 December 2021: 148 shares) in the amount of HRK 1,484 thousand (31 December 2020: HRK 1,105 thousand).

Shares in the amount of HRK 197 thousand relate to the share in capital of the company Središnje klirinško depozitarno društvo d.d. (SKDD). The Management Board of the Company concluded there was no change in fair value of these shares in 2021.

During the initial recognition, the Company has decided to classify these instruments as financial assets at fair value through other comprehensive income, in accordance with IFRS 15.

	2021	2020
	'000 kn	**'000 kn**
b) Financial assets at fair value through profit or loss		
Shares in open - end investment funds	14,479	17,774
In total	**14,479**	**17,774**

Shares in open-end investment funds are classified as fair value level 1 as at 31 December 2021 and 31 December 2020.

Notes to the financial statements (continued)

16 Trade and other receivables

	2021	2020
	'000 kn	'000 kn
Trade receivables	3,086	3,844
Days advance	14	43
Other assets	583	514
Value adjustment	(1,355)	(1,675)
In total	**2,328**	**2,726**

Impairment of trade receivables

	2021	2020
	'000 kn	'000 kn
Balance on January 1	(1,675)	(1,555)
Impairment recognized during the year	(82)	(287)
Write-off	3	5
Collection of previously reduced receivables	399	162
In total	**(1,355)**	**(1,675)**

At the reporting date, the Company had uncorrected overdue receivables in the amount of HRK 320 thousand (31 December 2020: HRK 203 thousand). Management believes that the receivables are fully recoverable.

31 December 2021

	Outstanding receivables	<90	90 - 120	> 120
Trade receivables and other assets - gross amount	1,411	317	20	1,338
Expected credit losses	-	-	(17)	(1,338)
Trade receivables and other assets - net amount	1,411	317	3	-
Rate of expected credit losses	-	-	85%	100%

Notes to the financial statements (continued)

16 Trade and other receivables (continued)

31 December 2020

	Outstanding receivables	<90	90 - 120	> 120
Trade receivables and other assets - gross amount	1,966	182	46	1,650
Expected credit losses	0	(38)	(20)	(1,617)
Trade receivables and other assets - net amount	1,966	144	26	33
Rate of expected credit losses	0%	(21%)	(43%)	(98%)

17 Cash and cash equivalents

	2021	2020
	'000 kn	'000 kn
Giro account in foreign currency (EUR)	1,241	1,018
Giro account in foreign currency (MKD)	1,703	-
Giro account in local currency	417	619
Cash on hand	1	2
Total cash and cash equivalents	**3,362**	**1,639**

18 Loans given to associate

	2021	2020
	'000 kn	'000 kn
Loans given to associate	217	217
Total	**217**	**217**

Loans given to associate refer to loans granted to Funderbeam South-East Europe d.o.o. in the amount of HRK 217 thousand (2020: HRK 217 thousand), with a bullet repayment (a lump sum payment made for the entirety of an outstanding loan amount, at maturity).

Notes to the financial statements (continued)

19 Issued share capital

Share number movement:

	Number of shares	Nominal value in kn	Share capital in HRK '000
January 1, 2020	4,635,700	10	46,357
December 31, 2020	**4,635,700**	**10**	**46,357**
January 1, 2021	4,635,700	10	46,357
December 31, 2021	**4,635,700**	**10**	**46,357**

All issued shares are authorized and fully paid ordinary shares. On 31 August 2016, all issued shares were listed on the Official Market of the Zagreb Stock Exchange. As at 31 December 2021, the Company had 199 shareholders (31 December 2020: 196 shareholders) with ownership interests in the Company ranging between 0.01% and 9.99%.

20 Earnings per share

The calculation of earnings per share as at 31 December 2021 based on the profit of HRK 873 thousand and the weighted average number of ordinary shares of 4,635,700 is calculated as follows:

	31.12.2021	31.12.2020
Net profit for the year ('000 HRK)	873	1,875
Weighted average number of ordinary shares over the period	4,635,700	4,635,700
Basic and diluted earnings per share (HRK)	**0,19**	**0,40**

Diluted earnings per share are equal to the baseline as there is no potential dilution effect from any instruments.

21 Trade and other payables

	2021 '000 kn	2020 '000 kn
Trade payables	787	705
VAT liabilities	-	47
Other current liabilities	794	889
Total trade and other payables	**1,581**	**1,641**

22 Contractual obligations

	2021	2020
	'000 kn	'000 kn
Contractual obligations from listing maintenance fees	2,744	2,816
Contractual obligations from the listing fee	491	362
Other contractual obligations	350	358
Total contractual obligations	**3,585**	**3,536**

Other contractual obligations relate to LEI and the sale of information.

23 Financial instruments - risk exposure

Interest rate risk

The Company does not have significant amounts of interest- bearing assets with variable interest rates. The most significant interest- bearing asset is a loan given to an associate in the amount of HRK 217 thousand. The Company has no interest-bearing liabilities. The impact of changes in market interest rates on the profit and loss account of the market is therefore assessed as not significant.

Currency risk

In addition to HRK 2,944 thousand (2020: HRK 1,637 thousand) of funds on the bank account, of which HRK 1,241 thousand relate to funds denominated in EUR and HRK 1,703 to funds denominated in MKD, trade receivables in the amount of HRK 782 thousand and trade payables in the amount of HRK 27 thousand denominated in EUR, the Company has no other financial assets and liabilities denominated in foreign currency. There is no significant exposure to currency risk.

Credit risk

The largest exposure to credit risk is as follows:

	31 December 2021	31 December 2020
	'000 kn	'000 kn
Cash and cash equivalents (excluding cash on hand)	3,369	1,637
Trade receivables and other assets	3,683	4,401
Guarantee deposits	4,506	2,500
Loans given to an associate	217	217
In total	**11,775**	**8,755**

The Company generally does not take collateral, due to nature of its business. Apart from loans to associates and cash in domestic banks (Notes 17 and 18), the Company did not have a significant concentration of credit risk at the reporting date.

Notes to the financial statements (continued)

23 Financial instruments – risk exposure (continued)

Concentration of credit risk of net trade receivables:

	31 December 2021		31 December 2020	
	'000 kn	%	'000 kn	%
Companies	625	36	1,264	51
Institutional investors and brokers	1,098	64	1,225	49
	1,723	**100**	**2,489**	**100**

Price risk

Price risk is a risk that the value of a financial instrument will fluctuate due to changes in market prices, caused by investment-specific factors, its issuer or factors affecting all instruments traded on the market. The Company's investments in open-end investment funds are measured at fair value with changes in fair value recognized in the income statement. Accordingly, such changes in market conditions will directly affect gains and losses on financial instruments recognized in the income statement.

The Company's price risk is mitigated through the diversification of the portfolio of investments in different types of open-end investment funds, managed by different investment companies, and investments in money market funds. Assuming that all other variables remained unchanged, a decrease / increase in the market price of investment fund shares of - / + 1% on the reporting date results in a decrease / increase in profit before tax of HRK 145 thousand (2020: HRK 178 thousand).

Liquidity risk

The Company has no loans received. All trade payables range from 0 to 3 months. Liabilities for renting property refer to renting several passenger cars for a period of 3 to 5 years and real estate for a period of up to 5 years. The undiscounted maturity of operating lease liabilities is disclosed in Note 12. Cash and cash equivalents and financial assets at the reporting date are significantly higher than liabilities. Financial liabilities, which include trade and other payables, deferred income and accrued expenses, have a maturity of up to one year.

24 Related parties

The Company defines a related party as a person directly related to its major shareholders, its subsidiary, joint venture and associate, members of the Supervisory Board and the Management Board and other executive management (together “key management”); close family members of key management; members of the Management Board and members of their immediate families, in accordance with the provisions set out in International Accounting Standard 24 “Related Party Disclosures” (IAS 24).

During 2021, Zagreb Stock Exchange generated revenues from Ljubljana Stock Exchange in the amount of HRK 142 thousand (2020: HRK 328 thousand) and expenses in the amount of HRK 3 thousand (2020: HRK 3 thousand). Receivables from Ljubljana Stock Exchange as at 31 December 2021 amount to HRK 6 thousand (31 December 2020: HRK 200 thousand) and liabilities to HRK 3 thousand (31 December 2020: HRK 3 thousand).

Notes to the financial statements (continued)

24 Related parties (continued)

During 2021, Zagreb Stock Exchange generated revenues from the company Funderbeam South-East Europe in the amount of HRK 14 thousand (2020: HRK 5 thousand). Receivables from Funderbeam South - East Europe as at 31.12.2021. amount to HRK 238 thousand (31 December 2020: HRK 230 thousand).

During 2021, Zagreb Stock Exchange had expenses from SEE Link in the amount of HRK 32 thousand (2020: HRK 27 thousand). Liabilities to SEE Link as at 31.12.2021. amount to HRK 7 thousand (31 December 2020: HRK 0 thousand).

Compensation paid to key management during the year was HRK 1,969 thousand (2020: HRK 1,611 thousand). The Company did not pay remuneration to the members of the Supervisory Board. The remuneration system for the President of the Management Board includes the right to acquire up to 1% of the Zagreb Stock Exchange shares within the option plan at a predefined fixed price per share and within a defined period. The option could be realized as early as October 2021.

25 Segment reporting

As the only geographical market of the Zagreb Stock Exchange is Republic of Croatia, and considering that all of the Company's revenue is generated on the basis of one business activity and in the Republic of Croatia, the Management Board considers the entire Company presents one reporting segment.

26 Significant accounting estimates and assumptions

Management makes estimates and assumptions related to future events. Therefore, accounting estimates rarely correspond to actual results. Estimates and judgments that may affect material changes in the amounts of assets and liabilities within the next financial year are set out below.

Impairment of trade receivables

Trade receivables are estimated at each reporting date and are reduced in accordance with the estimated probability of collection of the stated amount. Each buyer is separately considered, based on the expected date of collection of the amount due and the estimated probability of collection of amounts due. Management believes that trade receivables are stated in accordance with their recoverable amount at the reporting date. As shown in Note 16, impairment of trade receivables as at 31.12.2021. amounts to HRK 1,355 thousand (31 December 2020: HRK 1,675 thousand).

Income tax

The Company calculates its tax liability in accordance with the tax legislation of the Republic of Croatia. Tax returns are subject to control by the tax authorities, which have the right to conduct subsequent controls of taxpayers. There are different possible interpretations of tax laws; therefore, the amounts in the financial statements may change subsequently, depending on the decision of the tax authorities. Income tax is stated in Note 9 and amounts to HRK 0 thousand (2020: HRK 0 thousand).

Useful life of equipment and intangible assets

The Company reviews the estimated useful lives of equipment and intangible assets at the end of each reporting period. The useful lives of equipment and intangible assets are disclosed in note 3 a).

26 Significant accounting estimates and assumptions (continued)

Investing in subsidiaries, associates and joint ventures

The Company measures investments in subsidiaries, associates and joint ventures at cost less impairment of investments in separate financial statements. After initial recognition, the Company examines whether it is necessary to recognize an additional impairment of investment in associate or joint venture. At the reporting date, the Company determines whether there is an objective evidence that investment in associate or joint venture is impaired. If an impairment exists, the Company calculates the amount of impairment loss as a difference between the recoverable amount and the carrying amount of the associate or joint venture and presents it in the statement of comprehensive income. If the recoverable amount of an investment is less than its carrying amount, the Company recognizes an impairment loss. Management believes that there are no indications of impairment at the reporting date based on the analysis performed. Investments in subsidiaries, associates and joint ventures are disclosed in Notes 13 and 14. In 2021 and 2020, the Management Board estimated that the recoverable amount of the investment was not lower than the carrying amount, therefore, there was no impairment.

Recognition of deferred tax assets

At the reporting date, the Company did not recognize deferred tax assets related to transferred tax losses in the amount of HRK 3,518 thousand (31 December 2020: HRK 7,028 thousand), because the Management Board estimates that future generation of necessary taxable profit is unlikely. The need for recognition will be reconsidered at the next reporting date.

Borrowings to related parties

The Management believes that given loans are fully recoverable and that there are no indicators of impairment at the reporting date.

Classification of investment in joint venture

The Company has estimated that investment in SEE Link represents an investment in joint venture, since the Company has rights to the net assets of the arrangement.

27 Capital management

The objectives of the Company in managing capital are to preserve the Company's ability to continue operating on a going concern basis to allow return on investment to shareholders and benefit other stakeholders and to maintain an optimal equity structure to minimize the cost of equity.

The Company monitors capital by monitoring its own finance ratios in its financial statements. This indicator is calculated as the ratio of total equity to total assets.

27 Capital management (continued)

The self-financing indicator is as follows:

	31 December 2021	31 December 2020
	'000 HRK	'000 HRK
Total capital (capital and reserves)	43,329	42,456
Total assets	51,422	47,937
Indicator of own financing	**84%**	**89%**

The Company finances 84% of its total assets from its own sources. Accordingly, 16% of total assets is financed from outside sources (2020: 11%).

28 Audit fees

The fee for audit of Company's financial statements amounted to HRK 101 thousand (2020: HRK 101 thousand).

During the year, the external auditor provided other non-audit services in total amount of HRK 45 thousand (2020: HRK 38 thousand), such as services related to Remuneration report and agreed verification procedures related to cost alignment. In accordance with the EU Regulation, services provided during 2021 are permitted non-audit services.

29 Events after the balance sheet date

There were no significant events after the balance sheet date. In the first month of 2022, the company continued the trend of successful business operations from 2021. The Covid-19 pandemic had no negative impact on business neither in 2021 nor early 2022. Due to the achieved result in 2021, the successful start of 2022 and the business projection for the entire 2022, the Company's Management Board believes that the Company will continue as a going concern

Ongoing military operation in Ukraine and sanctions against the Russian Federation are affecting economies in Europe and the world. The company has no significant exposure in Ukraine, Russia and Belarus. However, the effect on the general economic situation may require a revision of certain assumptions and estimates, which may lead to significant adjustments in the carrying amount of certain assets and liabilities over the next financial year. At this stage, management cannot reliably assess the impact as new developments take place each day.

In the long run, the consequences can affect business volume, cash flows and profitability. Regardless of the above mentioned, at the date of issue of these financial statements, the Company continues to meet its maturity obligations and therefore continues to apply the going concern principle as the accounting basis for the preparation of financial statements.

30 Approval of the Management Board for issuing financial statements

The Management Board adopted the financial statements and approved their issuance on 26 April 2022.
Signed on behalf of the Management Board on 26 April 2022.

ZAGREBAČKA
BURZA
Zagreb Stock Exchange

Pursuant to Articles 300.a, 300.b, 300.c and 300.d of the Companies Act (Official Gazette, Nos. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19 and 34/22), the Management Board of the Zagreb Stock Exchange, Inc. with its registered office in Zagreb, Ivana Lučića 2a/22 (hereinafter: the Exchange), on 26 April 2022, passed the following

DECISION

1. Separated and consolidated financial statements for the year ended 31 December 2021 are determined, and the Reports by the certified auditor Deloitte Ltd. Zagreb for the year ended 31 December 2021 are accepted.

2. The documents referred to in item 1 of this Decision together with the report on the state of the Exchange shall be submitted to the Supervisory Board of the Exchange for approval and, upon approval, shall be deemed determined by the Management Board and the Supervisory Board of the Exchange and sent to the General Assembly of the Exchange.

3. This Decision shall be published as an integral part of the 2021 Annual Report.

4. This Decision comes into force as of the day of its passing.

Mark: OU/2022 – 024

ZAGREBAČKA BURZA d.d.
Zagreb
1

Ivana Gažić
President of the Management Board

Tomislav Gračan
Member of the Management Board

ZAGREBAČKA
BURZA
Zagreb Stock Exchange

Pursuant to Articles 220., 222., 222.a and 300.b of the Companies Act (Official Gazette, Nos. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19 and 34/22), the Management Board of the Zagreb Stock Exchange, Inc. with its registered office in Zagreb, Ivana Lučića 2a/22 (hereinafter: the Exchange), on 26 April 2022, passed the following

DECISION

1. The Management Board of the Exchange makes the following Proposal of the Decision on the use of profits:

„PROPOSAL
of the Decision on the use of profits for the year 2021

I.
It is established that the Exchange made a net profit of HRK 873.255 in the financial year ending 31/12/2021.

II.
The amount of net profit referred to in point I of this Decision shall be used for the coverage of losses carried forward from the previous period.

III.
This Decision shall enter into force on the day of its adoption."

2. This Proposal shall be referred for the approval to Supervisory Board of the Exchange and referral to the General Assembly of the Exchange as a joint proposal of the Management Board and the Supervisory Board of the Exchange.

3. This Decision shall be published as an integral part of the 2021 Annual Report.

4. This Decision comes into force as of the day of its passing.

Mark: OU/2022 – 025

ZAGREBAČKA BURZA d.d.
Zagreb
1

Ivana Gažić
President of the Management Board

Tomislav Gračan
Member of the Management Board