



ZAGREBAČKA BURZA

Zagreb Stock Exchange



LJUBLJANSKA BORZA

LJUBLJANA Stock Exchange

Zagreb Stock Exchange Group

Consolidated unaudited financial results for

01/01/2020 – 30/09/2020

19 October 2020

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1 INTERIM MANAGEMENT REPORT FOR THE PERIOD BETWEEN 01/01/2020 AND 30/09/2020

1.1 Significant business events of the Group in the period between 01/01/2020 and 30/09/2020

In the first three quarters of 2020, the Zagreb Stock Exchange Group (hereinafter: the Group) recorded the following significant business events:

- On January 7, 2020, the Company made a decision on termination of the listing of the stocks of HOTELI BRELA d.d., HOTEL TUČEPI d.d. and ZLATNI RAT HOTELI d.d. due to merging the said companies with the joint-stock company SUNCE HOTELI d.d., which led to terminating the Issuer and the financial instrument.
- On January 8, 2020, the stock of ALPHA ADRIATIC d.d. has been moved to a lower market segment, from Official to Regular Market.
- On January 10, 2020, the Company made a decision on termination of the listing of the stocks of AGROMEDIMURJE d.d. following the decision of the General Assembly to withdraw all stocks from listing on the regulated market.
- On January 16, 2020, the Company made a decision on termination of the listing of the stocks of TERMES GRUPA d.d. following the decision of the General Assembly to withdraw all stocks from listing on the regulated market.
- In January 2020, a campaign for the company STEMI was completed on the Funderbeam SEE platform, raising EUR 318,000.
- On March 3, 2020, two new bonds of the Ministry of Finance of the Republic of Croatia were listed on the Official Market of the Exchange.
- On March 6, 2020, the “Ring the bell for gender equality” event was attended by the President of the Republic of Croatia, Mr. Zoran Milanović, and a significant media presence of the event and the Zagreb Stock Exchange was achieved.
- On March 16, 2020, following the opinion of the Market Protection Measures Committee, the level of severity and effects of breaches of the Exchange Rules on investors and the proper functioning of the market, the Company made a decision on the termination of the listing of the following Agrokor d.d. issuer's stocks: BELJE d.d., JAMNICA d.d., LEDO d.d., PIK-VINKOVCI d.d., TISAK d.d., VUPIK d.d. and STAR d.d.
- As of March 16, 2020, the Zagreb and Ljubljana Stock Exchange has been operating out of the office. The offices of the exchanges are closed until further notice, and business is regularly carried out at secondary locations and employees work from home. The objective of the Management Boards of both exchanges is to ensure continuous trading throughout the trading

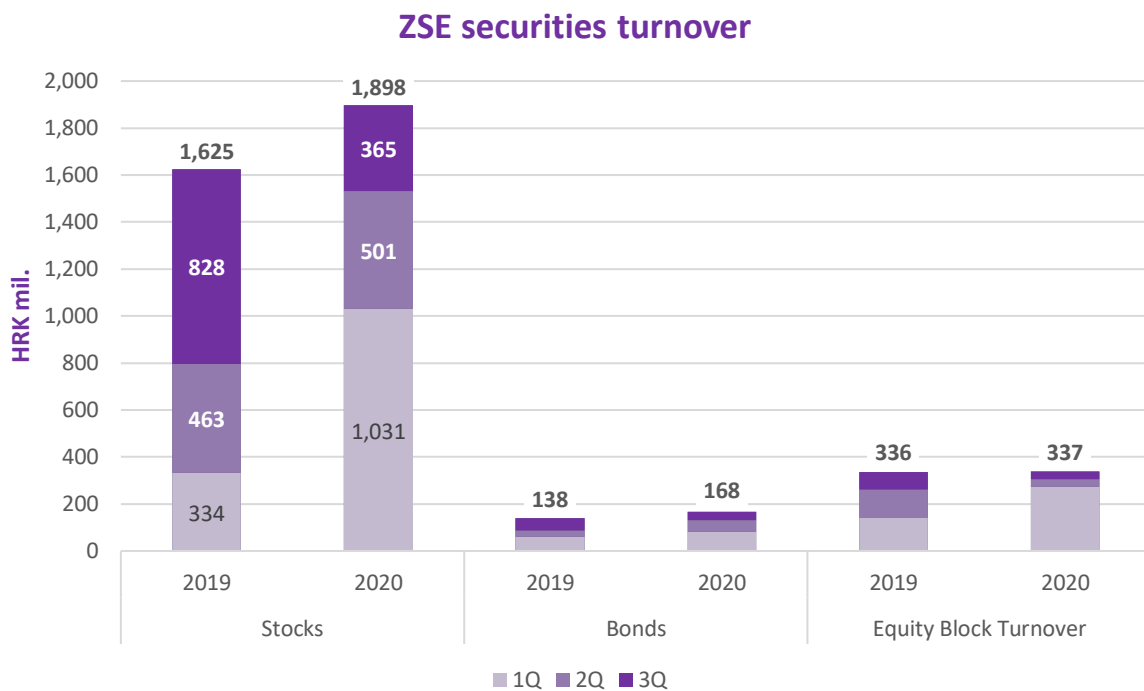
day, as long as objective circumstances permit. The decision was made in order to protect the health of employees and clients as well as the long-term sustainability of the business. On May 4, 2020, the Zagreb Stock Exchange started operating in two teams in such a way that the first team works in the offices of the Stock Exchange for one week, and the second team works in secondary locations during that time. The Ljubljana Stock Exchange started operating in two teams on May 11, 2020. In accordance with favorable epidemiological conditions, on May 18, 2020, all employees of the Ljubljana Stock Exchange began working in offices, while the operations of the Zagreb Stock Exchange began to take place again at the primary location on June 1, 2020.

- On March 20, 2020, following the opinion of the Market Protection Measures Committee, the level of severity and effects of breaches of the Exchange Rules on investors and the proper functioning of the market, the Company made a decision on the termination of the listing of ELEKTROPROMET d.d.
- On March 23, 2020, the Ljubljana Stock Exchange hosted a webcast called Presenting Slovenian Listed Companies Online.
- On April 21, 2020, the Zagreb Stock Exchange successfully completed the annual accreditation process for a local operator LEI (Local Operating Unit (LOU)) by the Global Legal Entity Identifier Foundation (GLEIF), which once again confirmed the quality Exchange services as a local operator of LEI tags.
- On April 30, 2020, the shares of HELIOS FAROS d.d. were listed on the Regular Market of the Exchange.
- On May 6, 2020, a new bond of the Ministry of Finance of the Republic of Croatia was listed on the Official Market of the Stock Exchange.
- On May 20, 2020, issuers from the Zagreb Stock Exchange, namely AD Plastik, Arena Hospitality Group, Ilirija and Zagreb Stock Exchange, and the issuer SavaRe from the Ljubljana Stock Exchange, were included in the EBRD research program aimed at increasing public availability of analytical materials for small and medium enterprises listed on regional Stock Exchanges.
- On May 28, 2020, the Ljubljana Stock Exchange held a webcast entitled "Where to make money in times of crisis."
- On June 9, 2020, the shares of THE GARDEN BREWERY d.d. were listed on the Regular Market of the Exchange.
- On June 10, 2020, the 11th annual training for issuers was held, organized by the Zagreb Stock Exchange, the Croatian Financial Services Supervisory Agency and the Central Depository and Clearing Company, and the educational meeting was held virtually for the first time, with a record 160 representatives.

- On July 6, 2020, the General Assembly of the Zagreb Stock Exchange was held at which the Annual Financial Statements and consolidated financial statements of the Exchange for 2019 were presented, decisions were made on the use of profit generated in 2019, on granting discharge to the members of the Management Board and the Supervisory Board for 2019, and on the appointment of the Stock Exchange auditor for 2020.
- On 24 August 2020, the General Assembly of the Ljubljana Stock Exchange was held, at which the Annual Financial Statements and consolidated financial statements of the Exchange for 2019 were presented, decisions were made on the use of profit generated in 2019, on granting discharge to the members of the Management Board and the Supervisory Board for 2019, and on the appointment of the Stock Exchange auditor for 2020.
- On September 2, 2020, the Ljubljana Stock Exchange held a webcast entitled "Presentation of Slovenian listed companies".
- On September 29, 2020, the Zagreb and Ljubljana Stock Exchange signed an annex to the main framework agreement with the Vienna Stock Exchange which extends the use and maintenance of the Xetra T7 trading system, index calculation, member connection services with the trading system, etc.

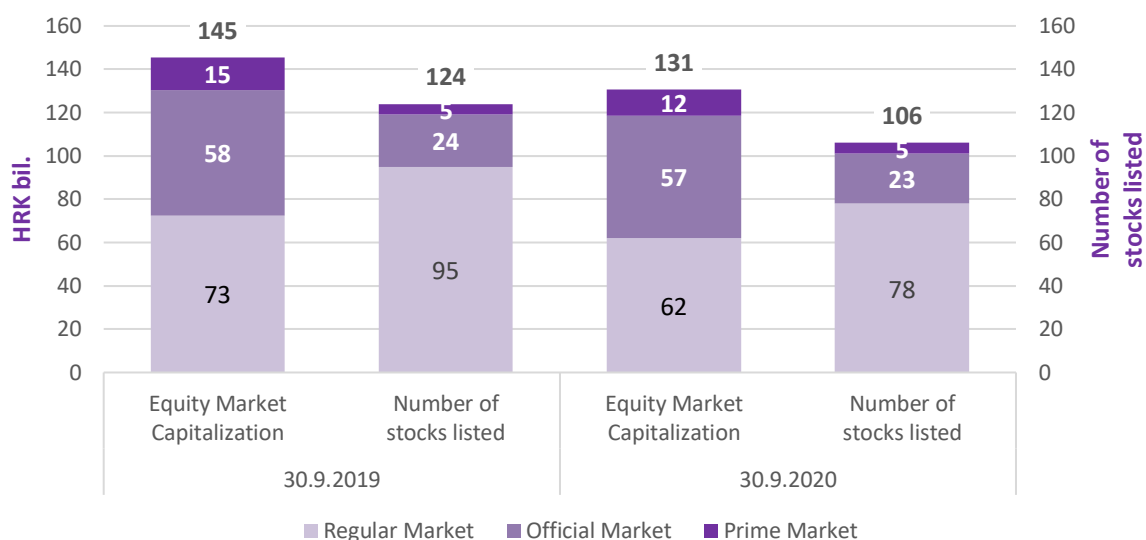
1.2 Zagreb and Ljubljana Stock Exchange Trading overview

The largest securities turnover in the first three quarters of 2020 was realized in the period from the end of February to the end of April under the influence of the Covid-19 appearance in the Republic of Croatia. For this reason, in the first quarter, the securities turnover was by far the largest compared to the other two quarters of 2020, i.e. even three times higher turnover compared to the first quarter of last year (visible in the graphic below). Securities turnover has been declining since the beginning of May 2020, so that trading days in the third quarter would end with mostly lower turnover than the 2019 daily average. Therefore, the turnover in the second quarter was slightly higher than in the same period last year, while in the third quarter there was twice as less securities turnover as in the third quarter of 2019. It should be taken into account that in September 2019, the focus of trading was on Kraš shares due to the then takeover process, and then only HRK 40 million lower securities turnover was achieved than in the record March 2020, when turnover was affected by the Covid -19 appearance in the Republic of Croatia.



Looking only at the third quarter of 2020, the total orderbook turnover amounted to HRK 403 million (-54.15% less compared to the third quarter of 2019). Orderbook stock turnover amounted to HRK 365 million or -55.9% less than in the third quarter of the last year. Overall, the orderbook turnover in the first three quarters of 2020 amounted to HRK 2.07 billion or +17.13% more than in the first three quarters of the last year, of which the stock turnover accounted for HRK 1.90 billion, which is +16.77% more than in the first nine months of 2019.

Equity Market Capitalization and number of stocks listed



Compared to the last day of the third quarter of 2019, the market value measured by market capitalization on September 30, 2020, is higher by a total of +5 billion HRK or +2.06%, while the equity market capitalization is lower by almost -15 billion or -10.17%. In addition to the already known Covid-19 impact, the reason for the decline in the equity market capitalization is reflected in the fewer number of listed shares (above graph). On 30 September 2020, a total of 18 shares were listed less than on the same day in 2019, 17 shares less on the Regular, and one share less on the Official Market.

Zagreb Stock Exchange trading overview

	1-3Q 2019	1-3Q 2020	change
Securities turnover (HRK)			
Orderbook turnover	1,763,180,030	2,065,253,161	17.13%
Stocks	1,624,991,993	1,897,517,253	16.77%
Bonds	138,188,037	167,735,908	21.38%
Equity Block Turnover	335,754,754	337,298,535	0.46%
Debt Block Turnover	0	0	
TOTAL	2,098,934,784	2,402,551,696	14.47%
Equity Market Capitalization (HRK)			
Prime market	15,061,296,301	12,148,433,961	-19.34%
Official market	57,917,787,394	56,564,718,242	-2.34%
Regular market	72,518,008,548	61,993,668,313	-14.51%
TOTAL	145,497,092,242	130,706,820,516	-10.17%
Number of securities listed			
Stocks	124	106	-14.52%
Prime market	5	5	0.00%
Official market	24	23	-4.17%
Regular market	95	78	-17.89%
Bonds	25	26	4.00%
TOTAL	149	132	-11.41%

With the exception of CROBEXkonstrukt, which increased by a significant +74.8%, and CROBEXindustrija, which increased slightly by +1.43%, all other stock indices ended the third quarter of 2020 with a lower value compared to September 30 last year. The largest decline was recorded by CROBEXnutris (-18.48%), followed by CROBEXTurist (-18.21%), CROBEX (-18.08%), CROBEXprime (-17.30%), CROBEXtr (-17.15%), CROBEX10 (-14.1%), CROBEXplus (-6.54%). The regional index ADRIAprime decreased by -6.33% since September 30 last year. Debt indices also recorded a decline compared to the same period last year: CROBIS (-3.96%), CROBIStr (-1.22%). In May 2020, the Stock Exchange introduced a new stock index, CROBEX10tr, while the calculation of the CROBEXtransport index ceased after October 2019. The above data are visible in the following table.

Indices – value and turnover (3Q 2019 vs. 3Q 2020)

Index	30.9.2019	30.9.2020	Change	Turnover (HRK) 3Q 2019	Turnover (HRK) 3Q 2020	Change
CROBEX	1,963,54	1,608,54	-18.08%	336,955,786	301,004,391	-10.67%
CROBEXtr	1,312,35	1,087,33	-17.15%	336,955,786	301,004,391	-10.67%
CROBEX10	1,166,18	1,001,75	-14.10%	263,657,529	222,767,221	-15.51%
CROBEX10tr	\	999,19	\	\	204,534,868	\
CROBEXprime	1,137,26	940,47	-17.30%	132,773,083	99,551,345	-25.02%
CROBEXplus	1,125,42	1,051,78	-6.54%	678,532,240	318,174,774	-53.11%
CROBEXindustrija	864,50	876,88	1.43%	36,988,478	60,242,631	62.87%
CROBEXkonstrukt	421,84	737,36	74.80%	4,935,809	41,928,860	749.48%
CROBEXnutris	771,06	628,54	-18.48%	420,989,766	52,756,421	-87.47%
CROBEXtransport	742,91	\	\	13,852,062	\	\
CROBEXTurist	3,577,52	2,926,09	-18.21%	75,353,774	45,897,593	-39.09%
CROBIS	116,90	112,27	-3.96%	2,151,050,210	1,506,640,908	-29.96%
CROBIStr	187,86	185,57	-1.22%	2,151,050,210	1,506,640,908	-29.96%
ADRIAprime	1,052,56	985,94	-6.33%	\	\	\

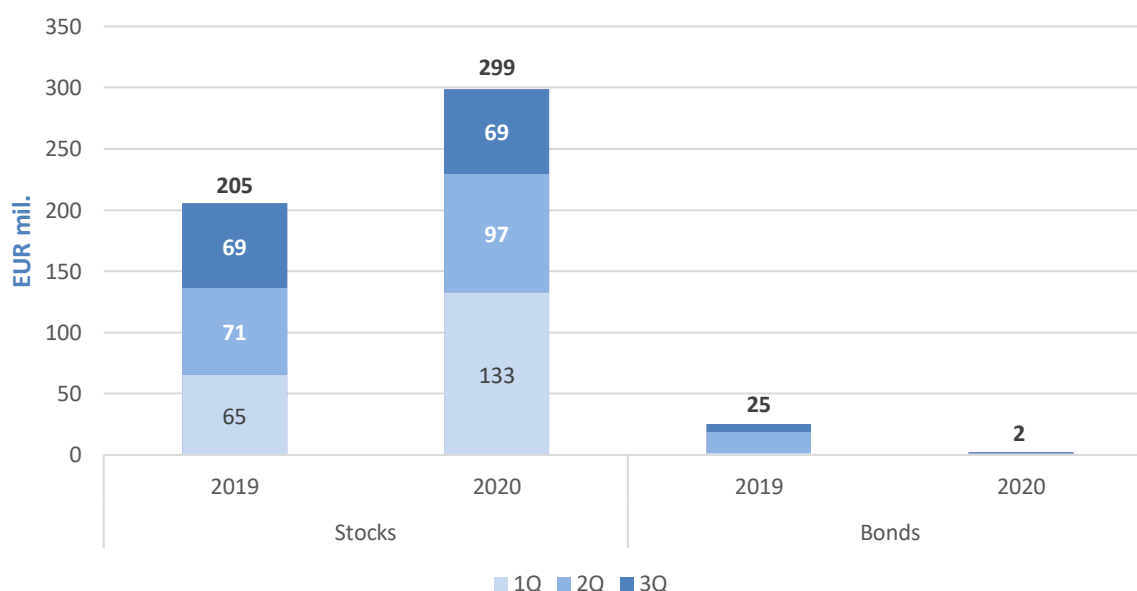
However, the comparison of the data for the third quarter with the data for the first quarter of the current year shows a stable and positive trend. Namely, after a sharp decline in the indices value since the end of February 2020 due to a significant increase in securities turnover, the values of the indices began to normalize and continue to grow continuously from May. The following table shows how all stock indices rose relative to the closing value on March 31, 2020. The largest increase was recorded by CROBEXkonstrukt (+142.33%), CROBEXindustrija (+41.18%), CROBEXplus (+28.72%), CROBEXTurist (+15.18) and CROBEXprime (+12.6%), while other indices increased slightly less than +10%, CROBEXtr (+9.72%), CROBEX10 (+9.21%) and CROBEX (+8.65%). The regional index ADRIAprime increased by +17.82%, and the debt indices by +2.35% (CROBIStr), and +1.04% (CROBIS).

Indices – value and turnover (1Q 2020 vs. 3Q 2020)

Index	31.1.2020	30.9.2020	Change	Turnover (HRK) 1Q 2019	Turnover (HRK) 3Q 2019	Change
CROBEX	1,480,51	1,608,54	8.65%	833,729,502	301,004,391	-63.90%
CROBEXtr	990,99	1,087,33	9.72%	833,729,502	301,004,391	-63.90%
CROBEX10	917,27	1,001,75	9.21%	726,698,762	222,767,221	-69.35%
CROBEX10tr	\	999,19	\	\	204,534,868	\
CROBEXprime	835,20	940,47	12.60%	319,143,034	99,551,345	-68.81%
CROBEXplus	817,11	1,051,78	28.72%	806,419,202	318,174,774	-60.54%
CROBEXindustrija	621,12	876,88	41.18%	135,462,693	60,242,631	-55.53%
CROBEXkonstrukt	304,28	737,36	142.33%	5,455,560	41,928,860	668.55%
CROBEXnutris	568,63	628,54	10.54%	121,086,165	52,756,421	-56.43%
CROBEXturist	2,540,45	2,926,09	15.18%	202,364,961	45,897,593	-77.32%
CROBIS	111,11	112,27	1.04%	7,889,119,416	1,506,640,908	-80.90%
CROBIStr	181,30	185,57	2.35%	7,889,119,416	1,506,640,908	-80.90%
ADRISprime	836,85	985,94	17.82%	\	\	\

Total orderbook turnover on the Ljubljana Stock Exchange in the first three quarters of 2020 increased by slightly over +30% compared to the same period in 2019. As in Croatia, the increase in turnover is influenced by the appearance of Covid-19 in Slovenia, with equity turnover reaching almost EUR 300 million in the first nine months of 2020 (+45,6% increase over the same period of 2019 when equity turnover reached just over EUR 205 million), while bond turnover amounted to EUR 1.8 million (a decrease of -92,6% compared to the same period in 2019 when it amounted to almost EUR 25 million).

LJSE Securities Orderbook Turnover



Compared to June 30, 2019, the Equity Market Capitalization fell by -3.7% and as of June 30, 2020, amounted to EUR 6.5 billion. From the last value on June 30, 2019, the SBI TOP index fell by -3.6%.

LJSE Trading overview

	1-3Q 2019	1-3Q 2020	change
Total Orderbook Turnover (EUR)	230,215,441	300,633,132	30.59%
Stocks	205,252,234	298,799,396	45.58%
Bonds	24,960,237	1,833,736	-92.65%
Commercial Papers	2,970	0	-100.00%
Equity Market Capitalization on 30 September (EUR)	6,516,525,430	6,358,403,209	-2.43%
Index value on 30 September	855	846	-1.00%

1.3 Expected future development of the Group

In 2020, the Group will continue to focus on restoring confidence and raising Corporate Governance standards and reporting on a regulated market. The Group will also focus on greater promotion of existing issuers, with a focus on Prime Market.

The Group 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).

The Group will continue to edit new websites and develop new and improve existing functionalities to make information even more accessible and understandable to users.

1.4 Research & Development activities

The Group invests constant efforts into developing and improving its own service offering and at expending service provision to the Slovenian market as well.

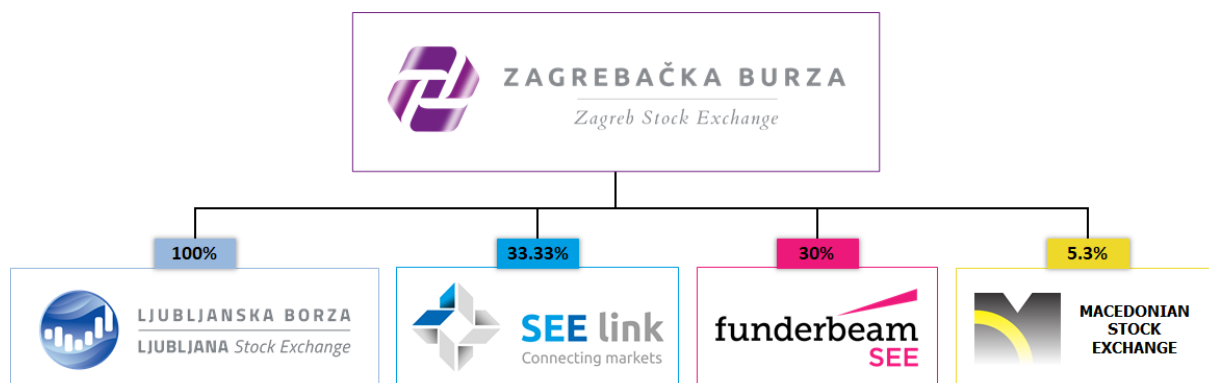
During the second half of 2019, the Zagreb Stock Exchange began migrating the Ljubljana Stock Exchange's downstream system to the Zagreb Stock Exchange's internally developed data warehouse system. Work on the full implementation of this system has also been carried over to the first part of 2020.

1.5 Information on repurchase of own shares

As of September 30, 2020, the companies in the Group held no own shares.

The companies in the Group did not acquire own shares between 1 January 2020 and 30 September 2020.

1.6 Zagreb Stock Exchange Group



The Ljubljana Stock Exchange, Inc., a company domiciled in Ljubljana. The issued share capital of the Ljubljana Stock Exchange is EUR 1,401,000, in which the Zagreb Stock Exchange, Inc. participates with 100 %.

SEE Link d.o.o., a company domiciled in Skopje. The issued share capital of SEE LINK is EUR 80,000, in which the Zagreb Stock Exchange, Inc. participates with 33.33 %.

Funderbeam South East Europe d.o.o., a company domiciled in Zagreb. The issued share capital of Funderbeam South East Europe d.o.o. is HRK 244,000, and the share of the Zagreb Stock Exchange, Inc. in the share capital as of July 7, 2020 is 30%¹.

On December 18, 2019, the Zagreb Stock Exchange acquired 148 shares, or 5.3% of the Macedonian Stock Exchange's share capital.

1.7 Financial instruments used by the Group

The Group is fully funded by its own capital. The financial instruments the companies in the Group invest in are investment funds (money market and bond funds) and deposits (a vista and fixed-term deposits).

1.8 Group's objectives and policies related to financial risk management

All employees of the companies in the Group, including their Management and Supervisory Board, are involved in the implementation of internal control and risk management systems.

¹ On July 7, 2020, the Zagreb Stock Exchange signed Share purchase and transfer agreement representing 10% of the share capital of Funderbeam SEE d.o.o. Following the acquisition, the share of the Zagreb Stock Exchange in the total share capital of Funderbeam SEE d.o.o. is 30%.

The companies in the Group manage risks, including financial risks, particularly through cooperation and coordination of two mutually independent control functions that exist at Zagreb Stock Exchange and Ljubljana Stock Exchange: monitoring of compliance with relevant regulations and internal audit function.

These control functions process and monitor the work of all organizational units, Company activities and support services.

1.9 Group's exposure to price risk, credit risk, liquidity risk and cash flow risk

The companies in the Group, Zagreb Stock Exchange and Ljubljana Stock Exchange, place their excess cash on deposits and invest in open-end money market and bond investment funds. Their investments are carried at fair value. Zagreb Stock Exchange and Ljubljana Stock Exchange mitigate the price risk by diversifying their portfolio of open-end investment funds by investing in different types of funds managed by different fund management companies, and by investing in low-risk funds.

SEE Link and Funderbeam SEE are not exposed to the risks mentioned in this paragraph.

The companies in the Group have no loans received from external financial institutions, rather their cash and financial assets exceed substantially the liabilities of the companies in the Group, and consequently, their liquidity position is satisfactory.

1.10 Statement of transactions and transfers within the Group and between the Group and its shareholders

The Group confirms that in the first three quarters of 2020 there were no transactions within the Group and between the Group and its shareholders in excess of EUR 100,000.

1.11 Statement of events which might have an adverse effect on Group operations

The emergence and spread of Covid-19 virus in the Republic of Croatia and the Republic of Slovenia and the measures taken to stop the spread and suppression of the virus will certainly have negative effects on the entire economy. To mitigate these effects, the Governments of both countries have introduced a series of measures to support the economy. The Group companies do not currently qualify for any of these measures.

With its infrastructure and working procedures, the Group is fully trained and ready to ensure business continuity so that trading can proceed smoothly. Infrastructure and work processes are adapted to work in crisis situations, employees are on standby, additional investments were made to work from home, and tests related to work in such circumstances have been successfully carried out, ensuring that trading and business are carried out without difficulty even in emergency situations. The Group

will continue to closely monitor the development of the situation to ensure the orderly functioning of the market, financial stability and protection of investors.

1.12 Business results for 01/01/2020 – 30/09/2020

In the first three quarters of 2020, the Group generated a total of HRK 19,523 thousand of operating revenues, which is HRK +2,038 thousand or +11.7% more than in the same period last year when operating revenues amounted to HRK 17,485 thousand. Compared to the first three quarters of last year, sales revenues increased from HRK 11,198 to HRK 14,100 thousand, i.e. by a significant HRK +2,902 thousand, with the largest increase within sales revenues recorded by commissions and membership fees, which increased from HRK 5,325 to HRK 6,920 thousand (HRK +1,595 thousand or +30%), which was greatly influenced by the already mentioned increased trading volume from the end of February to the end of April 2020. However, looking at only the third quarter of the current year, commissions and membership fees are lower by HRK -484 thousand or -23.6% compared to last year's third quarter (down from HRK 2,049 to HRK 1,565 thousand), which is a reflection of the decline in securities turnover since mid-2020 and the one-time impact of the turnover increase on the Zagreb Stock Exchange in September 2019 due to trading in the Kraš share. Within sales revenues, revenues from listing maintenance fees also increased (increase from HRK 4,579 to HRK 5,654 thousand, i.e. HRK +1,075 thousand or +23.5%), revenues from quotation maintenance, continuing on a larger number of newly listed securities than in the same period last year, they increased from HRK 993 to HRK 1,249 thousand, or by HRK +256 thousand or +25.8%), while revenue from assigning and administering LEIs fell from HRK 301 to HRK 277 thousand (HRK -24 thousand or -8%). Compared to the first nine months of 2019, in the first three quarters of 2020, other operating revenues fell by a total of HRK -864 thousand (decrease from HRK 6,287 to HRK 5,423 thousand; HRK -864 thousand or -13.7%), within which revenues from the supply of information increased from HRK 4,256 to HRK 4,369 thousand (HRK +112 thousand or +2.6%), and other revenues decreased from HRK 2,030 to HRK 1,054 thousand (HRK -976 thousand or -48.1%). A significantly lower amount of other revenues in the first nine months of 2020 compared to the same period last year, mostly due to fewer seminars, which is why last year's higher revenues from seminars were missing (in the first three quarters of 2019 revenues from seminars amounted to about HRK 870 thousand). However, despite the COVID-19 crisis, the Zagreb Stock Exchange organized education through online platforms and in the first nine months of 2020 generated a small but significant income from seminars in the amount of HRK 260 thousand.

The Group's total operating expenses in the first three quarters of 2020 amounted to HRK 17,420 thousand, which is a decrease of HRK -619 thousand or -3.4% compared to the same period last year when operating expenses amounted to HRK 18,039 thousand. This significant decline in operating expenses is directly related to the changed way of working due to the coronavirus pandemic, primarily working from home. The decrease in operating expenses was mostly due to the decrease in material costs (HRK -918 thousand or -16.1%; from HRK 5,704 to HRK 4,786 thousand) and other costs (HRK -483 thousand or -18.3%, i.e. from HRK 2,636 to HRK 2,153 thousand) for whose decline is most responsible the reduction of costs of translation, legal, notary and consulting services, royalties related to education, representation, business trips and PR. Compared to the same period last year, in the first nine months of 2020, other operating expenses also decreased (HRK -363 thousand or -92.3%; from HRK 393 to HRK 30 thousand), as well as the value adjustment of fixed and current assets (HRK -36

thousand or -21.6%; from HRK 169 to HRK 133 thousand), while staff costs increased by HRK +1,109 thousand or +14.3% (from HRK 7,740 to HRK 8,849 thousand), which is within the planned, and depreciation for HRK +73 thousand or +5.3% (from HRK 1,396 to HRK 1,469 thousand).

The Group's key business indicators

HRK 000	1-3Q 2019	1-3Q 2020	change	3Q 2019	3Q 2020	change
Capital and reserves	40,262	42,669	5.98%	40,262	42,669	5.98%
Total assets	47,797	51,173	7.06%	47,797	51,173	7.06%
Operating income	17,485	19,523	11.66%	6,136	5,710	-6.94%
<i>sales revenue</i>	11,198	14,100	25.92%	3,983	4,107	3.11%
<i>other operating income</i>	6,287	5,423	-13.74%	2,153	1,603	-25.54%
Operating expenses	18,039	17,420	-3.43%	5,924	5,333	-9.98%
<i>material costs</i>	5,704	4,786	-16.10%	1,922	1,352	-29.64%
<i>staff costs</i>	7,740	8,849	14.33%	2,485	2,775	11.64%
<i>depreciation and amortization</i>	1,396	1,469	5.25%	468	489	4.59%
<i>other costs</i>	3,199	2,317	-27.60%	1,049	717	-31.66%
EBIT	-554	2,103	-479.26%	212	377	77.85%
EBITDA	841	3,571	324.56%	680	866	27.46%
Financial income	1,411	237	-83.17%	521	121	-76.83%
Financial expenses	58	290	400.11%	-2	-238	15697.88%
Share in profit/ loss of associates and subsidiaries	30	30	-0.43%	37	-11	-130.16%
Pre-tax profit or loss	829	2,080	150.94%	772	725	-6.05%
Income tax	26	209	710.86%	7	37	447.14%
Profit or loss for the period	803	1,871	132.97%	765	688	-10.10%
Other comprehensive income	-45	259		29	-39	-234.30%
Total comprehensive income	758	2,130	180.92%	794	649	-18.27%

The Group's operating profit in the first nine months of 2020 amounts to HRK 2,103 thousand, while in the same period last year the operating loss amounted to HRK -554 thousand. At the level of the third quarter of 2020, the Group generated operating profit in the amount of HRK 377 thousand, while operating profit in the same period last year amounted to HRK 212 thousand. Financial revenues in the first three quarters of 2020 amounted to HRK 237 thousand (a decrease of HRK -1,173 thousand or -83.2% compared to the same period in 2019), and half of that amount (HRK 121 thousand) was realized only in the third quarter which indicates significantly reduced or even negative returns of bond funds in which the Group invested free funds in the first half of this year. In the middle of this year, the income from the sale of financial assets obtained by the Zagreb Stock Exchange in the process of pre-bankruptcy settlement of one issuer was realized. In the first nine months of this year, financial expenses amounted to HRK 290 thousand (HRK +232 thousand), while in the third quarter alone unrealized losses on financial assets decreased and financial expenses amounted to HRK 239 thousand (HRK -236 thousand).

Taking into account all the above and income tax in the amount of HRK 209 thousand, the Group's net profit in the first three quarters of 2020 amounted to HRK 1,871 thousand, which is HRK +1,068 thousand (+133%) more than in the same period in 2019. when the Group's net profit amounted to HRK 803 thousand. In the third quarter of 2020, income tax amounted to HRK 37 thousand and the Group's net profit amounted to HRK 688 thousand, which is HRK -77 thousand (-10.1%) less than HRK 765 thousand net profit for the same period last year. Adding other comprehensive income to net profit, in the first three quarters of 2020 the total comprehensive income amounted to HRK 2,130 thousand (an increase of HRK +1,372 thousand or +180.9% compared to HRK 758 thousand in the first nine months of 2019), and in the third quarter of the current year alone it amounted to HRK 649 thousand (a decrease of HRK -145 thousand or -18.3% compared to HRK 794 thousand in the same period last year).

Operating profit before interest, taxes, depreciation, and amortization is positive and for the period for the first nine months of 2020 amounts to HRK 3,571 thousand, or HRK +2,730 thousand more than in the first three quarters of 2019, while in the third quarter of 2020 alone, it amounts to HRK 866 thousand, i.e. HRK +186 thousand more than in the same period last year.

2 Declaration of responsibility for the preparation of financial statements

Financial statements of the Group prepared for the period between 01/01/2020 and 30/09/2020 give a fair and true account of facts in accordance with the International Standards of Financial Reporting and the Croatian Accounting Act.

Consolidated financial statements for the period between 01/01/2020 and 30/09/2020 give an objective, complete and true statement of assets and liabilities, financial position and operations of the Group.

The management report for the first three quarters of 2020 contains a true and fair view of the development and results of operations, with a description of the principal risks and uncertainties to which the Group is exposed.

Consolidated financial statements for the first three quarters of 2020 have not been audited.


Ivana Gažić
President of the Management Board


ZAGREBAČKA BURZA d.d.
Zagreb


Tomislav Gračan
Member of the Management Board

Contact

Zagreb Stock Exchange, Inc.
Ivana Lučića 2a/22
10000 Zagreb
Croatia

Phone number: +385/ 1 4686 806

E-mail: ir@zse.hr

Consolidated unaudited financial statements of the Group
for 01/01/2020 – 30/09/2020

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

1.1.2020

to

30.9.2020

Year:

2020

Quarter:

3

Quarterly financial statements

Registration number (MB):

03749606

Issuer's home

Member State code:

HR

Entity's registration
number (MBS):

080034217

Personal identification
number (OIB):

84368186611

LEI:

7478000050A040C0D041

Institution
code:

4

Name of the issuer: Zagreb Stock Exchange, Inc

Postcode and town:

10000

Zagreb

Street and house number:

Ivana Lučića 2a/22

E-mail address:

sandra.semuga@zse.hr

Web address:

www.zse.hr

Number of employees
(end of the reporting

36

Consolidated report:

KD

(KN-not consolidated/KD-consolidated)

Audited:

RN

(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Ljubljanska borza vrednostnih papirjev d.d.

Ljubljana, Slovenija

5316081

Bookkeeping firm:

Yes

(Yes/No)

Sigma Tax Consulting d.o.o.

(name of the bookkeeping firm)

Contact person:

Martina Butković

(only name and surname of the contact person)

Telephone:

01/4699-555

E-mail address:

martina.butkovic@sigmabc.eu

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

BALANCE SHEET
balance as at 30.9.2020

in HRK

Submitter: Zagreb Stock Exchange, Inc

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
ASSETS			
FIXED ASSETS 002+003+009+012	1	14.982.290	16.111.458
I INTANGIBLE ASSETS	2	2.950.730	2.812.311
II TANGIBLE ASSETS 004+...+008	3	9.882.399	9.612.649
1 Land and buildings	4	7.208.909	7.046.860
2 Computer equipment	5	160.729	640.897
3 Other tangible assets	6	1.115.814	1.045.053
4 Leasehold improvements	7	1.396.947	879.839
5 Assets under construction	8	0	0
III FIXED FINANCIAL ASSETS 010+011	9	1.886.546	3.424.543
1 Investments in associates, subsidiaries and joint ventures	10	117.119	146.278
2 Financial assets at amortised cost	11	1.769.427	3.278.265
DEFERRED TAX ASSETS	12	262.615	261.955
B CURRENT ASSETS 014+020+024	13	32.425.983	33.449.811
I RECEIVABLES 015+...+019	14	3.758.157	2.576.534
1 Trade receivables	15	3.009.814	1.796.435
2 Receivables from employees and members of the undertaking	16	390	123
3 Receivables from government and other institutions	17	169.253	129.407
4 Receivables from connected undertakings	18	0	0
5 Other receivables	19	578.700	650.569
III SHORT-TERM FINANCIAL ASSETS 021+...+023	20	21.074.626	21.542.223
1 Financial assets at amortised cost	21	1.491.567	4.011.936
2 Financial assets at fair value through other comprehensive	22	0	0
3 Financial assets at fair value through statement of profit or	23	19.583.059	17.530.287
III CASH AND CASH EQUIVALENTS	24	7.593.200	9.331.054
C PREPAID EXPENSES AND ACCRUED INCOME	25	1.296.633	1.611.482
D TOTAL ASSETS 001+013+025	26	48.704.906	51.172.751
E OFF-BALANCE SHEET ITEMS	27	0	0
LIABILITIES			
A CAPITAL AND RESERVES 029+030+031+036+037+038	28	40.539.321	42.669.306
I INITIAL CAPITAL	29	46.357.000	46.357.000
II CAPITAL RESERVES	30	13.860.181	13.860.181
III PROFIT RESERVES 032+...+035	31	681.243	940.130
1 Legal reserves	32	141.000	141.000
2 Reserves for treasury shares	33	0	0
3 Fair value reserves	34	0	0
4 Other reserves	35	540.243	799.130
IV RETAINED PROFIT OR LOSS BROUGHT FORWARD	36	-21.300.251	-20.359.103
V PROFIT OR LOSS FOR THE YEAR	37	941.148	1.871.098
VI MINORITY INTEREST	38	0	0
B PROVISIONS	39	103.028	104.434
C SHORT-TERM LIABILITIES 041+...046	40	2.857.784	1.998.544
1 Liabilities for advance payments	41	17.007	46.322
2 Trade payables	42	950.881	357.005
3 Liabilities to employees	43	683.834	658.683
4 Taxes, contributions and similar liabilities	44	438.106	469.030
5 Liabilities to connected undertakings	45	0	0
6 Other short-term liabilities	46	767.956	467.504
D LONG-TERM LIABILITIES	47	567.952	314.645
E DEFERRED TAX LIABILITY	48	188.394	190.966
F ACCRUALS AND DEFERRED INCOME	49	4.448.427	5.894.856
G TOTAL LIABILITIES 028+039+040+047+048+049	50	48.704.906	51.172.751
H OFF-BALANCE SHEET ITEMS	51	0	0
Appendix to the balance sheet (position for consolidated financial statements)			
I Capital and reserves 053+054	52	40.539.321	42.669.306
1 Attributable to owners of the parent	53	40.539.321	42.669.306
2 Attributable to non-controlling interest	54	0	0

STATEMENT OF PROFIT OR LOSS

For the period 01.01.2020. to 30.9.2020

in HRK

Submitter: Zagreb Stock Exchange, Inc

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
A OPERATING INCOME 002+009	1	17.484.603	6.136.048	19.522.659	5.710.102
I Sales revenue 003+...+008	2	11.197.717	3.982.704	14.099.868	4.106.718
1 Commissions and membership fees	3	5.324.840	2.049.179	6.920.012	1.565.006
2 Listing maintenance fees	4	4.578.755	1.548.768	5.653.583	1.990.205
3 Income from quotation maintenance	5	992.670	287.968	1.248.845	458.968
4 Income from auctions	6	0	0	0	0
5 Income from memberships	7	0	0	0	0
6 Revenue from assigning and administering LEIs	8	301.452	96.789	277.428	92.539
II Other operating income 010+...+012	9	6.286.886	2.153.344	5.422.791	1.603.384
1 Income from application programming interface (API) services	10	0	0	0	0
2 Income from the supply of information	11	4.256.810	1.495.518	4.368.749	1.361.948
3 Other income	12	2.030.076	657.826	1.054.042	241.436
B OPERATING EXPENSES 014+017+021+022+023+026+027	13	18.038.985	5.923.833	17.420.133	5.332.679
I Material costs 015+016	14	5.704.029	1.921.550	4.785.556	1.351.966
1 Costs of raw materials	15	428.035	144.560	479.060	142.259
2 Other external costs	16	5.275.994	1.776.990	4.306.496	1.209.707
II Staff costs 018+...+020	17	7.739.973	2.485.393	8.849.143	2.774.577
1 Net salaries and wages	18	5.072.743	1.667.576	6.097.460	1.919.230
2 Tax and contributions from salary costs	19	1.988.991	607.291	2.068.680	640.985
3 Payroll contributions	20	678.239	210.526	683.003	214.362
III Depreciation	21	1.395.597	467.570	1.468.929	489.028
IV Other costs	22	2.636.438	708.284	2.153.236	735.500
V Value adjustment 024+025	23	169.350	9.014	132.777	-19.204
1 fixed assets (other than financial assets)	24	0	0	0	0
2 current assets (other than financial assets)	25	169.350	9.014	132.777	-19.204
VI Provisions	26	0	0	0	0
VII Other operating expenses	27	393.598	332.022	30.492	812
C FINANCIAL INCOME 029+...+034	28	1.410.949	520.996	237.440	120.713
1 Interest, exchange rate differences, dividends and similar	29	137	105	701	91
2 Interest, exchange rate differences, dividends and similar	30	160.542	116.918	107.243	90.842
3 Income share from associates and participating interests	31	0	0	0	0
4 Unrealised gains (income) from financial assets	32	1.247.823	403.973	21.829	21.829
5 Profit from reversal of provisions for impairment for expected	33	0	0	0	0
6 Other financial income	34	2.447	0	107.667	7.951
D FINANCIAL EXPENSES 036+...+040	35	58.002	-1.507	290.076	-238.074
1 Interest, exchange rate differences and other expenditures with	36	1.180	-19.051	5.553	1.438
2 Interest, exchange rate differences and other expenditure from	37	56.822	17.544	52.378	9.327
3 Unrealised losses (expenses) from financial assets	38	0	0	0	-267.670
4 Loss on impairment for expected credit losses	39	0	0	0	0
5 Other financial expenses	40	0	0	232.145	18.831
E TOTAL INCOME 001+028	41	18.895.552	6.657.044	19.760.099	5.830.815
F TOTAL EXPENDITURE 013+035	42	18.096.987	5.922.326	17.710.209	5.094.605
G Share in profit/loss of associates and subsidiaries	43	30.362	37.037	30.232	-11.170
H PRE-TAX PROFIT OR LOSS 041-042+043	44	828.927	771.755	2.080.122	725.040
I INCOME TAX	45	25.778	6.835	209.024	37.397
J PROFIT OR LOSS FOR THE PERIOD 044-045	46	803.149	764.920	1.871.098	687.643
1 Change in revaluation reserves (property, plant,	47	0	0	0	0
2 Actuarial gains/losses on defined benefit pension plans	48	0	0	0	0
3 Unrealised gains/losses on financial assets at fair value through other comprehensive income	49	0	0	0	0
4 Gains/losses on hedging instruments in a cash flow hedge	50	0	0	0	0
5 Gains/losses arising from translation of financial	51	-44.944	28.922	258.887	-38.843
6 Income tax on other comprehensive income	52	0	0	0	0
K OTHER COMPREHENSIVE INCOME 047+...+052	53	-44.944	28.922	258.887	-38.843
TOTAL COMPREHENSIVE INCOME 046+053	54	758.205	793.842	2.129.985	648.800
M RECLASSIFICATION ADJUSTMENTS	55	0	0	0	0
Appendix **					
Attributable to owners of the parent	56	758.205	793.842	2.129.985	648.800
Attributable to non-controlling interest	57	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method

for the period 01.01.2020. to 30.9.2020

in HRK

Submitter: Zagreb Stock Exchange, Inc

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1 Pre-tax profit	1	828.927	2.080.122
2 Depreciation	2	1.395.605	1.468.929
3 Increase in short-term liabilities	3	0	0
4 Decrease in short-term receivables	4	155.928	1.319.580
5 Decrease in inventories	5	3.472	273
6 Loss on impairment for expected credit losses	6	0	0
7 Other cash flow increase	7	0	1.046.344
I Total cash flow increase from operating activities 001+...+007	8	2.383.932	5.915.248
1 Decrease in short-term liabilities	9	779.873	824.907
2 Increase in short-term receivables	10	0	0
3 Increase in inventories	11	0	0
4 Profit from reversal of provisions for impairment for expected	12	0	0
5 Other cash flow decrease	13	1.293.914	0
II Total cash flow decrease from operating activities 009+...+013	14	2.073.787	824.907
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sale of fixed tangible and intangible assets	15	0	0
2 Cash receipts the from sale of equity instruments and debt	16	0	0
3 Interest received	17	0	0
4 Dividends received	18	0	0
5 Other cash receipts from investment activities	19	4.393.883	2.342.454
III Total cash receipts from investment activities 015+...+019	20	4.393.883	2.342.454
1 Cash payments for the purchase of fixed tangible and intangible	21	435.484	899.536
2 Cash payments for the acquisition of equity financial	22	0	0
3 Other cash payments from investment activities	23	1.000.000	3.000.000
IV Total cash payments from investment activities 021+...+023	24	1.435.484	3.899.536
CASH FLOW FROM FINANCING ACTIVITIES			
1 Cash receipts from the issue of equity financial instruments and debt financial instruments	25	0	0
2 Cash receipts from credit principals, debentures, loans and other borrowings	26	0	0
3 Other cash receipts from financing activities	27	0	0
V Total cash receipts from financing activities 025+...+027	28	0	0
1 Cash payments for credit principals and bonds	29	0	0
2 Cash payments for dividends	30	0	0
3 Cash payments for finance lease	31	44.731	34.333
4 Cash payments for the redemption of treasury shares	32	0	0
5 Other cash payments from financing activities	33	563.924	1.761.072
VI Total cash payments from operating activities 029+...+033	34	608.655	1.795.405
VII Cash and cash equivalents at the beginning of period	35	2.441.174	7.593.200
VIII Increase of cash and cash equivalents	36	0	1.737.854
IX Decrease of cash and cash equivalents	37	-2.659.889	0
X Cash and cash equivalents at the end of period	38	5.101.063	9.331.054

STATEMENT OF CHANGES IN EQUITY										
		for the period from 1.1.2020 to 30.9.2020							in HRK	
Item	ADP	Attributable to owners of the parent							Attributable to non-controlling interests	Total capital and reserves
		Subscribed capital	Capital reserves	Profit reserves	Profit or loss for the year (period)	Retained profit or loss brought forward	Fair value reserves	Other revaluation reserves		
1	2	3	4	5	6	7	8	9	10	11
Balance on the first day of the previous business year	1	46.357.000	13.860.181	141.000	189.554	-21.639.001	0	594.876	0	39.503.610
Change in accounting policies	2	0	0	0	0	0	0	0	0	0
Correction of errors from prior periods	3	0	0	0	0	0	0	0	0	0
Balance on the first day of the previous business year (restated)	4	46.357.000	13.860.181	141.000	189.554	-21.639.001	0	594.876	0	39.503.610
Profit or loss for the period	5	0	0	0	941.148	0	0	0	0	941.148
Unrealised gains or losses on financial assets at fair value through other comprehensive income	6	0	0	0	0	0	0	0	0	0
Other changes in equity unrelated to owners	7	0	0	0	0	0	0	94.563	0	94.563
Total directly recognized income and expenses of the previous year (previous year periods)	8	0	0	0	941.148	0	0	94.563	0	1.035.711
Increase/decrease in subscribed capital	9	0	0	0	0	0	0	0	0	0
Other contributions by owners	10	0	0	0	0	0	0	0	0	0
Payment of share in profit/dividend	11	0	0	0	0	0	0	0	0	0
Other distribution to owners	12	0	0	0	-189.554	338.750	0	-149.196	0	0
Balance on the last day of the previous business year reporting period	13	46.357.000	13.860.181	141.000	941.148	-21.300.251	0	540.243	0	40.539.321
Balance on the first day of the current business year	14	46.357.000	13.860.181	141.000	941.148	-21.300.251	0	540.243	0	40.539.321
Change in accounting policies	15	0	0	0	0	0	0	0	0	0
Correction of errors from prior periods	16	0	0	0	0	0	0	0	0	0
Balance on the first day of the current business year (restated)	17	46.357.000	13.860.181	141.000	941.148	-21.300.251	0	540.243	0	40.539.321
Profit or loss for the period	18	0	0	0	1.871.098	0	0	0	0	1.871.098
Unrealised gains or losses on financial assets at fair value through other comprehensive income	19	0	0	0	0	0	0	0	0	0
Other changes in equity unrelated to owners	20	0	0	0	0	0	0	258.887	0	258.887
Total directly recognised income and expenses of the current year (current period)	21	0	0	0	1.871.098	0	0	258.887	0	2.129.985
Increase/decrease in subscribed capital	22	0	0	0	0	0	0	0	0	0
Other contributions by owners	23	0	0	0	0	0	0	0	0	0
Payment of share in profit/dividend	24	0	0	0	0	0	0	0	0	0
Other distribution to owners	25	0	0	0	-941.148	941.148	0	0	0	0
Balance on the last day of the current business year reporting period	26	46.357.000	13.860.181	141.000	1.871.098	-20.359.103	0	799.130	0	42.669.306

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: Zagreb Stock Exchange, Inc

Personal identification number (OIB): 84368186611

Reporting period: 1.1.2020 - 30.9.2020

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.

AOP 11 Financial assets at amortized costs

The balance sheet position AOP 11 "2 Financial assets at amortized cost", as of 30 September 2020 in total amount of HRK the amount of HRK 3.281.191 (31 December 2019: HRK 1.769.427) consists of the long term financial assets other than investments in associates, subsidiaries and joint ventures which are reported at position AOP 10. Financial assets at AOP 11 consists of:

- 1) Given loans and deposits at amortized cost in the amount of HRK 1.978.926 (31 December 2019: HRK 467.161), and
- 2) Financial assets at fair value through other comprehensive income in the amount of HRK 1.769.427 (31 December 2019: HRK 1.302.265)