



ZAGREBAČKA BURZA
Zagreb Stock Exchange



LJUBLJANSKA BORZA
LJUBLJANA Stock Exchange

ANNUAL REPORT

ON STATUS AND BUSINESS ACTIVITIES OF THE GROUP IN 2023

Zagreb, April 2024

The report in PDF format is an unofficial report, while the official version of the annual report, in accordance with the Capital Market Act, is available in a single electronic reporting format (ESEF – European Single Electronic Format).

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.

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1 MANAGEMENT REPORT

1.1 Introduction

In 2023, the Zagreb Stock Exchange Group (hereinafter: the Group) recorded the following significant business events:

- On January 2, the first trading day of 2023, the Exchange opened trading in euro as the new official currency of the Republic of Croatia.
- On March 8, 2023, following significant public interest, Zagreb Stock Exchange signed an agreement on the listing of state bonds on the Official Market.
- On March 8, 2023, the Zagreb and Ljubljana stock exchanges organized the event "Ring for Gender Equality" to mark International Women's Day by opening trade in symbolic bells to emphasize the need to include more women in the world of work and their advancement in the business world.
- On March 10, 2023 the Croatian financial services agency approved the Amendments to the Price list of Zagreb Stock Exchange, which represent a correction of prices for the services of trade report publications and trading data use and dissemination. The Amendments to the Price list entered into force on April 1, 2023.
- On March 21, 2023, as part of the World Money Week, the Ljubljana Stock Exchange organized a webinar titled "Let's go to the Stock Exchange and Save".
- On March 22, 2023, the Ljubljana Stock Exchange organized a webinar titled "Slovenian Listed Companies Online".
- On May 9 – 10, 2023, the Ljubljana Stock Exchange organized the 40th annual Financial conference in Portorož.
- On May 10, 2023, the Commercial Court in Zagreb registered the incorporation of company Adria Digital Exchange seated in Zagreb, in whose share capital the Zagreb Stock Exchange holds a minority share of 24%. The company was founded with the intent to research and develop potential for trading and management of virtual assets.
- On May 10, 2023, the Zagreb Stock Exchange Academy celebrated its 13th anniversary. Since it was founded in 2010, the Academy organized over 600 educational events and seminars, attended by over 11,000 participants.
- On May 22, 2023, the new version of the Xetra T7 11.1 trading system was put into production on the Zagreb and Ljubljana stock exchanges. The migration was carried out without difficulty.
- On May 26, 2023, the InterCapital BET-TR UCITS Exchange Traded Fund was listed on the Zagreb Stock Exchange, based on the Romanian BET-TR index.
- On May 30, 2023, the Ljubljana Stock Exchange organized an event titled "Trade on the Stock Exchange" with the aim of encouraging the public to engage on the Slovenian capital market.

- On June 1 and 2, 2023, the investment conference of the Zagreb and Ljubljana stock exchanges "CEE Investment Opportunities" was held. The event has been taking place annually since 2014, with the aim to facilitate access of regional and international investors to Slovenian and Croatian companies, thereby strengthening their visibility and supporting market liquidity. For the third consecutive year, Slovenian and Croatian companies were joined by companies listed on the Macedonian Stock Exchange, and for the first time the event hosted companies listed on the Bucharest Stock Exchange. The event took place in Zagreb, counting over 60 investors and 250 meetings with listed companies.
- On June 13, 2023, the annual education for issuers was held in the co-organization of the Croatian Financial Services Supervisory Agency, the Central Depository & Clearing Company and the Zagreb Stock Exchange, which has been taking place since 2011. The education brought together more than a hundred representatives of companies listed on the Zagreb Stock Exchange and was held online. The representatives of the European bank for reconstruction and development announced upcoming seminars on corporate governance, as a follow-up on the project of renewal of the Code of Corporate Governance written by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange, which is supported by EBRD.
- On July 13, 2023, the Ljubljana Stock Exchange organized a webinar titled "Overview of the events on the Stock Exchange in Q2 2023"
- On September 7, 2023, Zagreb Stock Exchange was granted the Premium Green Certificate, which is awarded to companies for positive contribution to the environment and the community. The certificate is awarded by the largest private information intermediary, the company Elektronički računi, and brings together companies for whom environmental and community care, as well as digitalization, are integral parts of their business identity.
- On September 12, 2023, Zagreb Stock Exchange initiated activities of publishing profiles of listed tourism companies on its official website, with the goal of profiling the Croatian capital market as the leading place in Southeastern Europe for financing tourism companies.
- On September 12, 2023, Zagreb Stock Exchange published a notification on the incorporation of company EuroCTP B.V., which was established by European exchanges with the goal of providing consolidated trading data in the European union. Zagreb Stock Exchange joined the initiative in order to participate in the tender for selection of a consolidated tape provider in the European union.
- On September 12, 2023, the Ljubljana Stock Exchange organized an event titled "Slovenian Listed Companies Online", which gathered six issuers listed in the Prime segment of the Ljubljana Stock Exchange.
- On September 15, 2023, Zagreb Stock Exchange held the Prime Plus investment webcast, which was attended by around 60 domestic and foreign analysts and investors. Companies included in the Prime Market, joined by several companies listed on other ZSE market segments presented their business results.
- On September 26, 2023, Zagreb Stock Exchange became a partner in the Interreg MESTRI-CE project, along with ten partners from six countries (Austria, Slovenia, Italy, Poland, Germany and Croatia) with the aim at testing a new financing model for more climate-sustainable buildings.

- From October 18 – 20, 2023, the traditional regional financial conference 'Challenge of Change', organized by the Croatian Association of Pension Fund Management and Pension Insurance Companies (UMFO) and the Zagreb Stock Exchange, gathered almost 550 participants from the domestic and international financial community.
- On October 24 and 25, 2023, the Ljubljana Stock Exchange hosted an event titled "Financial Festival", featuring educational content and presentations from the leading experts in the financial industry.
- On November 3, 2023, the Croatian Financial Services Agency has issued the decision approving the amendments to the ZSE Price List, which came into force on November 11, 2023.
- On November 15, 2023, the last module of the education program "Governance and ESG Development" was held, which was organized by the Zagreb Stock Exchange, European Bank for Reconstruction and Development and Morrow Sodali. The program gathered more than 180 participants, which on this occasion, got an insight into the best Croatian and international corporate management practices, practical aspects of management and supervisory board activities, and the ways in which all company stakeholders create prerequisites for acting in accordance with the highest ethical and good corporate governance standards.
- On November 28, 2023, the Ljubljana Stock Exchange organized an event titled "ABC's of Investing in Debt Instruments".
- On December 5, 2023, the "CEE Investments Opportunities" Conference was held in Ljubljana. The main goal of the event is to facilitate the accessibility of Slovenian, Croatian, and other regional companies to both domestic and international investors, thereby increasing their visibility. It is worth noting that this year marked the second consecutive participation of companies from the Macedonian Stock Exchange, and for the first time, the event hosted two companies from the Bulgarian Stock Exchange.
- On December 5, the annual Ljubljana Stock Exchange Awards were presented.
- On December 15, the annual Zagreb Stock Exchange Awards were presented.
- From the start of 2023, the Regulated market of Zagreb Stock Exchange listed a total of sixteen treasury bills and two state bonds of the Ministry of finance of the Republic of Croatia, issuers VIS D.D., MODRA ŠPIJLA D.D., PROFESSIO ENERGIA D.D., PRIMO REAL ESTATE D.D., ATLANTSKA PLOVIDBA D.D. and VILLA DUBROVNIK D.D. listed additional shares on the Regular market segment. Issuer ČAKOVEČKI MLINOVI D.D. moved onto the Official Market segment, while issuer MON PERIN D.D. moved onto the Regular from the Official Market segment. During 2023, new listings include bonds of the issuers ERSTE & STEIERMÄRKISCHE BANK D.D., ZAGREBAČKI HOLDING D.D. and the InterCapital BET-TRN UCITS ETF.
- From the start of 2023, the Regulated Market of Zagreb Stock Exchange delisted twenty treasury bills of the Ministry of finance of the Republic of Croatia, bonds of issuers ZAGREBAČKI HOLDING D.D., Ministry of finance of the Republic of Croatia, and ERSTE & STEIERMÄRKISCHE BANK D.D., and shares of issuers TURISTHOTEL D.D., JELSA D.D., KOESTLIN D.D., BRODOMERKUR D.D. and FTB TURIZAM D.D.

1.2 Group's Key Performance Indicators in 2023

In 2023 operating revenues decreased by -3.8% compared to 2022, and amounted to EUR 3,605 thousand. The decrease in operating revenues was primarily caused by decreased securities turnover on the year-level and fewer new listings compared to 2022. Other operating income increased by EUR +106 thousand, or +8.6%.



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

Operating expenses recorded a slight increase by about +1.6% compared to 2022. The Group concluded 2023 with an operating loss of EUR -7.7 thousand, a net financial result of EUR +85 thousand and a net profit of EUR 64 thousand. Operating profit before depreciation in 2023 amounts to a EUR 300 thousand, which represents a decrease of -32.4% compared to 2022.

EUR	2022	2023	change
Capital and reserves	5,854,882	5,993,657	2.37%
Total assets	7,179,898	7,167,833	-0.17%
Operating revenue	3,746,637	3,605,184	-3.78%
<i>Sales revenue</i>	<i>2,515,221</i>	<i>2,267,409</i>	<i>-9.85%</i>
<i>Other operating income</i>	<i>1,231,416</i>	<i>1,337,775</i>	<i>8.64%</i>
Operating expenses	3,556,608	3,612,842	1.58%
<i>Staff costs</i>	<i>1,854,166</i>	<i>1,774,304</i>	<i>-4.31%</i>
<i>Depreciation and amortization</i>	<i>254,000</i>	<i>307,982</i>	<i>21.25%</i>
<i>Other costs</i>	<i>1,448,442</i>	<i>1,530,556</i>	<i>5.67%</i>
EBIT	190,029	-7,658	-104.03%
EBITDA	444,029	300,324	-32.36%
Net financial result	-96,415	85,039	188.20%
Share of profit (loss) of equity accounted investees	-7,866	-203	-97%
EBT	85,748	77,178	-10%
Income tax credit	209	13,330	6278%
Profit for the year	85,539	63,848	-25.36%
Other comprehensive income	39,609	94,177	137.77%
Total comprehensive profit for the year	125,148	158,025	26.27%

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 shares were listed on the regulated market (Official market segment) in August 2016. Following the conversion of the Company's share capital to euro, the share capital amounts to EUR 3,076,315 and is divided to 2,317,850 ordinary shares. As of December 31, 2023, the Company owns a total of 8,396 of own shares, which make up for 0.3611% of its share capital.

From January 1 to December 31 2023, Zagreb Stock Exchange's share reached a total orderbook turnover of EUR 95,202.98.

Symbol	ZB-R-A
ISIN	HRZB00RA0003
Number of listed shares	2,317,850
Total turnover (EUR)	95,202.98
Total trading volume	29,749
Highest price (EUR)	4.5
Lowest price (EUR)	2.5
Last price (EUR)	2.76
Average daily turnover (EUR)	1,322.26

Table 2: ZB-R-A share in 2023

The ZB-R-A stock price reached its peak on January 3, 2023 in the amount of EUR 4.5, while it fell to its lowest level on December 12, 2023, when it was priced at EUR 2.5.

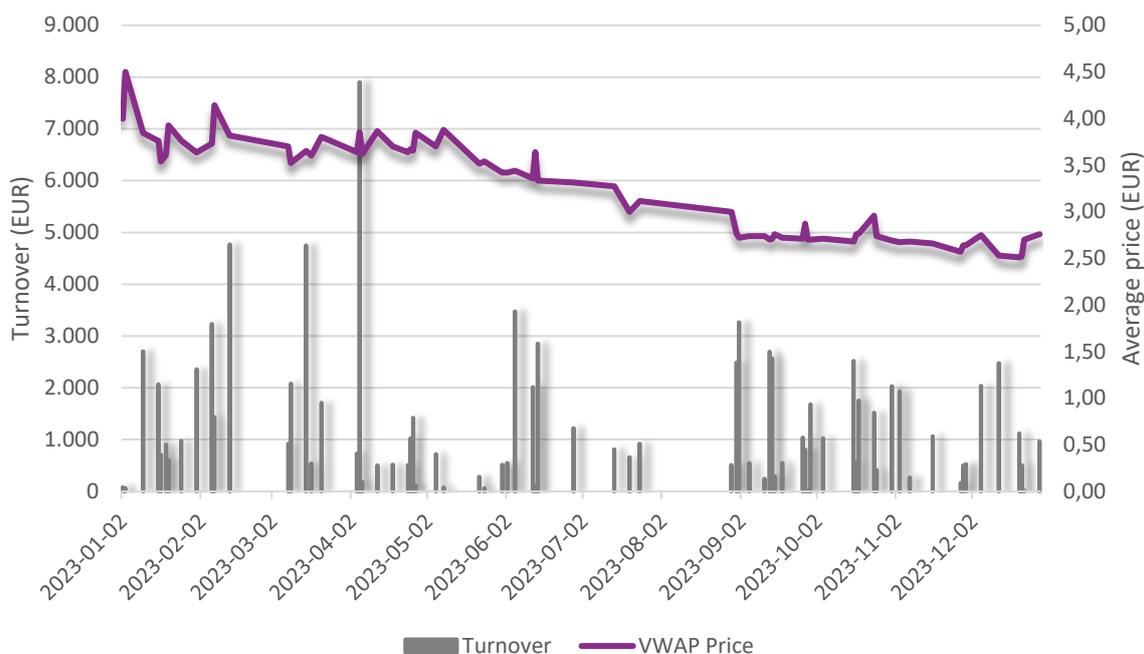


Figure 2: Turnover and average price ZB-R-A stock in 2023

1.2.2 Ownership structure of the issuer Zagreb Stock Exchange

A total of 195 shareholders were noted in the ownership structure of the Zagreb Stock Exchange on 31 December 2023.

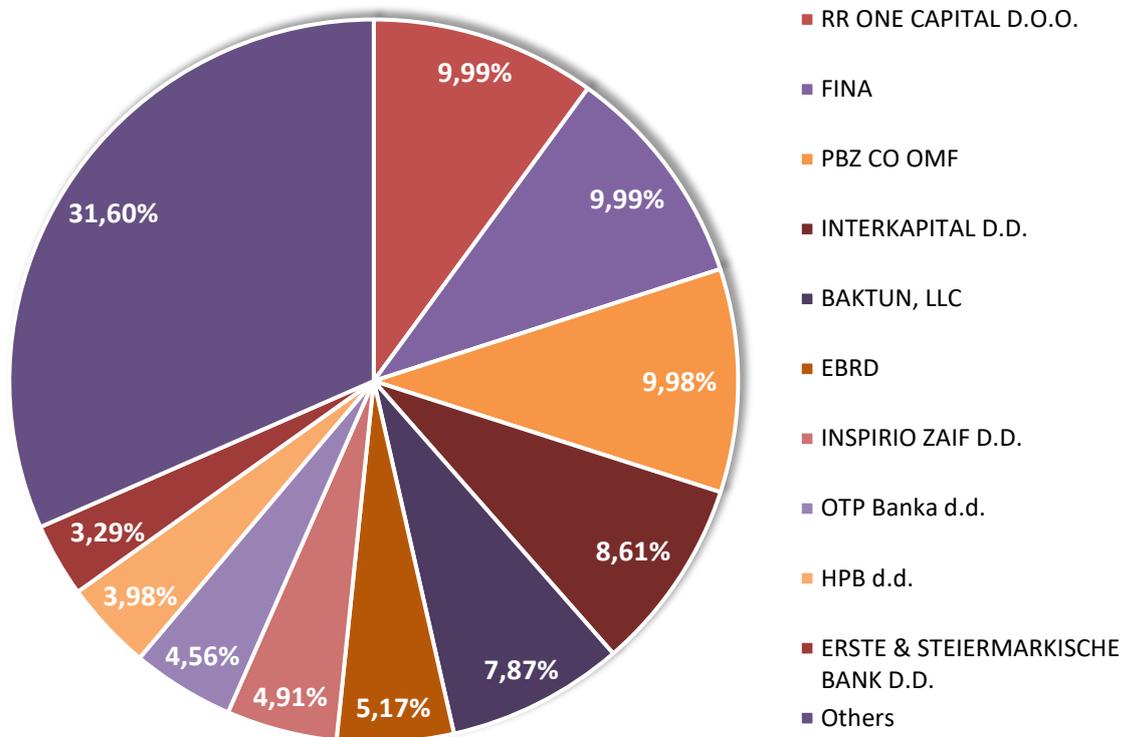


Figure 3: Ownership structure on 30 December 2023

1.3 Financial results and business operations of the Group in 2023

In 2023, the Group generated a total of EUR 3,605 thousand of operating revenues, which is EUR -141 thousand or -3.8% less than in the previous year when they amounted to EUR 3,747 thousand. Compared to 2022, sales revenues decreased from EUR 2,515 to EUR 2,267 thousand, i.e., by a EUR -248 thousand or -9.9%. The decrease in sales revenues is primarily the result of a decrease in revenues from trading commissions and membership fees, which, following a lower securities turnover compared to 2022, by the end of 2023 reached EUR 1,026 thousand (EUR -141 thousand or -12% less compared to 2022 when they amounted to EUR 1,167 thousand). A smaller number of newly listed securities than in the previous year resulted in a significant decrease in income from quotation fees, which in 2023 amounted to EUR 156 thousand, which is EUR -78 thousand or -33% less than in 2022 when they amounted to EUR 233 thousand. In 2023, income from quotation maintenance amounted to EUR 1,086 thousand, which represents a decrease by EUR -29 thousand or -2.6% compared to 2022 when they amounted to EUR 1,115 thousand. Compared to 2022, other operating income increased by EUR +106 thousand or +8.6%, i.e., from EUR 1,231 to EUR 1,338 thousand. The increase in other operating income is due to the growth of revenue from the income from the supply of information which amounted to EUR 902 thousand (EUR +71 thousand or +8.5%), income from seminars which amounted to EUR 206 thousand (EUR +45 thousand or +27.8%) and income from assigning and administering LEIs which amounted to EUR 79 thousand (EUR +14 thousand or +22%).

Influenced by the general increase in prices, in 2023 the Group recorded an increase in total operating expenses. Total operating expenses in 2023 increased by a EUR +56 thousand (+1.6%) compared to 2022 and amounted to EUR 3,613 thousand (2022: EUR 3,557 thousand). The increase in operating expenses was mostly due to the increase in costs of software and licensing (EUR +59 thousand or +9.7%, i.e., from EUR 605 to EUR 664 thousand). Staff costs decreased by EUR -80 thousand or -4.3% (from EUR 1,774 to EUR 1,854 thousand).

The Group's operating profit in 2023 amounted to EUR 77 thousand, while in the previous year the operating profit amounted to EUR 86 thousand (EUR -9 thousand or -10%). The net financial result in 2023 amounts to EUR 85 thousand (an increase of EUR 182 thousand compared to 2022), and participation in joint venture and participating interest amounts to EUR -203, EUR -7.7 thousand less compared to the previous year (2022: EUR -7.9 thousand).

Considering all of the above, the Group's net profit in 2023 amounts to EUR 64 thousand, which is EUR -22 thousand (-25.4%) less than in 2022, when the Group's net profit amounted to EUR 86 thousand. Operating profit before interest, taxes, depreciation and amortization is positive and in 2023 amounts to EUR 300 thousand, i.e., EUR -144 thousand less than in 2022.

In 2023, in order to preserve the value of its assets, the Group invested its available cash in bond funds and bank deposits. At the end of 2023, the Group's free assets amounted to EUR 3,315 thousand (units in investment funds and cash in the bank).

1.4 Business analysis

1.4.1 Total operating revenues

Total operating revenues in 2023 amount to EUR 3,605 thousand and are lower by EUR -141 thousand or -3.8% compared to 2022 when they amounted to EUR 3,747 thousand. The largest increase in revenue was recorded in revenue from the supply of information (EUR +71 thousand or +8.5%), and the largest decrease is in revenue from quotation fees (EUR -78 thousand or -33%).

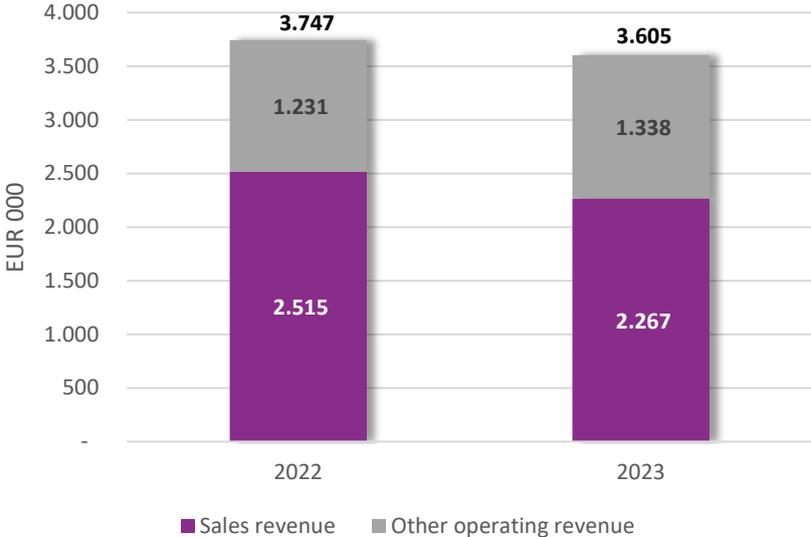


Figure 4: Operating revenue

Following a lower overall securities turnover compared to 2022, in 2023, income from trading commissions and membership fees reduced their share in operating revenues (28%). At the same time, income from the supply of information (25%) and income from seminars (6%) recorded a larger share in total operating revenues.

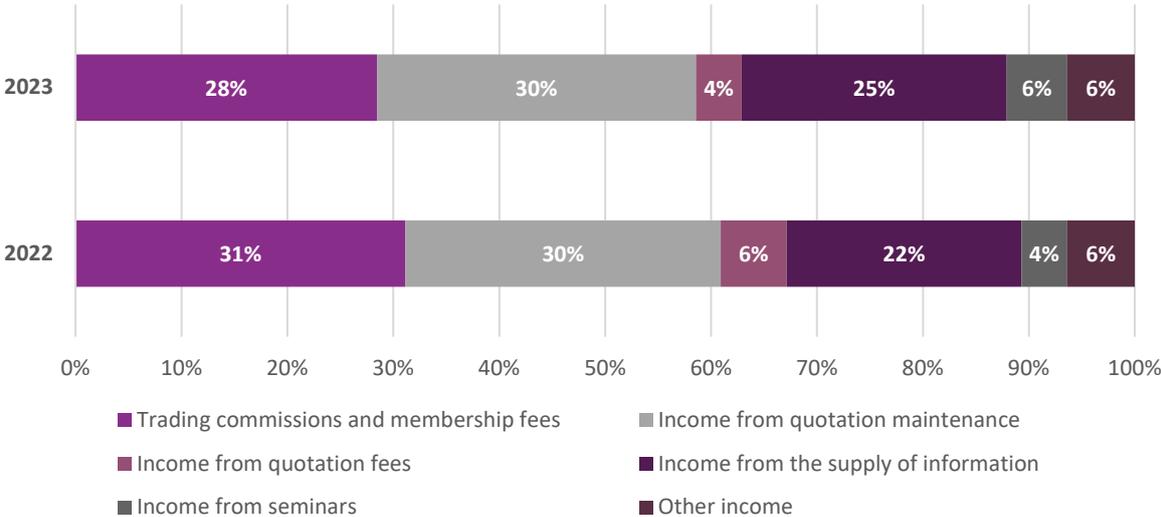


Figure 5: Operating revenue structure

Trading commissions and membership fees

In 2023, EUR 1,026 thousand was generated on the basis of trading commissions and membership fees, which is EUR -141 thousand or -12% less compared to 2022, when they amounted to EUR 1,167 thousand. At the end of 2023, the Zagreb Stock Exchange had a total of 12 members, one member less than in 2022, and the Ljubljana Stock Exchange had 9 members, same as at the end of 2022. Income from membership fees is higher by EUR 3.5 thousand or +5.6% and amount to EUR 65 thousand.

Income from quotation maintenance

Income from quotation maintenance decreased from EUR 1,115 to EUR 1,086 thousand (EUR -29 thousand or -2.6%). At the end of 2023, 87 shares (2022: 92), 31 bonds (2022: 30), 7 treasury bills (2022: 14) and 4 ETFs (2022: 2) were listed on the Regulated Market of the Zagreb Stock Exchange, while 23 shares (2022: 24), 28 bonds (2022: 28), 1 commercial paper (2022: 1), 13 treasury bills (2022: 7), and 2 structured products (2022: 7) were listed on the Ljubljana Stock Exchange.

Income from quotation fees

In 2023, income from quotation fees decreased significantly from EUR 233 to EUR 155 thousand (EUR -78 thousand or -33%) compared to the previous year. During 2023, sixteen treasury bills, four bonds and two ETFs were listed on the Zagreb Stock Exchange, while in 2022, two shares, five bonds and fourteen treasury bills were listed. On the Ljubljana Stock Exchange three bonds, twenty-seven treasury bills and one commercial paper were listed in 2023, and in 2022, one share, three bonds, seven treasury bills, one commercial paper and two ETFs were listed.



Figure 6: Sales revenue structure

Other operating income

Other operating income increased by EUR +106 thousand or +8.6% compared to 2022 (from EUR 1,231 to EUR 1,338 thousand) due to the growth of revenues from from the supply of information that amount to EUR 902 thousand (EUR +71 thousand or +8.5%), revenues from assigning and administering LEIs which amount to EUR 79 thousand (EUR +14 thousand, or +22%), and increase in revenues from seminars that increased by EUR +45 thousand or +27.8% and amount to EUR 206 thousand. Revenues from the supply of information have the largest share in other operating income (67%), which also includes income from real-time data distribution rights paid by members.

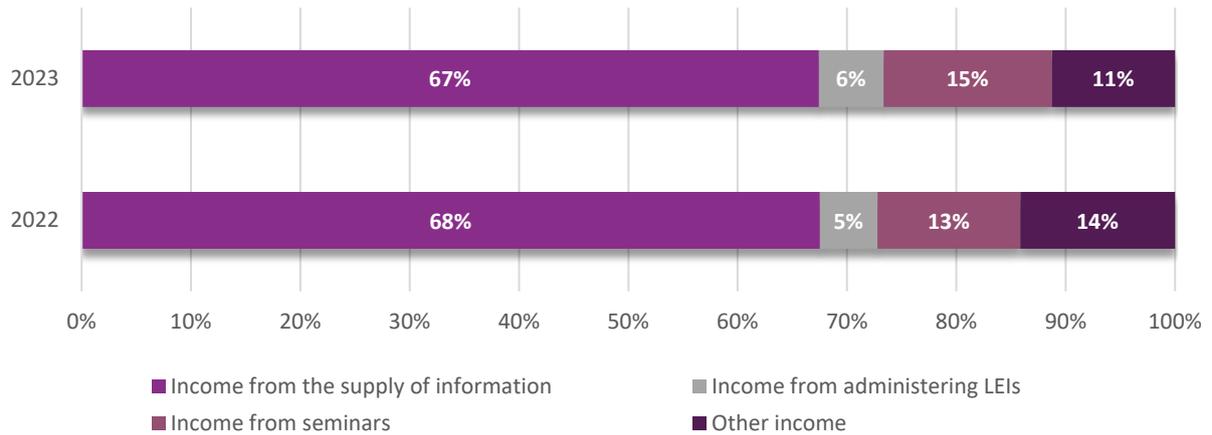


Figure 7: Other operating income structure

1.4.2 Total operating expenses

Total operating expenses in 2023 amounted to EUR 3,613 thousand, which is an increase of EUR +56 thousand or +1.6% (in 2022 they amounted to EUR 3,557 thousand).

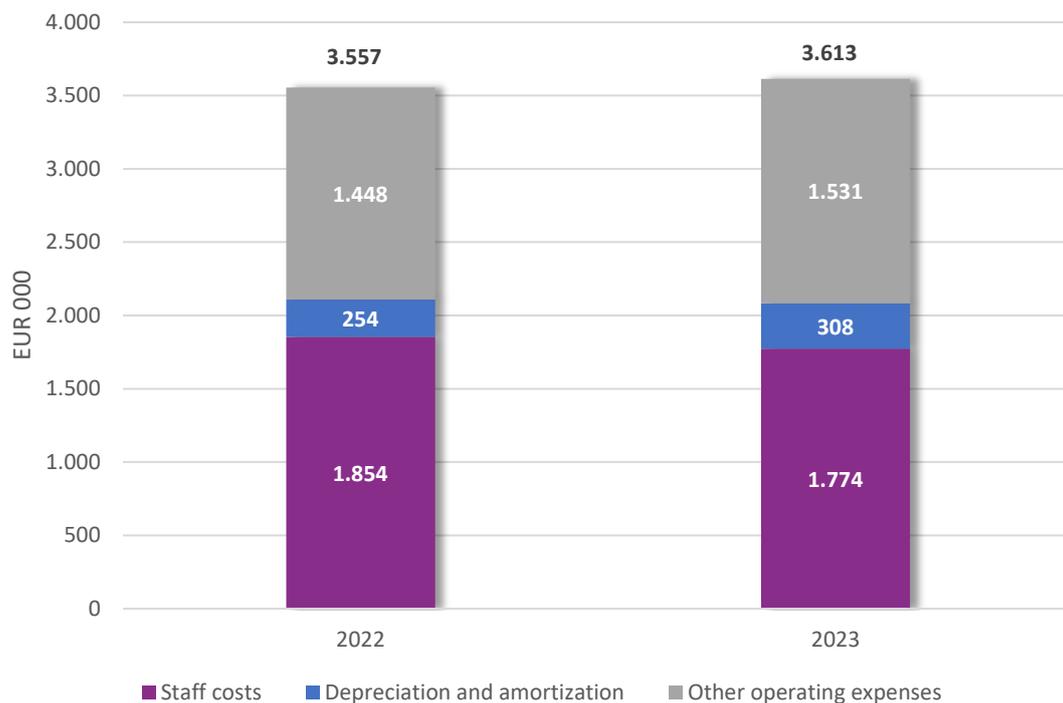


Figure 8: Operating expenses

As previously mentioned, the growth of operating expenses in 2023 is mainly related to the general price increases as a result of increased inflation rates, which in turn, reflected on the increase in costs of software and licensing. In 2023, staff costs decreased from EUR 1,854 to EUR 1,774 thousand (EUR -80 thousand or -4.3%). Depreciation increased by EUR +54 thousand or +21% (from EUR 254 to EUR 308 thousand).

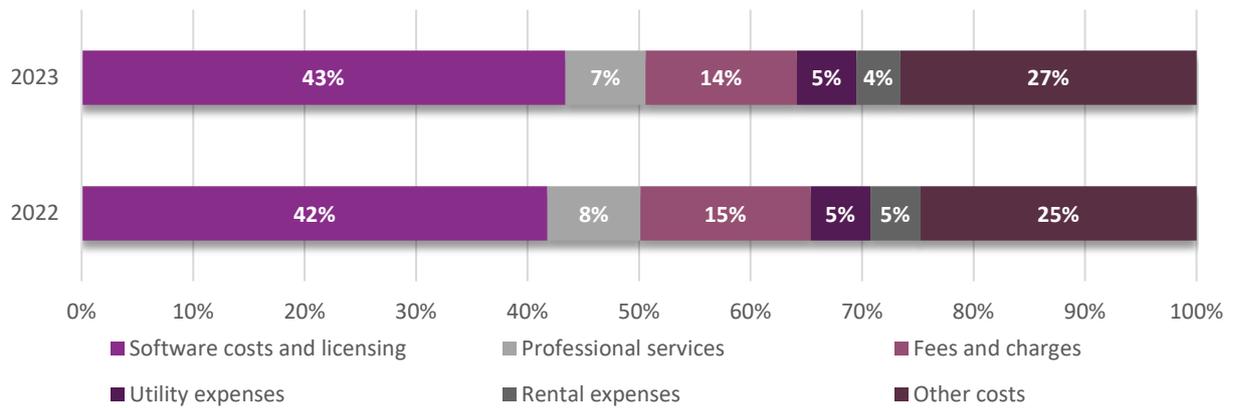


Figure 9: Other operating expenses structure

Other operating expenses increased from EUR 1,448 to EUR 1,531 thousand (EUR +82 thousand or +5.7%) and contributed the most to the increase in total operating expenses. Among them, the most significant is the increase in the costs of software and licensing from EUR 605 to EUR 664 thousand (EUR +59 thousand or +9.7%) which continued to have the largest share in other operating expenses (43%) in 2023.

1.4.3 Net profit for the period

In 2023, the net profit for the period amounted to EUR 64 thousand; a decrease of EUR -22 thousand or -25.4% compared to the previous year when the net profit amounted to EUR 86 thousand. Besides the decrease in the income from trading commissions and memberships (-12%), which traditionally accounts for about 45% of sales revenue and about 28% of the total revenues of the Group, revenues from quotation fees also decreased (-33%). The Group successfully increased revenues from other bases, where it is necessary to highlight revenues the supply of information (+8.5%), revenues from assigning and administering LEIs (+22%) and revenues from seminars (+27.8%).

Operating profit before interest, taxes, depreciation and amortization decreased compared to the previous year (EUR -144 thousand) and in 2023 amounted to EUR 300 thousand.

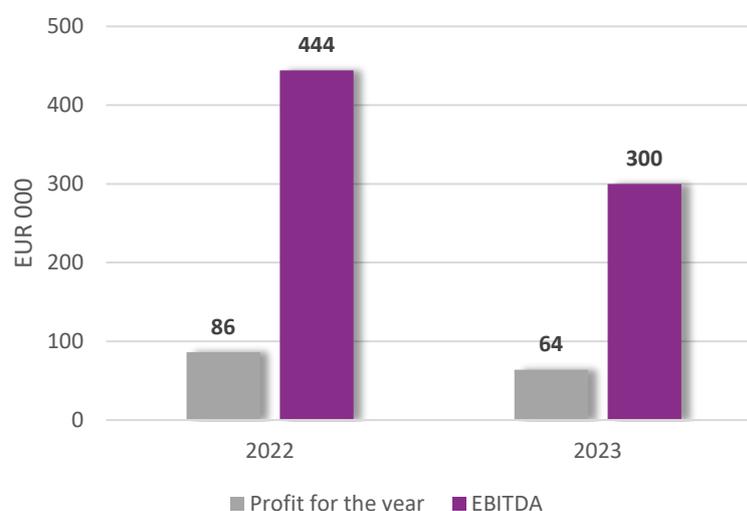


Figure 10: Net profit for the period and EBITDA

1.4.4 The Group's Assets

As of December 31, 2023, the Group's total assets amounted to EUR 7,167 thousand, which is -0.2% less than on the last day of 2022.

EUR	2022	2023	change
Non-current assets	3.386.723	3.235.702	-4,46%
<i>Deferred tax assets</i>	17.658	0	-100,00%
Current assets	3.793.175	3.932.131	3,66%
<i>Contract assets</i>	66.264	55.293	-16,56%
<i>Trade receivables</i>	467.053	540.245	15,67%
<i>Short-term deposits</i>	1.399.917	3.041.180	117,24%
<i>Cash and cash equivalents</i>	1.822.473	273.683	-84,98%
<i>Prepaid expenses</i>	37.468	21.729	-42,01%
Total assets	7.179.898	7.167.833	-0,17%
Capital and reserves	5.854.882	5.993.657	2,37%
Long term obligations	287.710	185.025	-35,69%
Current liabilities	1.037.306	989.151	-4,64%
Total equity, reserves and liabilities	7.179.898	7.167.833	-0,17%

Table 3: Balance Sheet on 31 December

The structure of the balance sheet has changed compared to 2022. On the liabilities side the share of equity and reserves increased compared to the previous year, while on assets side the share of non-current assets reduced, while the share of current assets increased in the total assets and liabilities structure of the Group.

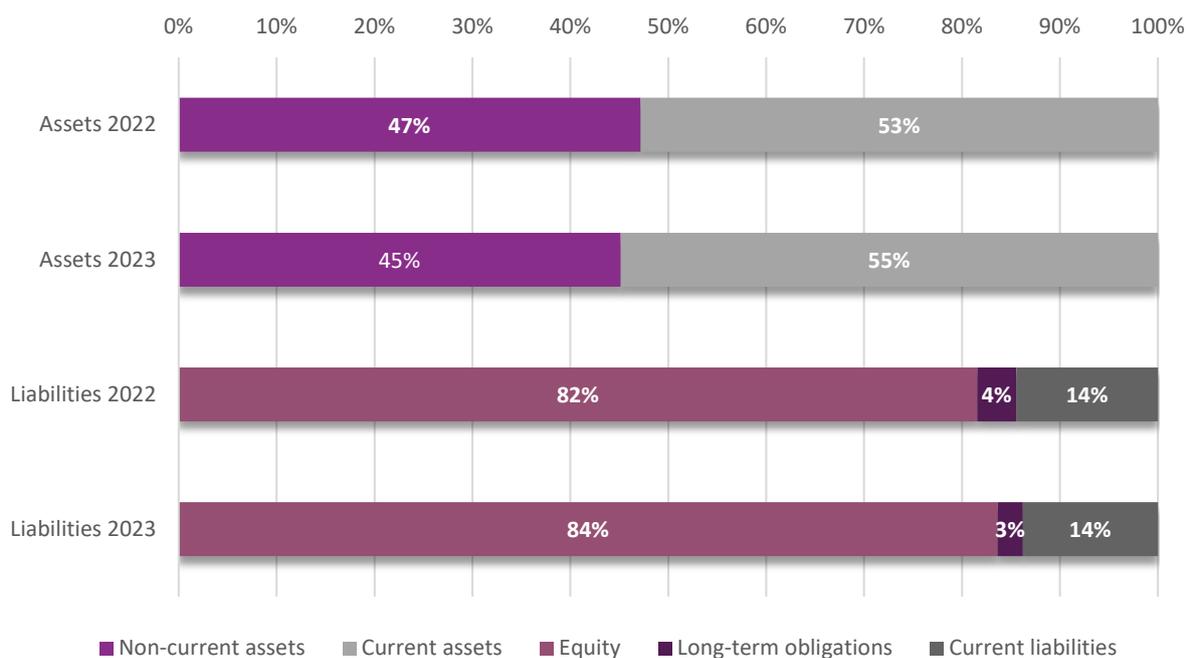


Figure 11: Assets and Liabilities Structure

1.5 Significant events after the end of the financial year

In the first quarter of 2024, the Group continued its successful business operations from the end of the previous year. Due to the financial results achieved in 2023, the successful beginning of 2024, and the projections for the remainder of 2024, the Management Board believes that the unlimited continuation of business is not threatened.

The war in Ukraine and sanctions against the Russian Federation are affecting economies in Europe and the world. The Group 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 adjustments in the carrying amount of certain assets and liabilities during 2024.

The Group, like all other business entities, is prone to risks related to the increase of prices of goods and services, and as such is aware of the increased risks caused by inflation which continues in the future period, although current economic indicators and forecasts point to the inflation rate slowing down significantly. The long-term effects may affect business volume, cash flows and profitability.

It is expected that interest rates stabilize in 2024, and even a reduction of the interest rates might affect the Group's financial results.

Regardless of the aforementioned, on the date of publishing of these financial reports, the Group continues to meet all of its obligations, is highly capitalized and has significant free assets at its disposal, and therefore, applies the principle of indefinite operations as an accounting basis for the preparation of financial statements.

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 importance to the Group's operations that it would require disclosure in the management report.

1.6 Expected development of the Group

In 2024, the Group will continue to focus on raising Corporate Governance and reporting standards on the regulated market. The Group will also focus on greater promotion of existing issuers, with a focus on the Prime Market. During September 2023, activities related to promotion of the issuers in the tourism sector were initiated, with the goal of profiling the Croatian capital market as the leading place for financing tourism companies in South-East Europe, and increasing their visibility via the official website and associated communication channels.

In 2024, The Group will focus on preparing the issuers for non-financial reporting requirements, which will come into force for all listed companies on the Zagreb Stock Exchange over the period of next three years.

The Group will continue to develop internal IT services that will be used by the Zagreb and Ljubljana Stock Exchanges, and thus further reduce the need for external suppliers.

In 2024, The Group will press on with previously initiated projects, placing the greatest emphasis on the projects related to the implementation of new technologies to market activities, regional SME capital market development (Progress), and education of market participants regarding green bond listings within the framework of the MESTRI CE project which is financed by the European union. The Group will continue efforts in promoting ESG listings and issuer activities.

During 2024, the Group will also focus on compliance activities for the upcoming Digital Operational Resilience Act (DORA) regulation which will provide detailed cyber security and risk management requirements for entities in the financial sector. DORA will come into effect in January, 2025.

1.7 Research & Development activities

The Group 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.

The beginning of 2023 marked the successful transition to euro as the official currency of the Republic of Croatia, and Zagreb Stock Exchange continued the activities on adjusting its services, publications and procedures according to the new currency.

In the second quarter of 2023, the Group successfully completed an initiated migration of legacy services used by Ljubljana Stock Exchange and provided by Vienna Stock Exchange. Zagreb Stock Exchange thus further strengthened its position as the leading trading service provider for the entire Zagreb Stock Exchange Group, actively reducing costs and dependence on external service providers.

On May 15, 2023, Zagreb Stock Exchange, Inc. successfully completed the seventh annual accreditation process as a Local Operating Unit authorized to issue LEI codes, issued by the Global Legal Entity Identifier Foundation (GLEIF).

By the end of 2023, the Group successfully completed the implementation of two new trading system releases and other infrastructure optimization activities.

1.8 Information on repurchase of own shares

On December 31, 2023, the Zagreb Stock Exchange owns a total of 8,396 of own shares, which make up for 0.3611% of the Exchange's total issued share capital.

1.9 Zagreb Stock Exchange Group



Figure 12: Zagreb Stock Exchange Group

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 2022 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 2022 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 LLC., 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 Exchange participates with 30%.

Macedonian Stock Exchange, Inc., a company seated in Skopje. The issued share capital of Macedonian Stock Exchange amounts to EUR 1,695,029.03, in which the Zagreb Stock Exchange, Inc. holds a total of 837 shares, i.e., 29.98% of the issued share capital. Ivana Gažić, president of the Management Board of Zagreb Stock Exchange, is a member of the Supervisory Board of the Macedonian Stock Exchange.

Adria Digital Exchange LLC., a company seated in Zagreb, founded in 2023 with the goal of detailed analysis and development of potential for trading and managing of virtual assets. The share capital of

the company is EUR 5,000, in which the Zagreb Stock Exchange, Inc. participates with 24%. Tomislav Gračan, member of the Management Board of Zagreb Stock Exchange, fulfills the role of director at the company.

Central Depository & Clearing Company, Inc., seated in Zagreb. The issued share capital of the company amounts to EUR 12,545,620, in which the Zagreb Stock Exchange, Inc. holds a total of 1,259 shares, i.e., 1.27 % of the issued share capital.

EuroCPT B.V., a company seated in Amsterdam, founded in 2023 with the goal of supplying consolidated trading data in the European Union. The share capital of the company is EUR 99.53, in which the Zagreb Stock Exchange, Inc. participates with 0.05%.

1.10 Financial instruments

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).

1.11 Business operation risks

The Group's Business operation risks are detailed in the notes to the financial statements (Note 22).

1.12 Zagreb and Ljubljana Stock Exchanges in 2023

1.12.1 Zagreb Stock Exchange in 2023

In 2023, the orderbook turnover amounted to EUR 371 million, -5.3% less than in 2022, as a result of lower block turnovers, while the orderbook turnover recorded growth. From the total orderbook turnover in 2023, shares turnover amounted to EUR 267 million which is an increase of +17.5% (2022: EUR 227 million), bond turnover amounted an impressive EUR 39 million which is an increase of 135.7% (2022: EUR 16.5 million), ETF turnover increased by +58.4% and amounted to EUR 16 million (2022: EUR 10 million). The equity block turnover amounted to EUR 49 million which is a decrease by 72.8% compared to 2022 (2022: EUR 138.5 million). Debt block turnover was recorded for the first time since 2021, and amounted to EUR 11.7 million.

EUR	2019	2020	2021	2022	2023
Orderbook turnover	328,044,957	342,137,423	260,415,421	254,183,661	322,392,362
<i>Stocks</i>	289,219,560	305,298,798	230,867,972	227,453,541	267,231,559
<i>Bonds</i>	38,825,398	33,930,510	23,528,210	16,590,759	39,102,749
<i>ETFs</i>	-	2,908,115	6,019,239	10,139,362	16,058,055
Total Block Turnover	69,360,634	73,145,212	76,661,552	138,556,558	49,394,997
<i>Equity Block Turnover</i>	69,360,634	73,145,212	69,979,636	138,556,558	37,617,572
<i>Debt Block Turnover</i>	-	-	6,681,917	-	11,777,425
Total Turnover	397,405,591	415,282,635	337,076,973	392,740,219	371,787,359

Table 4: ZSE securities turnover

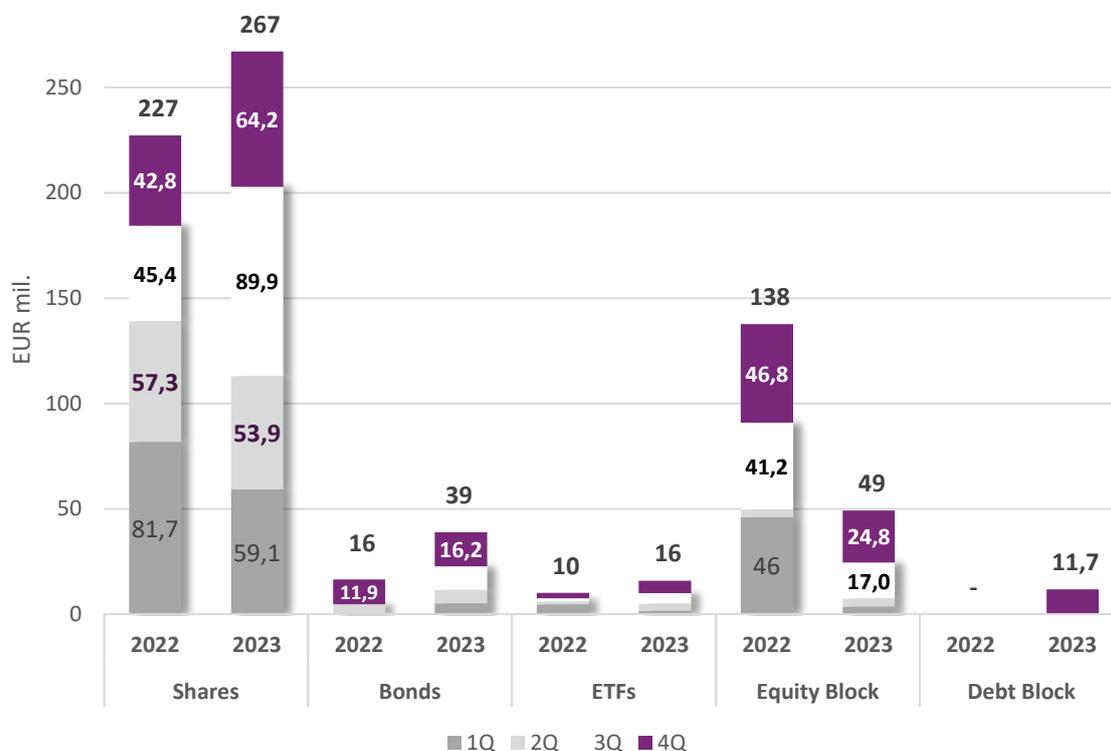


Figure 13: ZSE turnover by type of security

The market value measured by market capitalization as of 31 December 2023 has increased by EUR 6.4 billion compared to the end of 2022. The equity market capitalization increased by EUR +4,9 billion or +27.2% in total, with the market capitalization of the Prime Market increasing by +29%, the Official Market by +16.6%, and the Regular Market by 35.1%. The market capitalization of bonds increased by +9.5%, while the market capitalization of ETFs increased by an impressive +215.4%.

	2022	2023	change	2022	2023	change
Market Capitalization (EUR)				Number of listed securities		
Shares	18,020,297,839	22,921,642,696	27.20%	92	87	-5.43%
Prime Market	3,776,765,393	4,872,990,193	29.03%	6	6	0.00%
Official Market	6,480,465,545	7,560,463,836	16.67%	20	20	0.00%
Regular Market	7,763,066,900	10,488,188,667	35.10%	66	61	-7.58%
Bonds	16,329,871,735	17,879,846,903	9.49%	30	31	3.33%
ETFs	7,476,860	23,581,647	215.40%	2	4	100.00%
Money Market Instruments		/		12	7	-41.67%
TOTAL	34,357,646,434	40,825,071,246	18.82%	136	129	-5.15%

Table 5: Market Capitalization and number of listed securities

Compared to 31 December 2022, at the end of 2023, a total of five shares less were listed on the Regular Market, while the number of shares listed on the Prime and Official Markets remained unchanged.

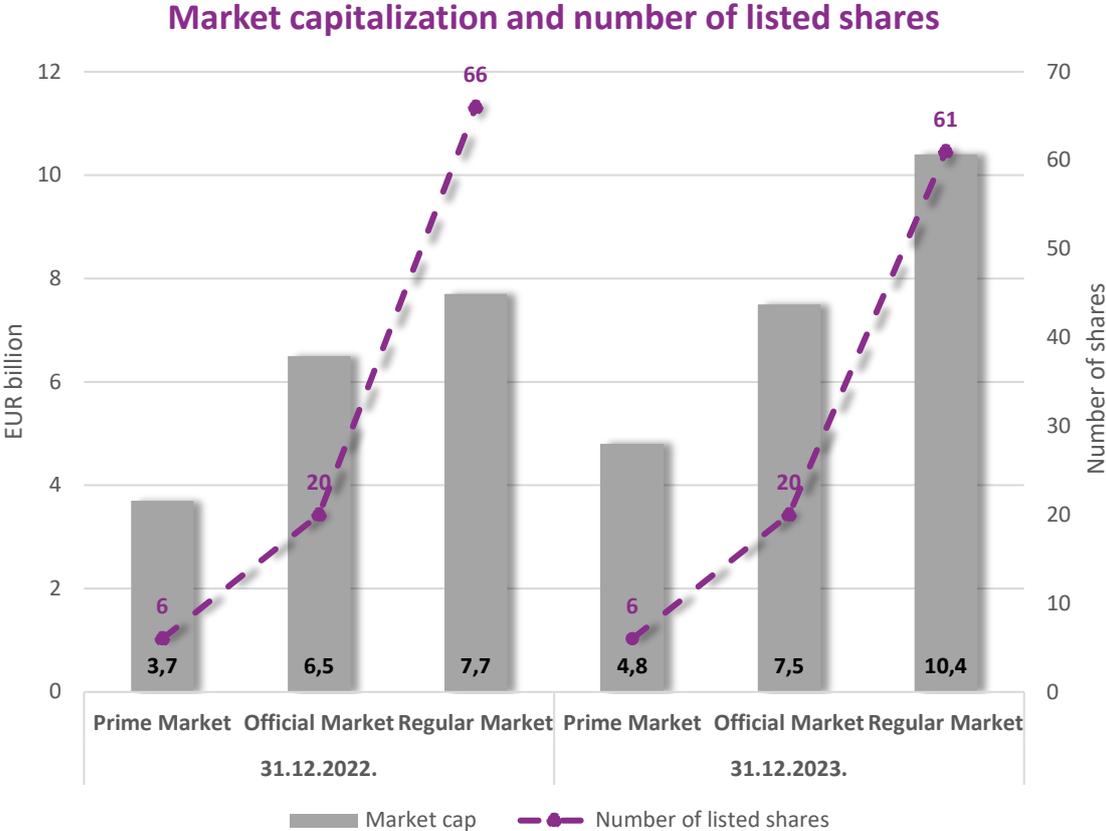


Figure 14: Equity Market Capitalization and number of stocks listed

All equity indices recorded growth compared to 2022. The strongest increase was that of CROBEXindustrija (+56%), followed by CROBEXprime (+41.2%) and CROBEXplus (+31.5%). The regional index ADRIAprime increased by a significant +32.4%, the bond index CROBIStr increased by +1.8%, while CROBIS decreased by -0.8%.

Index	31.12.2022.	31.12.2023.	change	Turnover (EUR) 2022	Turnover (EUR) 2023	change
CROBEX	1.979,88	2.533,92	27.98%	190,434,945	216,827,639	13.9%
CROBEXtr	1.415,96	1.881,34	32.87%	190,434,945	216,827,639	13.9%
CROBEX10	1.156,15	1.548,60	33.94%	139,159,613	175,720,436	26.3%
CROBEX10tr	1.222,39	1.683,53	37.72%	139,159,613	175,720,436	26.3%
CROBEXprime	1.149,64	1.622,76	41.15%	92,174,406	103,070,128	11.8%
CROBEXplus	1.360,86	1.789,63	31.51%	185,536,320	215,185,939	16.0%
CROBEXindustrija	1.048,52	1.636,40	56.07%	30,733,192	33,757,427	9.8%
CROBEXkonstrukt	554,21	523,32	-5.57%	2,560,028	2,643,039	3.2%
CROBEXnutris	726,5	931,64	28.24%	34,621,239	51,221,059	47.9%
CROBEXtransport	1234,04	1.497,91	21.38%	26,163,421	18,074,300	-30.9%
CROBEXturist	3.526,57	4.114,36	16.67%	33,790,474	34,541,291	2.2%
CROBIS	96,63	95,87	-0.78%	705,831,223	543,408,644	-23.01%
CROBIStr	168,49	171,44	1.75%	705,831,223	543,408,644	-23.01%
ADRIAprime	1.302,88	1.724,76	32.38%	\	\	\

Table 6: Indices - value and turnover

The most traded share in 2023 was that of Podravka d.d., followed by Span d.d., Valamar Riviera d.d., Zagrebačka banka d.d., and Hrvatski telekom d.d. The first five most liquid shares make up of 36.5% of the total orderbook turnover of Zagreb Stock Exchange.

Rank	Ticker	Issuer	Turnover (EUR)	Turnover share
1	PODR	PODRAVKA d.d.	44,022,681	11.8%
2	SPAN	SPAN d.d.	30,790,402	8.3%
3	RIVP	VALAMAR RIVIERA d.d.	23,840,299	6.4%
4	ZABA	ZAGREBAČKA BANKA d.d.	18,590,621	5.0%
5	HT	HT d.d.	18,427,050	5.0%
		Ostali	236,116,306	63.5%
UKUPNO			371,787,359	100.00%

Table 7: Turnover of the 5 most liquid shares in 2023

At the end of 2023, the Exchange had 12 members, and the top five members of the Exchange with the highest turnover in 2023 are listed in the following table:

Rank	Member	Turnover(EUR)	Turnover share
1	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O.	201,420,582	27.0%
2	ZAGREBAČKA BANKA D.D.	94,707,129	12.7%
3	PRIVREDNA BANKA ZAGREB D.D.	79,888,777	10.7%
4	FIMA-VRIJEDNOSNICE D.O.O.	73,910,254	9.9%
5	ERSTE&STEIERMARKISCHE D.D.	65,531,080	8.8%
	Others	230,226,817	30.9%
	TOTAL	745,684,638	100.00%

Table 8: Top 5 members of the Stock Exchange in 2023

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

1.12.2 Ljubljana Stock Exchange in 2023

The total securities turnover on the Ljubljana Stock Exchange in 2023 amounted to EUR 330 million which is a decrease of -23.4% compared to the volatile 2022. The equity turnover within the orderbook is lower by -26.5% and in 2023 amounts to EUR 283.8 million. At the same time, bonds turnover reached the amount of EUR 1.2 million (2022: EUR 110.8 thousand), and the turnover of the structured products was EUR 369 thousand (2022: EUR 385 thousand). The equity block turnover in 2023 is EUR 36.5 million, which is a decrease of -17.7% compared to last year (2022: EUR 44 million), while the debt block turnover is not recorded as in the same period last year.

	2022	2023	change
Securities turnover and Equity Market Capitalization (EUR)			
Total turnover	430,930,296	330,170,251	-23.4%
Orderbook turnover	386,606,417	293,682,863	-24.0%
<i>Stocks</i>	386,110,298	283,874,306	-26.5%
<i>Bonds</i>	110,801	1,201,762	984.6%
<i>T-bills</i>	/	8,236,903	
<i>Structured products</i>	385,318	369,892	-4.0%
Block turnover	44,323,879	36,487,388	-17.7%
<i>Equity Block</i>	44,323,879	36,487,388	-17.7%
<i>Debt Block</i>	0	0	0.0%
Equity Market Cap. on December 31	7,631,969,389	9,158,660,695	20.0%
Indices values on December 31			
SBITOP	1.046,13	1.253,41	19,8%
SBITR	1.318,78	1.685,41	27,8%

Table 9: Ljubljana Stock Exchange Overview

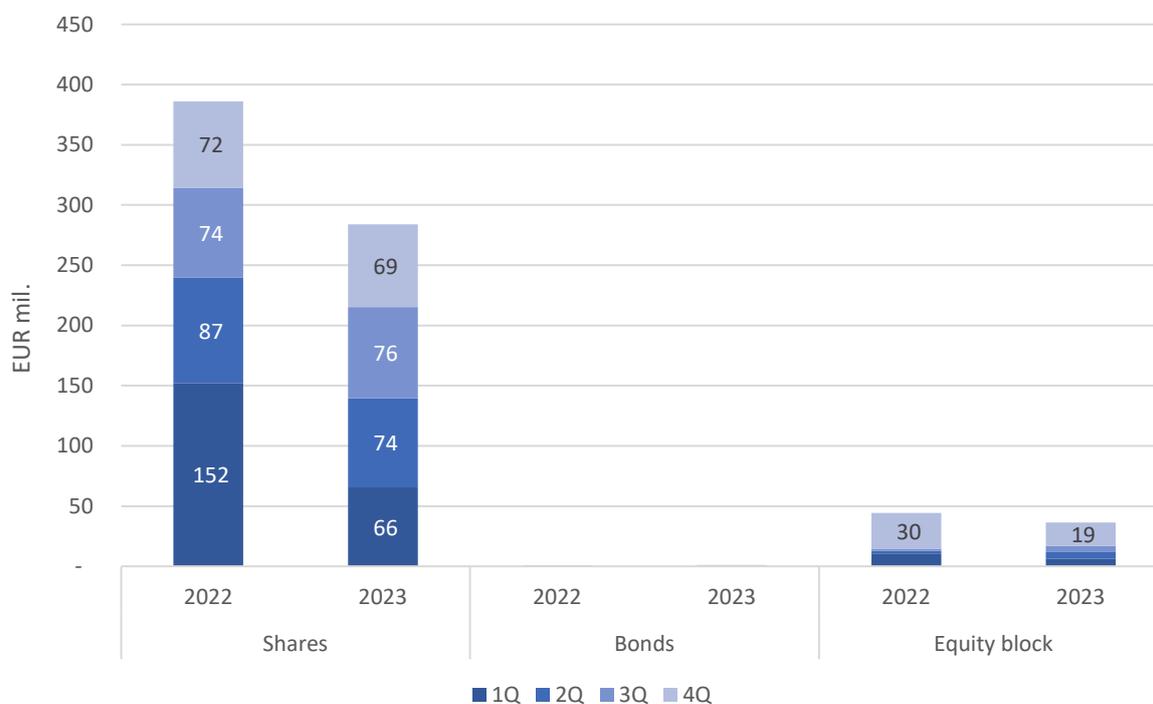


Figure 15: LSE turnover by type of security

Compared to December 31, 2022, the equity market capitalization has increased by +20% and on the last day of 2023 amounted to EUR 9.2 billion. From the last value on September 31, 2022, the SBITOP index increased by +19.8% and amounts to 1.253,41, while the SBITR index increased by an impressive +27.8%, ending December 2023 at a value of 1.685,41.

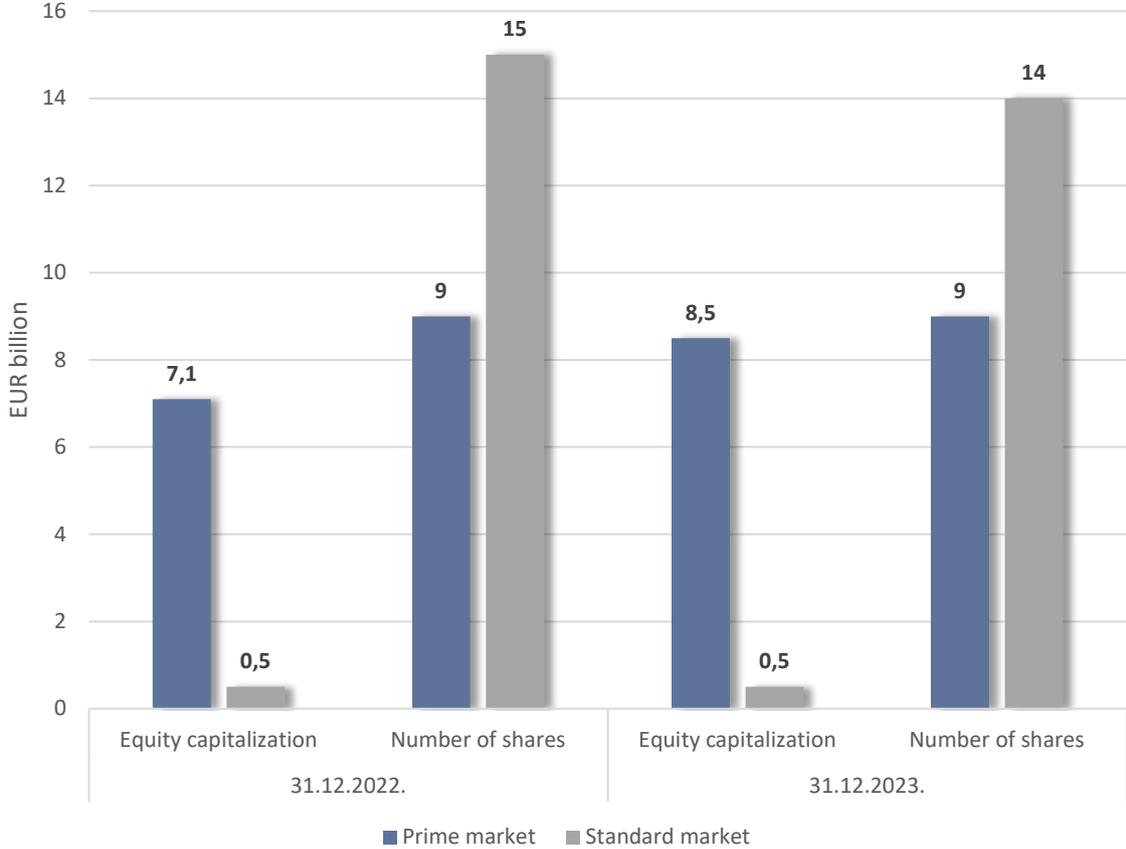


Figure 16: Equity Market capitalization and number of shares listed on 31 December

1.12.3 Support for members

Zagreb and Ljubljana Stock Exchanges provide regular support to members regarding the exchanges’ 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 Exchanges actively communicate with members during the implementation of new trading system functionalities and other changes that might reflect on the members’ business. The focus is 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 Exchanges provide support to members when developing their own applications and conduct initial certification of their software solutions.

Zagreb Stock Exchange, as the most important service provider to Ljubljana Stock Exchange, also provides other forms of technical support for both Exchanges’ members, and has developed a dedicated collaboration website (<http://it.zse.hr>) for users to submit their support requests directly to the Information and Technology Development Department.

1.12.4 Support for issuers

Zagreb and Ljubljana Stock Exchanges provide advisory and expert support to all issuers listed on the Regulated or Progress market, while working closely with issuers regarding compliance with the provisions of the Capital Market Act, EU Directive 596/2014, the Rules of the Exchange and other regulations.

Zagreb Stock Exchange also monitors issuers and securities listed on the Regulated or the Progress market in order to ensure that the issuers and their listed securities meet all necessary obligations provided by the Rules of the Exchange.

Every year, the Zagreb Stock Exchange organizes 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. Participation in the education is free, and is highly recommended to all issuers since it covers trending topics on the capital market.

Zagreb Stock Exchange licenses 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 education of issuers in order to increase the level of transparency and Corporate Governance in all market segments, especially following the significant change to the Exchange Rules in December 2019, regarding the supervising of issuers in terms of fulfilling post-listing obligations. It is estimated that the changes to the Rules played a significant role in the raising the quality and timeliness of reporting on the Regulated market.

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 Exchanges enforce the internal controls system through two independent control functions: compliance with the relevant regulations function and the 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.

Both Exchanges have adopted a number of procedures related to risk management, including but not limited to: Risk management policy, Conflict of interest 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, Crisis management procedure etc.

The internal auditors of the Group are:

- Antares revizija d.o.o. for Zagreb Stock Exchange
- Arem d.o.o. and Vezjak svetovanje d.o.o. for Ljubljana Stock Exchange

Internal auditors for the Group compiles the following documents:

- Strategic internal audit plan (for Zagreb Stock Exchange),
- Mid-term plan (for Ljubljana Stock Exchange)
- Annual internal audit plan (for both Exchanges).

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

Considering the Group's determined objectives and defined core processes, the Group has identified and determined risks that could influence the Group's business processes. The list of risks does not encompass all risks, but only those on a higher level. Other, more detailed risks (lower level risks) are identified during the internal audit of business processes.

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

Considering the previously defined Group's core business processes and determined risks, the Group 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.

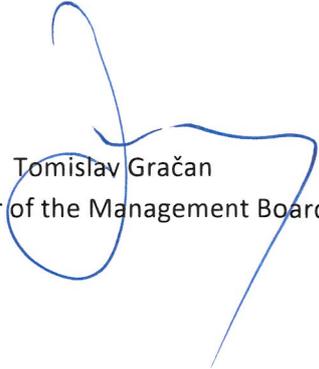
Risk monitoring is not separated and entrusted to Group's independent organizational unit, but to one or more Group's departments, depending on the type of risk. Therefore, every employee of the Group is included in the Group's risk management.

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 Group's risk management system: compliance with relevant regulations function and the internal audit function performed by an external independent company.


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, 34/22, 114/22, 18/23, 130/23; 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, 114/22, 82/23; hereinafter: AA), the Management Board of company ZAGREB STOCK EXCHANGE Inc., Zagreb, Ivana Lučića 2a (hereinafter: the Company), on 29 April 2024, 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 2023, 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, 83/21, 151/22; 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 2023:

	Shareholder	No. of shares	Ownership %
1	FINA	231,553	9.9900%
2	RR ONE CAPITAL d.o.o.	231,553	9.9900%
3	PBZ CO OMF	231,400	9.9834%
4	INTERKAPITAL D.D.	199,750	8.6179%
5	BAKTUN, LLC	182,478	7.8727%
6	EBRD	120,000	5.1772%
7	INSPIRIO ZAIF d.d.	114,000	4.9184%
8	OTP BANKA d.d.	105,900	4.5689%
9	HPB d.d.	92,300	3.9821%
10	ERSTE & STEIRMARKISCHE BANK d.d.	76,400	3.2962%
	Others	732,246	31.6032%
	Total	2,317,580	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, and there are no time limitations for acquisition of voting rights. 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.

On December 31, 2023, the Company owns a total of 8,396 of own shares, which make up for 0.3611% of the Company's total issued share capital.

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 on 31 December 2023 consists of the following members:

- Matko Maravić, president
- Tomislav Jakšić, deputy president
- Dražen Čović
- Bente Avnung Landsnes
- Silvije Orsag
- Ivan Sardelić

Activities of the Supervisory Board in 2023 included:

- Adoption of the consolidated and unconsolidated quarterly, biannual and annual financial reports of the Company,
- Approving of amendments to the Company's Rules of procedure and other strategic documents,
- Receiving information from the Management Board of the Company and the Group's subsidiaries
- Electing the vice-president of the Supervisory Board, members of the Audit, Strategy and Remuneration Committees,
- Deciding on the date, agenda and proposals of resolutions of the Company's General Assembly,
- Approving the annual Code of Corporate Governance Questionnaire
- Adopting the yearly Internal Audit Plan,
- Deciding on suitability of the members of the Management Board
- Approving the Company's Business Plan and Budget
- Determining of the full text of the Company's Articles of Association

During 2023, the Supervisory Board held a total of six meetings, attended by members:

- Matko Maravić, president (100%)
- Tomislav Jakšić, vice president (100%)
- Dražen Čović (50%)
- Bente Avnung Landsnes (100%)
- Silvije Orsag (100%)
- Ivan Sardelić (100%)

The composition of the the Management and Supervisory Boards in 2023 includes members of different genders, age, profiles and experience in order to ensure diverse perspectives in decision-making. The Company intends to bring to attention the need to increase the number of women in the Supervisory Board in the future.

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 the Audit Committee composed of three members, namely:

- Matko Maravić,
- Ivan Sardelić,
- Silvije Orsag.

Activities of the Audit Committee in 2023 included:

- Detailed analysis of the Company's consolidated and unconsolidated quarterly, biannual and annual financial reports,
- Supervision of the Company's expenses,

- Supervision of the audit of the annual financial reports for 2022,
- Issuing recommendations to the Supervisory Board in regards to the choice of the Company's auditor,
- Issuing an opinion in regards to the Strategic and yearly Internal Audit plan.

During 2023, the Audit Committee held a total of five meetings, attended fully by all members.

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

- Matko Maravić,
- Tomislav Jakšić,

Activities of the Remuneration Committee in 2023 included:

- Supporting the Supervisory Board in the procedure of proposing a reward policy for the members of the Management Board,
- Proposing objective criterion to accurately assess business success which forms a base for the reward policy for the members of the Management Board,
- Issuing a proposal to the Supervisory Board regarding the reward amounts for the Management Board following the adoption of the annual financial reports,
- Issuing an opinion to the Supervisory Board regarding the Management Board's proposal for reward payment to the Company's employees.

During 2023, the Remuneration Committee held one meeting, attended fully by all members.

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

- Dražen Čović,
- Matko Maravić,
- Bente Avnung Landsnes
- Silvije Orsag.

Activities of the Strategy Committee in 2023 included:

- Supporting the Management Board in development, implementation and realization of strategic goals and the Company's strategy in general,
- Assessment, consideration and revision of the Company's key strategic determinants,
- Construction of the proposals of the Supervisory Board for adoption of the Company's strategic goals
- Supervision of the implementation and/or realization of the set strategic goals of the Company and regular reporting to the Management and Supervisory Boards.

During 2023, the Strategy Committee held one meeting, attended by members: Bente Avnung Landsnes and Matko Maravić.

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

- Matko Maravić,
- Tomislav Jakšić,

- Silvije Orsag.

Activities of the Nomination Committee in 2023 included:

- carrying out the procedure of initial, regular and extraordinary assessment of the suitability of candidates for members of the Exchange's Management Board and Supervisory Board, and collective assessment of the Exchange's Management Board and Supervisory Board;
- identification and recommendation of candidates for filling positions in the Company's Management Board and Supervisory Board,
- assessment of the balance of knowledge, skills, diversity and experience of the members of the Management Board and Supervisory Board of the Company;
- the decision on the goal for the representation of the underrepresented gender in the Management Board and the Supervisory Board of the Exchange and the preparation of a policy on how to increase the number of representatives of the underrepresented gender in the Management Board and the Supervisory Board of the Company;
- regular evaluation of the structure, size, composition and performance of the Company's Management Board and Supervisory Board;
- regular evaluation of the knowledge, skills and experience of individual members of the Management Board and the Supervisory Board as a whole and reporting to the Management Board and the Supervisory Board of the Company.

During 2023, the Nomination Committee held a total of three meetings, attended by members:

- Matko Maravić (100%)
- Tomislav Jakšić (100%)
- Silvije Orsag (67%).

7. Report of the Supervisory Board on the supervision of the management of the Company's affairs in 2023

In 2023, the Supervisory Board of the Zagreb Stock Exchange (hereinafter: the Stock Exchange and/or the Company) held a total of six (6) sessions on the following dates: February 22, April 26, July 25, September 12, 24 October, December 4 and December 8, 2023. At the meetings of the Supervisory Board, the entire business of the company was considered, which includes current and preventive supervision.

Members of the Company's Management Board also participated in the sessions of the Supervisory Board, presenting individual business areas and providing the necessary clarifications to the Supervisory Board. In this regard, the Supervisory Board assesses its cooperation with the Management Board as very successful.

During the supervision, the Supervisory Board paid particular attention to the examination of the legality of the business, both in the part of acting in accordance with the valid legal framework, and in relation to acting in accordance with the provisions of the Company's Articles of association.

The Supervisory Board adopted all reports of the Management Board submitted during 2023, and concludes that the achieved results are within the expectations and in accordance with the current economic environment.

The Supervisory Board points out that according to the best knowledge and based on the data provided, the business data presented correspond to the situation shown in the business books of the Stock Exchange, as well as that they represent an objective, complete and true presentation of the Company's assets and liabilities.

The Supervisory Board fully and unreservedly accepts the conclusion of the Management Board that the preparation of financial statements based on the principle of going concern is appropriate.

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 2023.


Ivana Gažić
President of the Management Board


ZAGREBAČKA BURZA d.d.
Zagreb


Tomislav Gračan
Member of the Management Board

Responsibilities of the Management Board for the Annual report

The Management Board of the Company is required to prepare consolidated financial statements for each financial year, which give a true and fair view of the financial position of the Company and its subsidiary (“the Group”) 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 Group and to prevent and detect fraud and other irregularities.

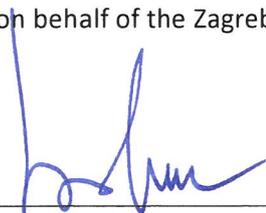
The Management Board is responsible for selecting suitable accounting policies to conform to applicable accounting standards and then applying them consistently; making judgments and estimates that are reasonable and prudent; and preparing the consolidated financial statements on a going concern basis 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, 114/22, 82/23), 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 consolidated financial statements and other information for acceptance, following which the Supervisory Board is required to consider, and if appropriate approve the consolidated annual financial statements for submission to the General Assembly for adoption.

The consolidated financial statements and other information are approved by the Management Board on April 29, 2024 and are signed and verified for submission to the Supervisory Board.

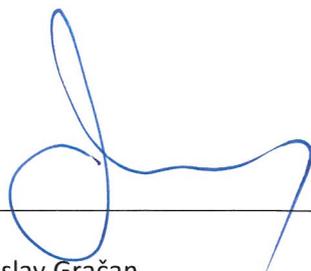
Signed on behalf of the Zagreb Stock Exchange, Inc.:



Ivana Gažić
President of the
Management Board



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Tomislav Gračan
Member of the
Management Board



Independent Auditor's Report

To the Shareholders of Zagreb Stock Exchange, Inc.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Zagreb Stock Exchange, Inc. (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2023, and the and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 22 April 2024.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2023;
 - the consolidated statement of financial position as at 31 December 2023;
 - the consolidated statement of changes in equity for the year then ended;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

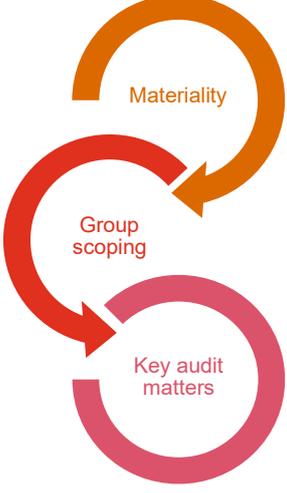
Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014, and furthermore, we have not provided any non-audit services to the Group in the period from 1 January 2023 to 31 December 2023.

Our audit approach

Overview

	<ul style="list-style-type: none"> Overall Group materiality: EUR 60 thousand, which represents 1% of net asset. We conducted audit work at two reporting units in two countries. Our audit scope addressed 100% of the Group's revenues and 100% of the Group's absolute value of underlying profit before tax. Revenue recognition.
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	EUR 60 thousand
How we determined it	1% of net asset
Rationale for the materiality benchmark applied	<p>We chose net assets as the benchmark because the Group is a public service provider, and its operations are guided by the principles of the protection of public interest and the stability of the capital market rather than profitability.</p> <p>We chose 1% which is consistent with quantitative materiality thresholds used for public service providers.</p>



Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Refer to Note 4 to the consolidated financial statements under heading Revenue and Note 3 under heading Significant information on accounting policies for further information.</p> <p>The Group has recognized revenues of EUR 2,267 thousand for the period ended 31 December 2023.</p> <p>Although the transactions within the revenue streams are unified and revenue recognition is not complex, we focused on this area due to the higher risk and significance of these items to the Group's consolidated financial statements.</p>	<p>Our audit approach to revenue was based on test of controls and substantive audit testing of transactions as described below.</p> <p>On the sample basis, we compared the revenues with the invoices issued to the customers. We reconciled the selected sample of invoices with the supporting documentation, i.e., contracts with customers and the service price list.</p> <p>We performed test of controls and recalculated on the sample basis the revenue from commissions by multiplying the trading volume with the fee percentage charged. We reconciled the trading volume with data provided by the services provider, and we reconciled the fee percentage with the service price list.</p> <p>We also traced the selected sample of revenue transactions to the bank statements to confirm the revenues were received.</p>

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Reporting on other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act and whether the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.



Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report and the Corporate Governance Statement for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;
- the Management Report has been prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act; and
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the consolidated 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 independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent 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.



Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company on 14 June 2022. Our appointment has been renewed annually by shareholder resolution with the most recent reappointment on 12 June 2023, representing a total period of uninterrupted engagement appointment of 2 years.

Other legal and regulatory requirements

Pursuant to Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (“Ordinance”), the Company’s Management Board prepared statements shown in the section Regulatory consolidated financial statements under headings Consolidated balance sheet, Consolidated profit and loss, Consolidated statement of cash flows - indirect method and Consolidated statement of changes in equity for the year ended 31 December 2023 (“Forms”), together with information on the reconciliation of the Forms with the Group’s consolidated financial statements prepared in accordance with the International Financial Reporting Standards adopted in the European Union. Preparation of these Forms is the responsibility of the Company’s Management Board, and the Forms are not an integral part of these consolidated financial statements but contain information in accordance with Ordinances. Financial information in the Forms is derived from the consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards as adopted in European Union presented on pages 43 to 97 and adjusted in accordance with the Ordinances.

Report on compliance of the format of the consolidated financial statements with the requirements of the European Single Electronic Format (“ESEF”) Regulation

We have been engaged based on our agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements included in the attached electronic file ZSEGroup-2023-12-31, (hereinafter: the financial statements) of the Group for the year ended 31 December 2023 (the “Presentation of the Financial Statements”).

Description of subject matter and applicable criteria

The Presentation of the Financial Statements has been prepared by the management of the Company to comply with the requirements of Article 462 paragraph 5 of the Capital Market Act (Official Gazette, No. 65/18, 17/20 and 83/21) (the “Capital Market Act”) and with the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). Those regulations require that:

- the financial statements included in the consolidated Annual Report, have been prepared in the XHTML format;
- the data included in the consolidated financial statements required by the ESEF Regulation and Capital Market Act have been marked up and all the markups meet the following requirements:
 - the XBRL markup language has been used,
 - the core taxonomy elements listed in the ESEF Regulation with the closest accounting meaning have been used, unless an extension taxonomy element was created in accordance with Annex IV of the ESEF Regulation,
 - the markups comply with the common rules on markups under the ESEF Regulation.

The requirements described above determine the basis for application of the Presentation of the Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.



Responsibility of the management and those charged with governance

The Company's management is responsible for the Presentation of the Financial Statements in accordance with the ESEF Regulation and the Capital Market Act. In addition, the Company's management is responsible for maintaining an internal control system that reasonably ensures the preparation of the Presentation of the Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation and the Capital Market Act, whether due to fraud or error.

Those charged with governance are responsible for overseeing the process of preparing the Presentation of the Financial Statements in the ESEF format as part of the financial reporting process.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion, based on the audit evidence obtained, whether the Presentation of the Financial Statements complies, in all material respects, with the requirements of the ESEF Regulation and the Capital Market Act. We conducted a reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Financial Statements is prepared, in all material respects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect a material misstatement (significant non-compliance with the requirements).

Procedures performed

The nature, timing and extent of the procedures selected are matters for the professional judgment of the auditor.

As part of the selected procedures, we performed in particular the following procedures:

- read the requirements of the ESEF Regulation and the Capital Market Act;
- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the XBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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



Conclusion

In our opinion, based on the procedures performed and evidence obtained, the Presentation of the Financial Statements for the year ended 31 December 2023 included in the above stated attached electronic file complies, in all material respects, with the ESEF Regulation and the Capital Market Act.

Our conclusion is not an opinion on the true and fair presentation of the financial statements presented in electronic format. In addition, we do not express any form of assurance on the other information disclosed in the documents in the ESEF format.

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

PricewaterhouseCoopers d.o.o.
Heinzlova 70, Zagreb
29 April 2024

This version of our 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 of our report takes precedence over this translation.

Consolidated Statement of comprehensive income

	Notes	<u>2023</u> EUR	<u>2022</u> EUR
Income statement			
Sales revenue	4	2,267,409	2,515,221
Other operating income	5	1,337,775	1,231,416
Staff costs	6	(1,774,304)	(1,854,166)
Depreciation and amortization	10,11,12	(307,982)	(254,000)
Other operating expenses	7	(1,530,556)	(1,448,442)
Operating (loss) / profit		<u>(7,658)</u>	<u>190,029</u>
Financial income	8	37,859	2,500
Financial expense	8	(10,944)	(13,166)
Dividend income		32,593	13,474
Net gains / (losses) from financial assets at fair value through profit or loss		26,533	(95,291)
Net foreign exchange loss		(1,002)	(3,932)
Net finance gain / (loss)		<u>85,039</u>	<u>(96,415)</u>
Share of profit / (loss) in joint venture and associates		(203)	(7,866)
Profit before tax		<u>77,178</u>	<u>85,748</u>
Income tax expense	9	(13,330)	(209)
Profit for the year		<u>63,848</u>	<u>85,539</u>

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

Consolidated Statement of comprehensive income (continued)

	Notes	<u>2023</u>	<u>2022</u>
		EUR	EUR
Profit for the year		<u>63,848</u>	<u>85,539</u>
Other comprehensive income			
<i>Items that cannot be reclassified to profit or loss</i>			
Revaluation of fixed assets	10	-	(30,071)
Changes in the fair value of equity investments at fair value through other comprehensive income	14	112,040	70,196
Actuarial gains / losses		2,495	(2,204)
Income tax on other comprehensive income on items that cannot be reclassified to profit or loss		(20,405)	5,923
<i>Items that can be reclassified to the income statement</i>			
Foreign currencies transactions - exchange differences on foreign operations		47	6,862
Total comprehensive income for the year		<u>158,025</u>	<u>136,245</u>
Basic and diluted earnings per share	19	0.03	0.04

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

Consolidated Statement of financial position

Assets	Note	31.12.2023	31.12.2022 (corrected)	1.1.2022 (corrected)
		EUR	EUR	EUR
Non-current assets				
Property and equipment	10	1,086,374	1,191,836	1,134,975
Intangible assets	11	291,627	338,060	214,912
Goodwill	11	157,435	157,435	157,898
Right-of-use assets	12	252,190	356,129	429,103
Investment in associate and joint venture	13	1,238,436	1,237,395	19,387
Financial assets at fair value through other comprehensive income	14	149,093	26,163	223,496
Long term deposits	15	33,166	33,166	33,228
Loans granted to associates	15	27,381	28,881	28,891
Deferred tax assets	9	-	17,658	-
Total non-current assets		3,235,702	3,386,723	2,241,890
Current assets				
Trade receivables and other assets	16	540,245	467,053	512,089
Contract assets	5 a)	55,293	66,264	-
Prepaid expenses		21,730	37,468	81,109
Financial assets at fair value through profit or loss	14	736,505	1,191,398	1,925,323
Financial assets at amortized costs	15	2,304,675	208,519	799,522
Inventories		-	-	825
Cash and cash equivalents	17	273,683	1,822,473	1,543,759
Total current assets		3,932,131	3,793,175	4,862,627
Total assets		7,167,833	7,179,898	7,104,517

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

Consolidated Statement of financial position (continued)

Equity and liabilities	Note	31.12.2023	31.12.2022 (corrected)	1.1.2022 (corrected)
		EUR	EUR	EUR
<i>Equity and reserves</i>				
Issued share capital	18	3,076,315	3,076,316	6,164,128
Share premium		1,840,833	1,839,562	1,843,000
Legal reserves		18,714	18,714	18,749
Treasury shares	18	(30,483)	(18,409)	-
Other reserves	18	815,878	815,878	-
Accumulated profit (losses)		33,050	(22,352)	(2,372,638)
Reserve from fair valuation of financial assets	13, 14	162,041	70,169	-
Revaluation reserves	10	101,095	101,095	125,832
Actuarial profit / (losses)		(1,652)	(3,910)	(1,914)
Translation reserves		(22,134)	(22,181)	(29,255)
Total equity and reserves		5,993,657	5,854,882	5,747,902
<i>Non-current liabilities</i>				
Lease liabilities	12	151,236	251,402	321,065
Contract liabilities	5	6,485	12,703	18,919
Employee benefit obligations	21	26,144	23,605	6,626
Deferred tax liabilities	9	1,160	-	1,311
Total non-current liabilities		185,025	287,710	347,921
<i>Current liabilities</i>				
Trade and other payables	20	343,737	330,840	340,244
Lease liabilities	12	100,166	96,925	96,711
Contract liabilities	5 a)	498,633	510,337	503,288
Accrued expenses	21	46,615	99,204	68,451
Total current liabilities		989,151	1,037,306	1,008,694
Total equity and liabilities		7,167,833	7,179,898	7,104,517

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

Zagrebačka burza d.d., Zagreb
Consolidated financial statements for the year ended
31 December 2023

Consolidated Statement of changes in equity and reserves

	Issued share capital	Share premium	Legal reserves	Treasury shares	Other reserves	Accumulated profit / (loss)	Reserve from fer value adjustment of financial assets	Revaluation reserves	Actuarial gains / losses	Translation reserve	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
On January 1, 2022	6,164,128	1,843,000	18,749	-	-	(2,372,638)	-	125,832	(1,914)	(29,255)	5,747,902
Profit for the year	-	-	-	-	-	85,539	-	-	-	-	85,539
Other comprehensive income	-	-	-	-	-	-	70,196	(24,148)	(2,204)	6,862	50,706
Total comprehensive profit / (loss) for the year	-	-	-	-	-	85,539	70,196	(24,148)	(2,204)	6,862	136,245
<i>Other equity movements</i>											
- decrease of issued capital (Note 18)	(3,077,506)	-	-	-	3,077,506	-	-	-	-	-	-
- covering the accumulated loss from other reserves (Note 18)	-	-	-	-	(2,261,545)	2,261,545	-	-	-	-	-
- acquisition of treasury shares (Note 18)	-	-	-	(18,416)	-	-	-	-	-	-	(18,416)
- foreign exchange differences due to the change of functional and presentation currency	(10,306)	(3,438)	(35)	7	(83)	3,202	(27)	(589)	208	212	(10,849)
Total other equity movements	(3,087,812)	(3,438)	(35)	(18,409)	815,878	2,264,747	(27)	(589)	208	212	(29,265)
As of December 31, 2022	3,076,316	1,839,562	18,714	(18,409)	815,878	(22,352)	70,169	101,095	(3,910)	(22,181)	5,854,882

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

Zagrebačka burza d.d., Zagreb
Consolidated financial statements for the year ended
31 December 2023

Consolidated Statement of changes in equity and reserves (continued)

	Issued share capital	Share premium	Legal reserves	Treasury shares	Other reserves	Accumulated profit / (loss)	Reserve from fair value adjustment of financial assets	Revaluation reserves	Actuarial gains / losses	Translation reserve	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
On January 1, 2023	3,076,316	1,839,562	18,714	(18,409)	815,878	(22,352)	70,169	101,095	(3,910)	(22,181)	5,854,882
Profit for the year	-	-	-	-	-	63,848	-	-	-	-	63,848
Other comprehensive income	-	-	-	-	-	-	91,872	-	2,258	47	94,177
Total comprehensive profit / (loss) for the year	-	-	-	-	-	63,848	91,872	-	2,258	47	158,025
<i>Other equity movements</i>											
- acquisition of treasury shares (Note 18)	-	-	-	(17,256)	-	-	-	-	-	-	(17,256)
- share based payment to the members of the Board (Note 18)	-	1,271	-	5,182	-	(8,446)	-	-	-	-	(1,993)
- alignment of issued capital with the Companies Act (EUR) (Note 18)	(1)	-	-	-	-	-	-	-	-	-	(1)
Total other equity movements	(1)	1,271	-	(12,074)	-	(8,446)	-	-	-	-	(19,250)
As of December 31, 2023	3,076,315	1,840,833	18,714	(30,483)	815,878	33,050	162,041	101,095	(1,652)	(22,134)	5,993,657

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

Consolidated Statement of cash flows

	Note	<u>2023</u>	<u>2022</u>
Cash flow from operating activities		EUR	EUR
Profit before tax		<u>77,178</u>	<u>85,748</u>
<i>Adjustments:</i>			
Depreciation and amortization	10,11,12	307,982	254,000
Unrealised profit (loss) from financial assets at fair value through profit or loss	8	(14,433)	83,529
Realised loss (profit) on sale of financial assets at fair value through profit or loss	8	(12,100)	11,762
Movement in impairment allowance for trade receivables	16	-	(12,135)
Dividend income	8	(32,593)	(13,474)
Interest income	8	(34,795)	(2,434)
Interest expense	8	10,074	13,184
Net foreign exchange	8	1,002	11,057
Loss from joint venture		203	7,866
Other income		(11,452)	(5,310)
Cash flow before changes in operating assets and liabilities		<u>291,066</u>	<u>433,793</u>
Changes in operating assets and liabilities			
Decrease (Increase) in trade receivables and other assets		(73,192)	56,233
Decrease (Increase) in inventories		-	824
Increase (decrease) of trade and other payables		27,814	3,100
Increase (decrease) of contract obligations and accrued expenses		(37,582)	16,098
Change in operating assets and liabilities		<u>(82,960)</u>	<u>76,255</u>
Interest paid		(10,074)	(13,184)
Income tax paid		(14,917)	(11,873)
Net cash (inflow) from operating activities		<u>183,115</u>	<u>484,991</u>

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

Consolidated Statement of cash flows (continued)

	Note	2023	2022
		EUR	EUR
Cash flow from investing activities			
Payment for fixed assets	10	(28,809)	(193,567)
Payments for intangibles		(28,014)	(170,102)
Payments for financial assets at fair value through profit and loss		(378,130)	(100,152)
Payments for financial assets at fair value through other comprehensive income	14	(10,891)	-
Payments for shares in associates	15	(1,200)	(958,195)
Proceeds from sale of financial assets at fair value through profit and loss		481,426	735,476
Payments for treasury shares	18	(17,256)	(18,416)
Dividend payments	18	(1,994)	-
Payments for deposits		(1,719,000)	(8,139)
Repayment of short-term deposits and borrowings		1,500	597,508
Proceeds from dividends		32,593	13,474
Interest received		34,795	2,352
Net cash (outflow)/inflow from investing activities		(1,634,980)	(99,761)
Cash flow from financing activities			
Repayment of lease liabilities	12	(96,925)	(101,754)
Net cash outflows from financing activities		(96,925)	(101,754)
Net increase in cash and cash equivalents		(1,548,790)	283,476
Cash and cash equivalents at the beginning of the year		1,822,473	1,540,880
Effects of exchange rate changes on cash and cash equivalents		-	(1,883)
Cash and cash equivalents at the end of the year	17	273,683	1,822,473

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

Notes to the consolidated financial statements

1 Reporting entity

Zagrebačka burza d.d. ("Zagreb Stock Exchange" or "the Company") is a joint stock company 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 2023 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 195 shareholders (31 December 2022: 194 shareholders). The Company does not have an ultimate parent company.

The activities of the Company are regulated by Croatian Agency for Supervision of Financial Services ("HANFA") and the activities of the Ljubljanska borza d.d. are regulated by the Slovenian Securities Market Agency ("ATVP").

The Zagrebačka burza d.d. Group ("the Group") consists of Zagrebačka burza d.d Zagreb, Republic of Croatia, foreign subsidiary Ljubljanska borza d.d.Ljubljana, Republic of Slovenia. The Group also has investments in joint venture SEE Link Ltd, Skopje, Republic of North Macedonia and associates Funderbeam South-East Europe d.o.o Zagreb, Republic of Croatia, Makedonska berza a.d Skopje, Republic of North Macedonia and Adria Digitac Exchange Ltd, Zagreb, Republic of Croatia.

These financial statements comprise consolidated financial statements of the Group as defined in International Financial Reporting Standard 10 (IFRS 10) *Consolidated Financial Statements*. Zagreb Stpcl exchange Ing. prepares separate 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 April 29, 2024 for submitting for approval by the Supervisory Board.

b) Adoption of new or amended standards and interpretations of International Financial Reporting Standards

The following amendments to the existing standards, in effect as of 1 January 2023, are adopted by the EU, but had no significant effect on the Group:

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and Amendments to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and 2. IFRS Practice Statements (IFRS Practice Statement 2): Disclosure of accounting policies (published on February 12, 2021 and effective for annual periods beginning on or after January 1, 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

Notes to the financial statements (continued)

2 Basis for preparation (continued)

b) Adoption of new or amended standards and interpretations of International Financial Reporting Standards (continued)

- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Transitional option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023)

c) New standards and amendments

Several new standards and interpretations have been published that are mandatory for annual periods beginning on or after January 1, 2024, that have been adopted by the EU and that the Group has not previously adopted.

- Amendments to IFRS 16 Leases: Lease liability in a sale-leaseback transaction (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as short-term or long-term - Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, effective for annual periods beginning on or after 1 January 2024).

Unless otherwise stated above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

Several new standards and interpretations have been published that are mandatory for annual periods beginning on or after January 1, 2024, or later, which have not been adopted by the EU and which the Group has not previously adopted.

- IFRS 14, Deferred Recognition of Revenue and Expenses in the Regulated Price System (issued on January 30, 2014 and effective for annual periods beginning on or after January 1, 2016).
- Sale or entry of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Amendments to IAS 21 Effects of changes in foreign exchange rates Lack of exchangeability (issued on August 15, 2023)
- Amendments to IAS 7 Cash flow statement and IFRS 7 Financial Instruments: Disclosures - Financial arrangements of suppliers (originally published on 25 May 2023).

Unless otherwise stated above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

Notes to the financial statements (continued)

2 Basis for preparation (continued)

d) Basis of measurement

Financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, land and buildings which are measured at fair value.

e) Functional and presentation currency

On January 1, 2023, the official monetary currency and official means of payment in the Republic of Croatia became the euro ("EUR") instead of the Croatian kuna ("HRK"). The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency.

On January 1, 2023, all items of assets, liabilities and capital were converted from HRK to EUR using a fixed conversion rate determined by the Croatian government, which was HRK 7.53450 for EUR 1. The change in the functional currency is applied prospectively from the specified date.

In these financial statements, the presentation currency has also been changed, and comparative periods are presented in euros. Since the financial statements of the previous period were presented in Croatian kuna, the change in the presentation currency of the comparative period in this year's financial statements represents a change in the Group's accounting policy.

With regard to the change in accounting policy, the Group presents three reports on the financial position in this year's financial statements: as of January 1, 2022, December 31, 2022, and December 31, 2023. The conversion rate from January 1, 2023, which is HRK 7.53450 for 1 euro, was applied to the balances in the statement of financial position as of December 31, 2022. The conversion rate for the amounts in the statement of financial position as of January 1, 2022 is HRK 7.520447 for 1 euro and represents the average exchange rate published by the Croatian National Bank on that date. The average annual exchange rate for the year 2022 published by the Croatian National Bank was HRK 7.531585 for 1 euro and was used to convert the items of the statement of comprehensive income, changes in capital and cash flows for the year 2022.

Exchange rate differences that arose before January 1, 2023, and refer to the change in the presentation currency, are reclassified within equity from other comprehensive income to retained earnings.

All financial data are presented in EUR unless otherwise stated.

f) 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 reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and given the information available at the date of preparation of the financial statements, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts disclosed in the financial statements are described in Note 25.

Notes to the consolidated financial statements (continued)

2 Basis of preparation (continued)

g) Foreign currency

i) Foreign currency translations

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and amortized cost in foreign currency translated at the spot exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit of loss.

Alongside euro, the most significant currency of Company's assets and liabilities is Macedonian dinar (MKD). The exchange rate used for conversion on 31 December 2023 was 1 EUR = MKD 0.016261 (31 December 2022: 1 EUR = MKD 0.16262). The exchange rate used to translate the share of profit / loss from the joint venture and associate as at 31 December 2022 was 1 EUR = 0.01252 MKD (31 December 2022: 1 EUR = 0.01626 MKD).

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the annual average exchange rates.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (translation reserve).

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in OCI and accumulated in the translation reserve within equity.

Notes to the consolidated financial statements (continued)

3 Significant information on accounting policies

a) *Basis of consolidation*

i) *Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the total is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transaction costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii) *Interests in equity accounted investees*

The Group's interests in equity-accounted investees comprise interests in a joint venture and associate. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in joint venture is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which joint control ceases. Associates are entities over which the Group has significant influence but no control. Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements and are initially recognised at cost.

The Group's share of its associates' post-acquisition gains or losses is recognised in the income statement and its share of their post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

a) Basis of consolidation (continued)

iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity and reserves related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date on which the control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments (refer to accounting policy 3 c) Financial instruments) depending on the level of influence retained.

v) Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Property, equipment and intangible assets

Property and equipment are stated at historical cost or estimated acquisition cost reduced by accumulated depreciation and impairment losses, except for property and land which have been measured according to the revaluation method. The latter method requires that property, fair value of which can be measured reliably, to be recognized at a revalued amount, being its fair value at the date of revaluation reduced by any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of land and buildings is measured on the basis of market benchmarks, in an appraisal that is normally prepared by professionally qualified appraisers at least every five years or more frequently, if there are external indicators of a change in fair value of the property.

Subsequent cost is included in the asset's carrying amount or is recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the period in which they have incurred. Depreciation is provided on all assets except land and assets not yet brought into use on a straight-line basis at prescribed rates designed to write-off the cost over the estimated useful life of the asset.

The estimated useful economic lives are as follows and there has been no change compared to previous year:

Buildings	23 years
Computer and office equipment	4-7 years
Office furniture and equipment	5-7 years
Computer software	2-5 years
Leasehold improvements	period of lease

When an item of property is revalued, the carrying value of that asset is adjusted to the revalued amount so that the accumulated depreciation is decreased against the gross carrying amount of the asset.

Notes to the consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

b) Property, equipment and intangible assets (continued)

The useful life, the residual value and amortization methods are revalued and corrected, if necessary, at each reporting date.

Ljubljanska borza performed the latest valuation of land with building in 2022. On the basis of the valuation the carrying amount of the property is adjusted to fair value as at 30 November 2022 (as described in Note 10.). With the useful life unchanged and using the straight-line method, the depreciation rate increased from 3.537% to 4.332%.

Goodwill

According to IFRS 3 Business Combinations, any excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired on the date of the acquisition is presented as goodwill and recognised as an asset. Following initial recognition, goodwill is measured at cost and is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or the group of cash-generating units) to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is lower than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

c) Financial instruments

Classification

Classification categories

In its portfolio, the Group holds financial assets that are classified as assets at amortized cost, assets at fair value through other comprehensive income (FVOCI) and assets at fair value through profit and loss (FVTPL).

Financial assets at amortized cost

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

Financial assets at fair value through other comprehensive income

Upon initial recognition of an investment in equity instruments that are not held for trading, the Groups may irrevocably decide to recognize subsequent changes in fair value through other comprehensive income. This choice is made on the basis of a particular 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.

Notes to the consolidated financial statements (continued)

3 Significant information on the accounting policies (continued)

c) Financial instruments (continued)

In addition, upon initial recognition, the Group may irrevocably designate financial assets at fair value through profit or loss, although it meets the measurement requirements at amortized cost or at fair value through other comprehensive income, if this eliminates or substantially reduces the accounting mismatch that would otherwise occur.

Financial liabilities

Group's financial liabilities are measured at amortized cost, which includes liabilities other liabilities.

Reclassification

The Group did not reclassified financial assets in 2023.

Business Model Assessment

Shares in open-end and close-end investment funds are held for trading and their performance is assessed on the basis of fair value, and are measured at fair value through profit and loss account, as they are not held for the purpose of collecting the contracted cash flows nor 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 at the trading date, i.e. the date on which the Group assumes the obligation to buy or sell the assets. Loans and receivables and other financial liabilities that are valued at amortized cost are recognized at the time the financial asset is transferred to the borrowers or liability is received from the lender.

The Group ceases to recognise financial assets (in whole or in part) when the right to receive cash flows from a financial asset expires or when it loses control of the contractual rights over such a financial asset. This occurs when the Group substantially transfers all the risks and rewards of ownership to another business entity or when the rights have been exercised, ceded or expired. The Group ceases to recognize financial liabilities only when they cease to exist, i.e. when they are met, cancelled, expired or significantly modified (10 per cent test). If the terms of the financial liability change, the Group will cease to recognize this obligation and start recognizing the new financial liability with the new terms.

Any cumulative gain or loss recognized in the comprehensive income from equity securities under FVOCI option shall not be recognized in the income statement upon termination of recognition of such securities. All interest on transferred financial assets that meet the conditions for cessation of recognition is recognized as a separate asset or liability.

The Group measures investments in the shares (described in note 14 a) by FVOCI option. In accordance with IFRS 9, the Group has decided to value these investments in shares under the FVOCI option since it does not hold such shares for trading. The fair values of those investments are disclosed within note 14 a).

Notes to the consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

c) Financial instruments (continued)

Recognition and derecognition

Financial assets and liabilities are initially recognized at fair value increased by, in case of financial assets and financial liabilities not recognized at fair value through profit or loss, transaction costs that are directly related to the acquisition or issuance of a financial asset or a financial liability. Transaction costs of 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 carried at fair value. Loans and receivables are valued 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.

Fair value measurement principles

The fair value of financial assets at fair value through profit or loss is quoted bid market price at the reporting date, without any deduction for selling costs. The Group assesses separately each financial instrument to determine if there is an active or inactive market for the instrument.

Fair value hierarchy

The Group uses the following levels for determining the fair value of financial instruments:

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

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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 contract assets, the Group 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 Group 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.

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.

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

Notes to the consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

c) Financial instruments (continued)

The Group considers that financial assets are not recoverable if it is unlikely that the debtor will pay its obligations to the Group in full without the Group 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 Group is exposed to credit risk.

The Group 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 Group is entitled under the contract and the cash flows that the Group 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.

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 granted to associates are initially recognized at fair value plus transaction costs, and subsequently at amortized cost reduced by 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.

d) Impairment of non-financial assets

The net carrying amount of the Group'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 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.

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 consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

e) Leases

The Group is a lessor

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

Leases in which the Group 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 Group is an intermediate lessor, it calculates the main lease and sub-lease as two separate contracts. The sub-lease 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 recognised 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 recognised 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 balance of the Group's net investment based on leases.

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

The Group assesses whether it is a lease agreement or whether the contract contains a lease, at the beginning of the contract. The Group shall disclose the right-to-use assets and the corresponding lease liability with regard to all leases in which it is a 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 Group rectilinearly 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), reduced by 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 consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

e) Leases (continued)

The Group remeasures 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 Group 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, reduced by any lease incentives received and any initial direct costs. They are subsequently measured at cost reduced by accumulated depreciation and impairment losses.

When the Group 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 recognised and measured in accordance with IAS 37. If costs relate to right-of-use assets, the costs are included in the associated right-of-use assets, unless those costs are incurred in the production of inventory.

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 Group will take advantage of the purchase option, the right-of-use asset is depreciated through the useful life of the underlying asset. Depreciation starts at the start date of the lease.

The Group applies IAS 36 to determine whether the value of the right-of-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 liability and the right-of-use assets. Related payments are recognised as costs in the period in which the event incurred or the condition that triggered the payments in matter incurred and are presented in 'Other costs' in profit and loss.

As a practical solution, IFRS 16 allows the lessee not to separate non-rental components and to calculate components related to rent and non-rental components as a single component. The Group didn't use that practical solution. For a contract containing a lease-related component and one or more additional non-lease-related components, the Group 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 consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

f) Cash and cash equivalents

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

g) Earnings per share

The Group 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 Group 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.

h) Employee benefits

i) 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.

ii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without any 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 recognised if the Group 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.

iii) 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 recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

iv) Provisions for employee post-employment and other long-term benefits

Defined post-employment and other benefit obligations include the present value of post-employment benefits on retirement and jubilee benefits. They are recognised based on an actuarial calculation approved by the management. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimate and the salary increase estimate. Defined benefit obligations are sensitive to changes in the said estimates because of the complexity of the actuarial calculation and the item's long-term nature.

Notes to the consolidated financial statements (continued)

3 Significant information accounting policies (continued)

j) Taxation

Income tax is based on taxable profit for the year and comprises of 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 at the reporting date, and considering the adjustments to tax payable in respect of positions from previous years.

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 be applied to taxable profit in the years in which those temporary differences are expected to be realized, or settled, based on tax rates enacted 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.

j) Provisions

A provision is recognized if, as a result of a past event, the Group 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 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.

k) Issued share capital, share premium and reserves

Share capital represents the nominal value of paid-in shares classified as equity and reserves and it is denominated in EUR. Share premium represents the excess of fair value of the paid amount over nominal value of the issued 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.

l) 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 Group recognises revenue when it transfers control of a product or service to a customer. The Group recognizes following revenues: trading commissions, membership fees, quotation fees, quotation maintenance fees and other fees.

Commission income is recognized when the service is provided. Fee income is accrued in accordance with the appropriate time period to which the fee relates.

Income from quotation maintenance, 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 recognised over the period in which the client has a substantive right to service.

Notes to the consolidated financial statements (continued)

3 Significant information on accounting policies (continued)

m) 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.

n) Dividend income

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

o) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Management Board (being the chief operating decision making) to make decisions about resources allocated to each segment and assess its performance on the basis of managerial financial information.

The owners and the management (Chief operating decision makers –“CODM”)) for the purpose of assessing the performance and making resource allocations have identified operating segments on a geographical basis. Geographical segmentation is based on the domicile of the Group subsidiaries.

The geographical information analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries.

The Group does not specify any additional reportable segments per product or service type in this moment, given that it is sufficient for CODM to assess the performance and make resource allocation decision on the level of the entire group. Segment reporting analysis is presented in Note 24.

The Group has identified two primary segments: Croatia and Slovenia. The primary segmental information are based on the geographical location of business segments. Segmental results are measured at reported amounts in the financial statements.

p) Investments in associates and joint ventures

Associates are entities in which the Group has significant influence but no control. A significant influence is the power to participate in the financial and operating policies of the 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 Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

Notes to the consolidated financial statements (continued)

4 Revenue	2023	2022
	EUR	EUR
Commissions	960,918	1,105,548
Revenue from quotation maintenance	1,085,816	1,114,789
Revenue from quotation fees	155,502	233,188
Membership fees	65,173	61,696
Total sales revenue	2,267,409	2,515,221

Commissions are charged from members 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.

Revenue from quotation maintenance represents an annual commission for the continuation of inclusion of the securities in the Prime, Official and Regular Market quotations. Quotation fees are collected from issuers of securities on the Prime, 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.

The time schedule for recognizing revenue is as follows:

	Commissi- ons	Income from quotation maintenance	Income from quotation fees	Membership fees	Total
2023	EUR	EUR	EUR	EUR	EUR
Revenues	960,918	1,085,816	155,502	65,173	2,267,409
<i>Timing of revenue recognition</i>					
- in point in time	960,918	-	-	-	960,918
- over the time	-	1,085,816	155,502	65,173	1,306,491
	960,918	1,085,816	155,502	65,173	2,267,409
2022					
Revenues	1,105,548	1,114,789	233,188	61,696	2,515,221
<i>Timing of revenue recognition</i>					
- in point in time	1,105,548	-	-	-	1,105,548
- over the time	-	1,114,789	233,188	61,696	1,409,673
	1,105,548	1,114,789	233,188	61,696	2,515,221

Notes to the consolidated financial statements (continued)

5 Other operating income	2023	2022
	EUR	EUR
Income from sale of information	901,934	831,375
Income from seminars	205,890	161,079
Income from OTC services	87,560	82,156
Income from LEI	79,213	64,814
Income from collected previously corrected receivables	515	12,755
Other sales income	14,206	10,613
Income from rent and sale of assets	-	26,047
Other income	48,457	42,577
Total operating income	1,337,775	1,231,416

Income from sale of information and subscriptions to software for real time trading, as well as revenues from LEI codes, are deferred over the period of subscription duration.

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

The time schedule for recognizing other operating income is as follows:

	Income from sale of information	Income from seminars	Income from OTC services	Income from LEI services	Other sales income	Total
2023						
	EUR	EUR	EUR	EUR	EUR	EUR
Other revenues	901,934	205,890	87,560	79,213	14,206	1,288,803
<i>Timing of revenue recognition</i>						
- in point in time	-	205,890	-	-	-	205,890
- over the time	901,934		87,560	79,213	14,206	1,082,913
	901,934	205,890	87,560	79,213	14,206	1,288,803
2022						
Other revenues	831,375	161,079	82,156	64,814	10,613	1,150,037
<i>Timing of revenue recognition</i>						
- in point in time	-	161,079	-	-	-	161,079
- over the time	831,375		82,156	64,814	10,613	988,958
	831,375	161,079	82,156	64,814	10,613	1,150,037

Notes to the consolidated financial statements (continued)

5 Other operating income (continued)

5.a) Assets and liabilities related to contract with customers

	31 December 2023	31 December 2022
	EUR	EUR
Contract assets		
Contract assets from maintenance of information	55,293	53,145
Contract assets from sale of information	-	13,119
	55,293	66,264
Contract liabilities		
Contract liabilities from quotation maintenance	365,263	375,028
Contract liabilities from quotation fees	63,678	66,278
Other contract liabilities	69,692	69,031
<i>Current contract liabilities</i>	498,633	510,337
Contract liabilities for system upgrade	6,485	12,703
<i>Non-current contract liabilities</i>	6,485	12,703
Total contract liabilities	505,118	523,040

i) Revenues recognised on the basis of contract liabilities

The overview below presents the amounts of income recognized in the current reporting period, which refer to contract liabilities from previous years:

	2023	2022
	EUR	EUR
Contract liabilities from quotation maintenance	375,028	364,719
Contract liabilities from quotation fees	66,278	85,301
Other contract liabilities	69,031	53,454
	510,337	503,474

Notes to the consolidated financial statements (continued)

6 Staff costs	2023	2022
	EUR	EUR
Salaries		
Net salaries	1,138,028	1,212,555
Payroll taxes and surtaxes	115,638	117,290
Payroll contributions	384,187	409,000
Total salaries	1,637,853	1,738,845
Other staff costs	136,451	115,321
Total staff costs	1,774,304	1,854,166

The number of employees at the end of 2023 was 36 (31.12.2022: 36), an average number of employees during 2023, was 37 (2022: 39). Staff costs include EUR 170.1 thousand (2022: EUR 183.3 thousand) of defined pension contributions paid into obligatory pension funds and EUR 58.2 thousand in voluntary pension funds (2022: EUR 57.7 thousand). Contributions are calculated as a percentage of employees' gross salaries. In 2023 bonus payments in Ljubljanska borza d.d. amounted to EUR 98.9 thousand (2022: EUR 4.5 thousand). In 2023, EUR 37.6 thousand salary bonus was paid to Zagrebačka burza d.d, (2022: EUR 34.0 thousand) and EUR 8.4 thousand of bonuses were paid in the treasury shares.

7 Other operating expenses	2023	2022
	EUR	EUR
Costs of software and licenses	664,334	605,335
Fees to the regulators	150,875	142,213
Professional services	109,980	120,500
Other fees and charges	56,604	78,959
Rent of premises	60,332	65,191
Post and telephone services	39,357	41,183
Overhead costs	81,990	77,626
Maintenance of office and equipment expenses	56,812	51,615
Business travel	28,152	21,733
Entertainment costs	29,798	34,726
Costs of conferences, seminars and marketing	73,472	38,478
Other costs	178,850	170,883
Total other operating expenses	1,530,556	1,448,442

Other expenses in the amount of EUR 178.6 thousand relate to costs of materials and energy, insurance costs, and other expenses.

Fees for the audit of Group's financial statements amounted to EUR 41.4 thousand (2022: EUR 41.4 thousand).

During the year, the external auditor has provided non-audit services in the amount of EUR 4.5 thousand (2022: EUR 4.5 thousand). In accordance with the EU Regulation, the services provided during 2023 represent permissible non-audit services.

Notes to the consolidated financial statements (continued)

8 Financial income and expenses

	<u>2023</u>	<u>2022</u>
	EUR	EUR
Interest income	35,344	2,236
Other financial income	<u>2,515</u>	<u>264</u>
Total financial income	<u>37,859</u>	<u>2,500</u>
Dividend income	32,593	13,474
Unrealised net gains/(losses) from financial assets at fair value through profit or loss	14,433	(83,529)
Realised net gains/(losses) from financial assets at fair value through profit or loss	<u>12,100</u>	<u>(11,762)</u>
	<u>26,533</u>	<u>(95,291)</u>
Interest expense	<u>(10,944)</u>	<u>(13,166)</u>
Losses from foreign exchange differences	(1,102)	(11,643)
Gains from foreign exchange differences	100	7,711
Net gain (loss) from foreign exchange differences	<u>(1,002)</u>	<u>(3,932)</u>
Financial result	<u>85,039</u>	<u>(96,415)</u>

Notes to the consolidated financial statements (continued)

9 Income tax

<i>a) Income tax</i>	2023	2022
	EUR	EUR
Current income tax expense	14,917	13,260
Deferred income tax	(1,587)	(13,051)
Total income tax	13,330	209
Deferred taxes for temporary tax differences for items of other comprehensive income that cannot be reclassified through profit and loss	(20,405)	5,923
Net income tax on total other comprehensive income	(7,075)	6,132

b) Reconciliation of accounting profit and current income tax liability

	2023.	2022.
	EUR	EUR
Profit (loss) before tax	77,178	85,747
Tax calculated at 18% (2022: 18%)	13,892	15,434
Effects of different tax rates	(3,489)	699
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Tax non-deductible expenses	12,472	11,749
Non-taxable income	(16,241)	(8,355)
Increase of fair value of financial assets at fair value through other comprehensive income	-	12,635
Use of tax losses	-	(16,123)
Tax losses from Zagrebačka burza d.d. not recognized as deferred tax assets	6,696	(15,830)
Income tax	13,330	209

c) Tax losses carried forward

Gross tax losses amounting to EUR 20,926 are available for offset against future taxable profits of the Company at the end of 2023. A tax loss may be carried forward by the Company and is subject to review by the Ministry of Finance. As of 31 December 2023, the Group did not recognise deferred tax assets in respect of Zagreb Stock Exchange Inc.'s tax losses carried forward, as it is uncertain when sufficient taxable profits will be available against which the deferred tax assets can be utilised. On the next reporting date, the Group will reassess the assumptions for the recognition of deferred tax assets.

Notes to the consolidated financial statements (continued)

9 Income tax (Continued)

c) Tax losses carried forward (continued)

Tax losses cannot be transferred and used within the group members. Ljubljanska borza d.d. recognized deferred tax assets based on the tax losses carried forward from previous years in the amount of EUR 16,830 (31.12.2022: EUR 16,830). Despite the existence of tax losses from previous periods, Ljubljanska borza d.d. had a current income tax expense of EUR 14,917 (2022: EUR 13,260) since tax losses in Slovenia can only be used up to 50% of the profit.

As of December 31, the gross tax losses available to be carried forward are as follows:

Tax losses carried forward

	2023	2022
	EUR	EUR
Up to 1 year	-	17,879
Up to 2 years	-	-
Up to 3 years	37,756	-
Up to 4 years	-	38,287
Up to 5 years	-	-
Total losses carried forward	37,756	38,287

The tax return was prepared in line with regulatory requirement. In accordance with tax regulations, the Tax Authority may at any time review the books and records of the Company for a period of three years 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.

d) Deferred tax assets/liabilities

As of December 31, 2023, the Group recognised deferred tax assets arising from temporary differences (trade receivables, depreciation, financial assets, provisions and tax losses carried forward by Ljubljanska borza d.d.).

	Tax deferred assets	Tax deferred liabilities	Net deferred tax assets (liabilities)
	EUR	EUR	EUR
On January 1, 2022	23,790	(25,101)	(1,311)
Change in the year	13,057	5,912	18,969
As of December 31, 2022	36,847	(19,189)	17,658
On January 1, 2023	36,847	(19,189)	17,658
Change in the year	1,586	(20,404)	(18,819)
As of December 31, 2023	38,433	(39,593)	(1,160)

Notes to the consolidated financial statements (continued)

9 Income tax (continued)

d) Deferred tax assets/liabilities (continued)

Deferred tax assets

	Trade receivables	Financial assets	Depreci- ation	Tax losses carried forward	Provisi- ons	Total
	EUR	EUR	EUR	EUR	EUR	EUR
On January 1, 2022	12,540	-	2,764	6,687	1,799	23,790
(Decrease)/Increase in deferred tax assets recognized in the income statement	(1,228)	11,541	1,866	(3,489)	4,361	13,051
Foreign exchange differences due to the change of functional currency	6	-	-	-	-	6
As of December 31, 2022	11,318	11,541	4,630	3,198	6,160	36,847
On January 1, 2023	11,318	11,541	4,630	3,198	6,160	36,847
(Decrease)/Increase in deferred tax assets recognized in the income statement	1,620	(2,878)	939	505	1,400	1,586
As of December 31, 2023	12,938	8,663	5,569	3,703	7,560	38,433

Deferred tax liabilities

	Fair value adjustment of property	Fair value adjustments FI through OCI	Fair value adjustments of actuarial reserves	Total
	EUR	EUR	EUR	EUR
On January 1, 2022	25,482	-	(381)	25,101
Decrease of deferred tax liability recognized through profit and loss account	(5,714)	-	(209)	(5,923)
Foreign exchange differences due to the change of functional currency	11			11
As of December 31, 2022	19,779	-	(590)	19,189
Increase of deferred tax liability recognized through other comprehensive income	-	20,168	237	20,405
As of December 31, 2023	19,779	20,168	(353)	39,594

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Notes to the consolidated financial statements (continued)

10 Property and equipment	Land and property	Computers	Furniture and other equipment	Leasehold improvements	Total
	EUR	EUR	EUR	EUR	EUR
Purchase value					
On January 1, 2022	1,023,561	732,896	325,489	203,255	2,285,201
Increases	-	109,256	84,311	-	193,567
Write-offs	-	-	(50,855)	-	(50,855)
Effects of movements in exchange rate	58	(1,330)	(596)	(380)	(2,248)
As of December 31, 2022	1,023,619	840,822	358,349	202,875	2,425,665
On January 1, 2023	1,023,619	840,822	358,349	202,875	2,425,665
Increases	7,307	6,282	15,220	-	28,809
Write-offs	-	(918)	(4,658)	-	(5,576)
As of December 31, 2023	1,030,926	846,186	368,911	202,875	2,448,898
Accumulated depreciation					
On January 1, 2022	(158,213)	(634,088)	(189,284)	(168,641)	(1,150,226)
Depreciation expense	(6,869)	(35,285)	(49,895)	(10,859)	(102,908)
Write-offs	-	-	47,094	-	47,094
Effects of movement in exchange rate	(29,760)	1,197	457	317	(27,789)
As of December 31, 2022	(194,842)	(668,176)	(191,628)	(179,183)	(1,233,829)
On January 1, 2023	(194,842)	(668,176)	(191,628)	(179,183)	(1,233,829)
Depreciation expense	(46,007)	(49,374)	(32,083)	(6,806)	(134,270)
Write-offs	-	-	5,575	-	5,575
As of December 31, 2023	(240,849)	(717,550)	(218,136)	(185,989)	(1,362,524)
Net book value					
As of December 31, 2022	828,777	172,646	166,721	23,692	1,191,836
As of December 31, 2023	790,077	128,636	150,775	16,886	1,086,374

Notes to the consolidated financial statements (continued)

10 Property and equipment (continued)

Due to the change in market conditions from the last valuation of property, Ljubljanska borza obtained a new valuation at the end of 2022, based on the market comparisons method and the yield-based method. Specific sales of 36 office premises in the area of the property being valued and the wider surrounding area were reviewed and analysed. On the basis of this analysis, it was found that the sales price of the premises ranges between EUR 1,850.00/m² and EUR 3,550.00/m² (the arithmetic mean of the sales analysed is EUR 2,438.30/m²). The 5 comparable sales were then selected among the specific property sales. The arithmetic mean of the adjusted values of the selected comparable properties was used to determine the indicative value of the appraised property. On this basis, the value of the property was established by the market comparisons method at EUR 833 thousand

As the property which is being valued can be rented out and thus generate a certain cash flow, a recalculation of the value in the case of a return on investment was also made. Statistical analysis of the selected data shows that rents for office premises range between EUR 13.00/m² and EUR 57.00/m², the arithmetic mean of the rents analysed being EUR 22,08/m² (sample size 21). Taking into account the rents of comparable properties, the value of the property under the capitalisation method is EUR 835 thousand.

Thus, on the basis of the valuation obtained from a chartered valuer, Ljubljanska borza has adjusted the carrying amount of the property to fair value as at 30 November 2022 of EUR 833 thousand by reducing the previously established revaluation surplus of EUR 30 thousand (EUR 24 thousand net of the deferred tax) and by increasing the depreciation allowance. With the useful life unchanged and using the straight-line method, the depreciation rate increased from 3.537% to 4.332%.

If the building and the land were to be accounted for using the historical cost model, the carrying amount of the building and the land as of December 31, 2023 would be EUR 710 thousand.

Notes to the consolidated financial statements (continued)

11 Intangible assets and goodwill

	Software	Long term deferred costs	Goodwill	Asset under construction	Total
	EUR	EUR	EUR	EUR	EUR
Purchase value					
On January 1, 2022	397,312	29,972	157,898	34,977	620,159
Increase	138,473	95	-	31,534	170,102
Effect of movement in exchange rate	268	13	(463)	(78)	(260)
As of December 31, 2022	536,053	30,080	157,435	66,433	790,001
On January 1, 2023	536,053	30,080	157,435	66,433	790,001
Increase	7.957	-	-	20.057	28,014
Transfer	54.968	-	-	(54,698)	-
Write-off	(99,724)	(4,674)	-	-	(104,398)
As of December 31, 2023	499,254	25,406	157,435	31,522	713,617
Accumulated depreciation					
On of January 1, 2022	(247,349)	-	-	-	(247,349)
Depreciation expense	(47,207)	-	-	-	(47,207)
Effect of movement in exchange rate	50	-	-	-	50
As of December 31, 2022	(294,506)	-	-	-	(294,506)
On January 1, 2023	(294,506)	-	-	-	(294,506)
Depreciation expense	(69,773)	-	-	-	(69,773)
Write off	99,724	-	-	-	99,724
As of December 31, 2023	(264,555)	-	-	-	(264,555)
Net book value					
As of December 31, 2022	241,547	30,080	157,435	66,433	495,495
As of December 31, 2023	234,699	25,406	157,435	31,522	449,062

Notes to the consolidated financial statements (continued)

12 Right-of-use assets

	Buildings	Land	Equipment	Total
	EUR	EUR	EUR	EUR
Purchase value				
On January 1, 2022	436,497	39,330	40,235	516,062
Increase	-	-	31,770	31,770
Write-off	-	-	(16,337)	(16,337)
Effect of movement in exchange rate	(375)	20	(81)	(436)
As of December 31, 2022	436,122	39,350	55,587	531,059
On January 1, 2023	436,122	39,350	55,587	531,059
Increase	-	-	-	-
As of December 31, 2023	436,122	39,350	55,587	531,059
Accumulated depreciation				
On January 1, 2022	(59,170)	(11,800)	(15,989)	(86,959)
Increase	(87,170)	(3,934)	(12,781)	(103,885)
Write-off	-	-	16,186	16,186
Effect of movement in exchange rate	(296)	(5)	29	(272)
As of December 31, 2022	(146,636)	(15,739)	(12,555)	(174,930)
On January 1, 2023	(146,636)	(15,739)	(12,555)	(174,930)
Increase	(87,136)	(3,935)	(12,868)	(103,939)
As of December 31, 2023	(233,772)	(19,674)	(25,423)	(278,869)
Net book value				
As of December 31, 2022	289,486	23,611	43,032	356,129
As of December 31, 2023	202,350	19,676	30,164	252,190

Notes to the consolidated financial statements (continued)

12 Right-of-use assets (continued)

The lease of right-of-use assets refers to several personal vehicles leased for the period of 3 to 5 years and property leased for to 7 years. The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 4.2%.

Amounts recognised in other comprehensive income statement:	2023	2022
	EUR	EUR
Depreciation expense on right-of-use assets	103,939	103,885
Interest expense on lease liabilities	10,905	12,966
Expense relating to short-term leases	18,174	19,754

The movement of liabilities for operating lease under IFRS 16 was as follows:

	2023	2022
	EUR	EUR
<i>On January 1</i>		
Non-current lease liabilities	251,402	321,074
Current lease liabilities	96,925	96,712
	348,327	417,786
<i>Movement during the year</i>		
Increase during the year (Note 12)	-	31,770
Repayment	(96,925)	(101,754)
Foreign exchange differences	-	525
As of December 31	251,402	348,327

Lease liabilities are due and payable as follows:

	31.12.2023	31.12.2022
	EUR	EUR
Within a year	100,166	96,925
In the second year	103,016	99,850
In the third year	38,578	103,016
In the fourth year	4,222	38,578
In the fifth year	4,002	4,222
After five years	1,418	5,736
Total	251,402	348,327

Notes to the consolidated financial statements (continued)

12 Right-of-use assets (continued)

The contracted non-discounted liability for lease in following years:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	EUR	EUR
Within a year	106,526	106,058
In the second year	106,007	106,469
In the third year	38,931	106,279
In the fourth year	4,224	39,217
In the fifth year	4,002	4,525
After five years	1,418	6,906
Total	<u>261,108</u>	<u>369,454</u>

13 Investments in associates and joint ventures

	<u>31.12.2023</u>	<u>31.12.2022</u>
	EUR	EUR
Investment in Makedonska burza a.d. Republic of North Macedonia	1,224,440	1,220,789
Investment in SEE Link Ltd, Republic of North Macedonia	12,796	16,606
Investment in Funderbeam South-East Europe Ltd Croatia	-	-
Investment in Adria Digital Exchange Ltd, Croatia	1,200	-
Total investments in associates and joint ventures	<u>1,238,436</u>	<u>1,237,395</u>

As of December 31, the Group's associate and joint venture were as follows:

	Company	Country	Nature of business	Ownership share	
				2023 %	2022 %
Joint venture	SEE Link Ltd	North Macedonia	Stock-exchange order routing	43.33	43.33
Associate	Funderbeam SEE Ltd	Croatia	Finance intermediary	30	30
Associate	Makedonska burza a.d.	North Macedonia	Stock exchange and related activities	30	30
Associate	Adria Digital Exchange Ltd	Croatia	Research and development of potential for trading and management of virtual assets	24	-

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint ventures (continued)

SEE LINK Ltd

SEE Link Ltd, is a joint venture (Zagrebačka burza d.d. has 1/3 ownership) that was founded in 2014. During 2015, all three owners paid in additional EUR 23.5 thousand (HRK 177 thousand) in order to increase share capital of SEE Link Ltd Together with Makedonska burza a.d. which holds 33.33% of SEE Link d.o.o as at 31 December 2023 the Group holds 43.33% share in the mentioned company (31.12.2023: 43.33%).

Summary of financial data for SEE Link Ltd is as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	EUR	EUR
Share in ownership	43.33%	43.33%
Non-current assets	12,995	18,771
Current assets	44,391	68,449
<i>Of which Cash and cash equivalents</i>	25,762	37,632
Total assets	<u>57,386</u>	<u>87,220</u>
Non-current liabilities	-	-
Current liabilities	16,731	34,991
<i>Of which Current financial liabilities</i>		-
Total liabilities	<u>16,731</u>	<u>34,991</u>
Total income	14,184	24,112
Depreciation and amortization	5,770	5,778
Net interest income/(cost)	(59)	(34)
Income tax	-	-
Profit/loss for the year	<u>(11,798)</u>	<u>(4,553)</u>

Macedonian Stock Exchange

The stocks of Macedonian Stock Exchange were acquired in steps. The named assets have been classified as non-current financial assets through other comprehensive income until the moment when the share in that company exceeded 20%, and on July 8, 2022, investments acquired until then were reclassified from financial assets at fair value through comprehensive income to investments in associates. As of the day preceding the acquisition of a qualified share in the associated company, the Group recorded reserves from changes in fair value in the amount of EUR 70.2 thousand through other comprehensive income in 2022. As of December 31, 2023, the Group holds a 30% stake in the associated company (December 31, 2022: 30%).

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint ventures (continued)

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

	31.12.2023	31.12.2022
	EUR	EUR
	30%	30%
Ownership share		
Fixed assets	2,210,211	2,082,490
Current assets	764,827	1,004,078
<i>Of which Cash and cash equivalents</i>	11,488	49,079
Total assets	2,975,038	3,086,568
Long-term liabilities	-	-
Short-term liabilities	46,985	84,351
<i>Of which Short-term financial liabilities</i>	-	-
Total liabilities	46,985	84,351
Total revenue	697,266	896,404
Amortization	68,773	57,215
Net interest expense	23,654	22,536
Profit tax	3,489	19,164
Profit / (loss) of the period	31,371	187,524

Funderbeam South-East Europe Ltd

Funderbeam South-East Europe Ltd is an associated company founded in 2017. During 2018, the year in which business operations started, the Company paid an additional EUR 6 thousand to increase the share capital of Funderbeam South-East Europe Ltd. In 2020, the Company acquired a new share in the amount of EUR 3.77 thousand (HRK 28.4 thousand), The ownership share as of December 31, 2023 is 30% (December 31, 2022: 30%).

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

	31.12.2023	31.12.2022
	EUR	EUR
	30%	30%
Share in ownership		
Non-current assets	16,509	17,035
Current assets	770	16,456
<i>Of which Cash and cash equivalents</i>	438	15,575
Total assets	17,279	33,491
Non-current liabilities	111,408	122,908
Current liabilities	30,207	38,294
<i>Of which Current financial liabilities</i>	29,854	29,863
Total liabilities	141,615	161202
Total income	43,460	81,486
Net interest income/(cost)	(2,834)	(2,781)
Income tax	-	7,172
Loss for the year	(1,359)	2,542

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint ventures (continued)

Adria Digital Exchange Ltd

Adria Digital Exchange Ltd is an associated company founded in 2023 with subscribed capital amounting to EUR 5 thousand out of which the Company holds share of nominal value amounting to EUR 1.2 thousand which represents 24% share of the issued capital. (December 31, 2022: 0%).

Summary of financial data for Adria Digital Exchange Ltd is as follows:

	2023
	EUR
Ownership share	24%
Fixed assets	-
Current assets	4,727
<i>Of which Cash and cash equivalents</i>	4,727
Total assets	4,727
Long-term liabilities	-
Short-term liabilities	-
<i>Of which Short-term financial liabilities</i>	-
Total liabilities	-
Total revenue	-
Net interest income / (expense)	-
Profit tax	-
Profit / (loss) for the period	(273)

14 Financial assets at fair value

	31.12.2023	31.12.2022
	EUR	EUR
a) Financial assets at fair value through other comprehensive income		
Investments in stocks	142,738	26,163
Investments in shares	6,355	-
Total	149,093	26,163

Investments in equity instruments in the amount of EUR 145.9 thousand (31 December 2022: EUR 26.2 thousand) relate to planned long-term investments.

Stocks in the amount of EUR 142.7 thousand (31.12.2022: EUR 26.2 thousand) relate to the share in capital of the company Središnje klirinško depozitarno društvo d.d. (SKDD). In 2023, the Company acquired additional stocks in the amount of EUR 4.5 thousand. On December 31, 2023 the Company performed an assessment of the fair value of the investment and accordingly increased the fair value reserves of assets valued at fair value in the amount of EUR 112 thousand.

Notes to the consolidated financial statements (continued)

14 Financial assets at fair value (continued)

During the initial recognition, the Group decided to classify these instruments as financial assets at fair value through other comprehensive income, in accordance with IFRS 9.

	31.12.2023	31.12.2022
	EUR	EUR
b) Financial assets at fair value through profit or loss		
Shares in open-end investment funds	736,505	1,191,398
Total	736,505	1,191,398

Shares in open-end investment funds are classified as level 1 fair value as at 31 December 2023 and 31 December 2022 given that the price of shares in the fund is publicly available and is used for buying or selling shares in the fund.

15 Financial assets at amortized value

	31.12.2023	31.12.2022
	EUR	EUR
a) Long-term assets		
Guarantee deposits	33,166	33,167
Loans granted to an associated company	27,381	28,881
	60,547	62,048
b) Current assets		
Short-term deposits with maturity over 3 months	1,926,545	208,518
Investments in treasury bills	378,130	-
Total	2,304,675	208,518
	2,365,222	270,566

Short-term deposits as of December 31, 2023 refer to deposits placed in several banks for a term longer than 3 months and shorter than 12 months.

16 Trade receivables and other assets

	31.12.2023	31.12.2022
	EUR	EUR
Trade receivables	447,882	414,576
Prepayments made	6,960	3,547
Receivables from state for taxes, contributions and compensations	36,552	92,252
Other assets	94,185	3,350
Impairment allowance	(45,334)	(46,672)
Total	540,245	467,053

Notes to the consolidated financial statements (continued)

16 Trade receivables and other assets (continued)

The movement of the impairment of trade receivables

	2023	2022
	EUR	EUR
Balance on 1 January	(46,672)	(228,986)
Impairment losses	(4,081)	(620)
Write-off	-	170,184
Collection of previously adjusted receivables	5,419	12,755
Foreign exchange differences	-	(5)
As of December 31	(45,334)	(46,672)

At the reporting date, the Group had overdue not impaired receivables in the amount of EUR 72.6 thousand (31 December 2022: EUR 55.3 thousand). Taking into account the historical experience of the occurrence of the default status of the debtors and the analysis of the current financial position of the debtors, it is not expected that credit losses will occur.

	Not past due	< 90	90 - 120	> 120
31.12.2023	EUR	EUR	EUR	EUR
Trade receivables and other assets - gross amount	329,953	72,595	-	45,334
Contract assets - gross amount	55,293	-	-	-
Expected credit losses	-	-	-	(45,334)
Trade receivables and other assets and contract assets - net amount	385,246	72,595	-	-
Expected credit loss rate	-	-	-	100%

	Not past due	< 90	90 - 120	> 120
31.12.2022	EUR	EUR	EUR	EUR
Trade receivables and other assets - gross amount	324,543	43,561	-	46,472
Contract assets	66,264	-	-	-
Expected credit losses	-	-	-	(46,472)
Trade receivables and other assets and contract assets - net amount	390,807	43,561	-	-
Expected credit loss rate	-	-	-	100%

Notes to the consolidated financial statements (continued)

17 Cash and cash equivalents

	31.12.2023	31.12.2022
	EUR	EUR
Gyro account in foreign currency (EUR)	267,077	1,816,193
Gyro account in foreign currency (MKD)	6,184	6,184
Cash in hand	422	96
Total	273,683	1,822,473

18 Issued share capital

Movement of ordinary shares:

	Number of shares	Share capital in EUR
On January 1, 2022	4,635,700	6,152,631
Regular decrease of issued share capital and consolidation of shares	(2,317,850)	(3,076,315)
As of December 31, 2022	2,317,850	3,076,316
On January 1, 2023	2,317,850	3,076,316
Alignment of issued capital with the Companies Act	-	(1)
As of December 31, 2023	2,317,850	3,076,315

a) Ordinary shares and reduction of issued share capital

All issued shares are authorized and fully paid ordinary shares. On August 31, 2016, all issued shares were listed on the Official Market of the Zagreb Stock Exchange. As of December 31, 2023, the Company had 195 shareholders (December 31, 2022: 184 shareholders) with ownership interests in the Company ranging between 0,0001% and 9.99%.

Based on the Decision of the Company's Assembly dated June 14, 2022, the share capital of the Company is reduced in a regular procedure for the purpose of transferring EUR 3,076,316 to other reserves of the Company. By undertaking the share capital reduction, the nominal value per share is reduced to the amount which is lower than the minimum nominal amount permitted under Article 163(2) of the Companies Act. Hence, the share capital is reduced in a regular procedure through a consolidation of shares (reverse split), in accordance with Article 342(4) of the Companies Act. The shares are consolidated at a ratio of 2:1 by issuing to each shareholder 1 registered share with a nominal value of EUR 1.33 for 2 shares outstanding.

Based on the decision of the Company's General Assembly dated June 12, 2023, for the purposes of aligning the Company's share capital and parts of that capital that relate to individual shares with the provisions of Article 21 of the Act on Amendments to the Companies Act ("Official Gazette" No. 114/22), all shares of the Company, ZB-R-A shares with a nominal amount were replaced for shares without a nominal amount.

Notes to the consolidated financial statements (continued)

18 Issued share capital (continued)

b) Covering the transferred loss from other reserves

On June 30, 2022, the Management Board of the Company, based on Article 7 of the Company's Statute, made a decision on covering the transferred loss in the amount of EUR 2,261 thousand from other reserves.

c) Own shares

In accordance with the Resolution of the General Assembly of the Company dated June 14, 2022, by which the Company's Management Board is authorized to acquire up to 10,000 own shares during a period of 5 years from the date of the adoption of that Resolution, the Company launched the Own Shares Buy-Back Program starting as of October 3, 2022 and lasting until October 2, 2023 at the latest. The Company acquired 10,000 of own shares until the prescribed date and additional 32 own shares were acquired in the process of regular decrease of the issued share capital. The average price of the shares acquired amounts to EUR 3.56 per share with the range from EUR 3.12 to EUR 4.00 per share.

The movements of own shares were as follows:

	Number of shares	Acquisition cost EUR
On January 1, 2022	-	-
Acquisition in 2022	5,532	18,409
As of December 31, 2022	5,532	18,409
On January 1, 2023	5,532	18,409
Acquisition in 2023	4,500	17,257
Disposal in 2023	(1,663)	(5,182)
As of December 31, 2023	8,369	30,484

In 2023, the Company granted 1,663 own shares to members of the Company's management board, the acquisition cost of which was EUR 5.2 thousand. The income of the members of the management based on the allocated shares, including the corresponding income tax, amounted to EUR 8.4 thousand, by which the Company's retained earnings were reduced.

19 Earnings per share

The calculation of earnings per share as of December 31, 2023, is as follows:

	2023	2022
Net profit/(loss) for the period (EUR)	63,848	85,539
Weighted average number of ordinary shares during the period	2,309,793	2,317,850
Basic and diluted profit/(loss) per share (EUR)	0.03	0.04

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

Notes to the financial statements (continued)

20 Trade and other payables

	31.12.2023	31.12.2022
	EUR	EUR
Trade payables	160,539	135,672
Liabilities toward employees	71,612	73,607
VAT liability	19,098	16,233
Other short-term payables	92,488	105,328
Total trade and other payables	343,737	330,840

Other short-term liabilities represent liabilities for contributions from and on salaries and other liabilities.

21 Accrued expenses and provisions

	31.12.2023	31.12.2022
	EUR	EUR
<i>Accrued expenses</i>		
Accrued bonuses LJSE	34,909	79,530
Other accrued costs	11,706	19,674
	46,615	99,204
<i>Provisions</i>		
Provisions for post-employment benefits	26,144	23,605
	26,144	23,605

Provisions for post-employment and other long-term benefits

Defined post-employment and other benefit obligations include the present value of post-employment benefits on retirement and jubilee benefits. They are recognized based on an actuarial calculation approved by the management. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimate, and the salary increase estimate. Defined benefit obligations are sensitive to changes in the said estimates because of the complexity of the actuarial calculation and the item's long-term nature.

Pursuant to the law, the collective agreement and the internal rules, Ljubljanska burza is obligated to pay its employees' jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labor costs and costs of interest are recognized in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealized actuarial gains or losses arising from post-employment benefits are recognized in other comprehensive income.

Notes to the consolidated financial statements (continued)

21 Accrued expenses and provisions (continued)

Provisions for post-employment and other long-term benefits (continued)

Considering the staffing developments in 2023, the Ljubljanska burza reversed portion of formed provisions for unused vacation time and jubilee benefits to employees in the amount of EUR 2.5 thousand.

Assumptions used in the calculation:

- Interest rate on long-term government bonds with a maturity of 10 years of 3.6% in nominal terms,
- The expected long-term growth of salaries, jubilee benefits and non-taxable amounts of 3.5% annually,
- Gross salary per employee.

22. Financial instruments - risk exposures

Interest rate risk

The Group does not have significant amount of variable interest-bearing assets. The most significant interest-earning assets are short-term deposits in banks which have a fixed interest rate and expose the Group to the risk of changes in fair value. The Group has no financial obligations on which it pays interest. The impact of changes in market interest rates on income statement is therefore assessed as not significant.

Foreign currency risk

As of December 31, 2023, the Group has the assets and liabilities denominated in foreign currencies as presented below.

	December 31, 2023			December 31, 2022		
	MKD	EUR	+/- 1% EUR	MKD	EUR	+/- 1% EUR
Cash (Note 17)	380,282	6,184	62	380,282	6,184	62
Net impact prior to corporate income tax			62			62
Net impact after corporate income tax			62			62

Notes to the consolidated financial statements (continued)

22. Financial instruments - risk exposures (continued)

Credit risk

The largest net exposure to credit risk is as follows:

	31 December 2023	31 December 2022
	EUR	EUR
Cash and cash equivalents (excluding cash on hand) (Note 17)	273,261	1,822,377
Trade receivables and other assets (Note 16)	409,508	460,156
Contract assets (Note 5a)	55,293	66,264
Deposits (Note 15)	1,959,711	241,685
Treasury bills (Note 15)	378,130	-
Loans given to an associate (Note 15)	27,381	28,881
In total	3,103,284	2,619,363

The Group generally does not take collateral due to the nature of its operations. Other than short-term deposit and cash in domestic banks (Note 15 and 17), the Group did not have significant concentration of credit risk at the reporting date. The Group's credit risk is mitigated by depositing funds in various domestic banks with credit ratings from A+ to Baa+.

Price risk

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

Price risk is mitigated by the Group through diversification of its portfolio of investments in open-end investment funds to various types of funds, managed by different investment companies, and investing in cash funds. Assuming all other variables remain unchanged, a decrease/increase in the market price of units in investment funds by +/-1% at the reporting date would result in decrease/increase of profit before tax by EUR 7 thousand (2022: EUR 12 thousand).

Liquidity risk

The Group does not have interest-bearing borrowings. All trade payables are due in range of 0 to 3 months. Lease liabilities refers to several personal vehicles leased for the period of 3 to 5 years and property and land leased of up to 7 years. Non discontinued payments for lease liabilities are disclosed in note 12. Cash and cash equivalents and financial assets at the reporting date significantly exceed liabilities. Financial liabilities which include trade and other payables, deferred income and accrued expenses have maturity of up to one year.

Notes to the consolidated financial statements (continued)

23 Related parties

The Company considers that it has an immediate related party relationship with its key shareholders, its subsidiary, joint venture and associate, the Supervisory and Management Board members and other executive management (together “key management”); close family members of key management; and jointly controlled by Management Board members and their close family members, in accordance with definitions contained in International Accounting Standard 24 “Related Party Disclosures” (IAS 24).

During 2023, Zagreb Stock Exchange generated revenues from Funderbeam South-East Europe in the amount of EUR 1.7 thousand (2022: EUR 3.2 thousand). Receivables from Funderbeam South -East Europe as of 31 December 2023 amount to EUR 30.8 thousand (31 December 2022: EUR 32.6 thousand).

During 2023, Zagreb Stock Exchange had expenses from SEE Link in the amount of EUR 2.7 thousand (2022: EUR 4.5 thousand). Liabilities to SEE Link as at 31 December 2023 amount to EUR 0 (December 31, 2022: EUR 0.9 thousand). In the same period, Ljubljanska borza had expenses from SEE link in the amount of EUR 12.4 thousand (2022: EUR 12.6 thousand).

During 2023, Zagreb Stock Exchange had expenses from Macedonian Stock Exchange in the amount of EUR 597 (2022: EUR 125). The Company does not have liabilities to Macedonian Stock Exchange as of December 31, 2023, nor did it have as of December 31, 2022.

Remuneration to Management Board throughout the year was (both Zagreb Stock Exchange Inc and Ljubljanska borza d.d.) EUR 518 thousand (2022: EUR 497 thousand) out of which EUR 76.2 thousand relates to payments to the obligatory pension fund and EUR 16.07 thousand to voluntary pension fund. In 2023 Ljubljanska boza paid the remuneration to the members of the Supervisory Board in the amount of EUR 4.8 thousand (2022: EUR 0).

Notes to the consolidated financial statements (continued)

24 Segment reporting

In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

2023	Croatia	Slovenia	Reportable segments total	Adjustments	Consolida- tions totals
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
External revenue	2,017	1,637	3,654	(49)	3,605
Staff costs	(1,002)	(772)	(1,774)	-	(1,774)
Depreciation and amortization	(208)	(110)	(318)	10	(308)
Other operating expenses	(841)	(738)	(1,579)	48	(1,531)
Financial income	18	19	37	-	37
Financial expense	(10)	(1)	(11)	-	(11)
Income from dividends	139	-	139	(106)	33
Net profit (losses) from financial assets at fair value through profit and loss	27	-	27	-	27
Net foreign exchange loss	-	(1)	(1)	-	(1)
Share in Profit (loss) in a joint venture and associates	-	-	-	-	-
Segment profit (loss) before tax	140	34	174	(97)	77
Capital expenditure	42	60	102	-	102

2022	Croatia	Slovenia	Reportable segments total	Adjustments	Consolida- tions totals
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
External revenue	2,036	1,765	3,801	(54)	3,747
Staff costs	(1,004)	(851)	(1,855)	-	(1,855)
Depreciation and amortization	(180)	(83)	(263)	10	(253)
Other operating expenses	(798)	(710)	(1,508)	58	(1,450)
Financial income	2	1	3	-	3
Financial expenses	(12)	(1)	(13)	-	(13)
Income from dividends	56	-	56	(42)	14
Net profit (losses) from financial assets at fair value through profit and loss	(95)	-	(95)	-	(95)
Net foreign exchange loss	(4)	-	(4)	-	(4)
Share in Profit (loss) in a joint venture and associates	-	-	-	(8)	(8)
Segment profit (loss) before tax	1	121	122	(36)	86
Capital expenditure	264	132	396	-	396

Notes to the consolidated financial statements (continued)

25 Key accounting estimates and assumptions

The Management Board uses estimates and assumptions concerning the future events. The resulting accounting estimates will therefore, by definition, seldom equal the actual results. The estimates and judgments which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with accounting policy 3 b). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amount of cash-generating units is determined based on value-in-use calculations. These calculations use cash flow projections from financial budgets approved by the Management and cover a period of five years.

Goodwill

Goodwill relates entirely to goodwill arising on acquisition of the subsidiary Ljubljanska borza d.d. The Group annually performs an impairment test in order to assess whether the recoverable amount of goodwill indicates potential impairment of its carrying amount. The calculation of the recoverable amount of goodwill is based on five-year plans for revenue on the Slovenian market and business plans of the subsidiary developed by the Group bearing in mind its corporate and marketing strategy, relevant markets trends.

The calculation of the recoverable amount implies a terminal growth rate for cash flows after the projected five-year period amounting to 2%. Cash flows created from such plans are discounted using the discount rate which reflects the return of the underlying asset, which is defined for the purposes of the goodwill impairment test as a weighted average cost of capital for the Slovenian market.

The calculations of value in use for the cash-generating units are most sensitive to the following assumptions:

Revenue and gross margins - Revenue and gross margins are based on average values achieved in the recent years preceding to the start of the business plan period. These are increased over the business plan period for anticipated for the expected customer retention rate, expansion in business, synergies and efficiency improvements.

Growth rates - The business plan terminal growth rates are based on market outlook. Average revenue growth rate for business plan period is 7.0%.

Discount rates - Discount rates represent the current market assessment of the risks specific to the CGU. This is the benchmark used by the Group to assess operating performance and to evaluate future investment proposals. In assessment for 2023, the Group applied discount rate amounting to 11.2%.

In the event that the discount rate increases by 0.8% with an unchanged income growth rate, the estimated value of the Ljubljana Stock Exchange would decrease by EUR 4,020 thousand. If the discount rate were to decrease by 1.2%, the estimated value of the Ljubljana Stock Exchange would increase by EUR 4,795 thousand.

In the event that, with an unchanged discount rate, the terminal income growth rate decreases by 1%, the estimated value of the Ljubljana Stock Exchange would decrease by EUR 4,051 thousand. In the event that the stated income growth rate increases by 1%, the estimated value of the Ljubljana Stock Exchange would increase by EUR 4,586 thousand.

Notes to the consolidated financial statements (continued)

26 Equity management

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

The Group monitors capital by monitoring its own finance ratios in its financial statements, this indicator is calculated as the ratio of total capital to total assets.

Equity to assets is as follows:

	31.12.2023	31.12.2022
	EUR	EUR
Total equity (equity and reserves)	5,993,657	5,854,882
Total assets	7,206,267	7,199,087
Equity to assets	83%	81%

83% of the total assets of the Group is financed from own resources. Accordingly, 17% of the assets are financed from foreign sources (2022: 19%).

27 Fair value

The fair values of financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, trade receivables, trade payables, and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long term fixed rate and variable rate receivables are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

Fair value of available for sale financial assets is derived from quoted market prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on a discounted cash flow. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fairly value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Notes to the financial statements (continued)

27 Fair value (continued)

The financial instruments are categorized as follows:

	31.12.2023	31.12.2022
	EUR	EUR
Financial assets at amortized costs	3,135,638	2,355,774
Non-current deposits	33,166	33,166
Loans receivable from associate	27,381	28,881
Trade receivables and other assets	496,733	371,254
Current deposits	1,926,545	208,519
Treasury bills	378,130	-
Cash and cash equivalents	273,683	1,822,473
Financial assets at fair value	885,598	1,217,561
Financial assets at fair value through other comprehensive income	149,093	26,163
Financial assets at fair value through profit and loss	736,505	1,191,398
Total assets	4,021,236	3,473,335
Financial liabilities at amortized costs		
Trade liabilities and other liabilities	343,737	251,402
Lease liabilities	251,402	348,327
Total liabilities	595,139	599,729

The Group uses following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique based on the lowest level input that is significant to the fair value determination:

LEVEL 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

LEVEL 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable on the market, either directly or indirectly.

LEVEL 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2023, the Group held the following financial assets measured at fair value:

31 December 2023

	Level 1	Level 2	Level 3	Total
Assets	EUR	EUR	EUR	EUR
Financial assets at fair value through other comprehensive income (Note 14)	-	-	149,093	149,093
Financial assets at fair value through profit or loss (Note 14)	736,505	-	-	736,505
Total	736.505	-	149.093	885.598

Notes to the financial statements (continued)

27 Fair value (continued)

As of December 31, 2022, the Group held the following financial assets measured at fair value:

31 December 2022

	Level 1	Level 2	Level 3	Total
Assets	EUR	EUR	EUR	EUR
Financial assets at fair value through other comprehensive income (Note 15)	-	-	26,163	26,163
Financial assets at fair value through profit or loss (note 15)	1,191,398	-	-	1,191,398
Total	1,191,398	-	26,163	1,217,561

28 The impact of change of the functional and presentation currency on the Company's equity

As stated in Note 2e) Functional and presentation currency, the Group changed the functional and presentation currency from the Croatian kuna to the euro as of January 1, 2023 due to the change of the official monetary currency and official means of payment in the Republic of Croatia.

As stated in the note, on January 1, 2023, the Group converted all items of assets, liabilities and capital at the conversion rate determined by the Croatian government, which was 7.5345 HRK for 1 EUR. The balances in the financial position on January 1, 2022 were converted at the exchange rate in the amount of 7.520447 HRK for 1 EUR, while the items of the profit and loss account, other comprehensive income, capital movements and cash flow were converted at the average annual exchange rate in the amount from HRK 7.520447 for EUR 1. As of December 31, 2022, the Group converted all items of the equity to euro amounts by applying the conversion rate of 7.534350 kn for 1 EUR to the kuna amounts of all items of equity presented in the statement of financial position in the financial statements for the period ended on December 31, 2022. The difference between the determined value of an individual item of equity and the value obtained in the movement of capital report at the above-mentioned exchange rates was reported in the report on capital movement as a separate item (deduction of EUR 10.8 thousand).

29 Events after the balance sheet date

There were no events after the balance sheet date that would have had a significant impact on the financial statements as of or for the period then ended.

The annual consolidated financial statements of the Zagreb Stock Exchange Group are presented below, prepared in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19, 155/22) ("Regulation") prescribed by HANFA ("regulatory financial statements"). HANFA's accounting regulations are based on International Financial Reporting Standards adopted by the European Union. The main differences between regulatory financial statements prepared in accordance with HANFA's Regulation and financial statements prepared in accordance with the International Financial Reporting Standards adopted by the European Union refer to the disclosures in the financial statements.

Consolidated Balance sheet as of December 31, 2023 (in EUR)

BALANCE SHEET
balance as at 31.12.2023

in EUR

Submitter: Zagreb Stock Exchange Inc.			
Item	ADP	Last day of the preceding business year	At the reporting date of the current period
	code		
1	2	3	4
ASSETS			
FIXED ASSETS 002+003+009+013	1	3,386,722	3,235,702
I INTANGIBLE ASSETS	2	495,495	449,062
II TANGIBLE ASSETS 004+...+008	3	1,547,965	1,338,564
1 Land and buildings	4	1,141,874	1,012,103
2 Computer equipment	5	172,646	128,636
3 Other tangible assets	6	209,753	180,939
4 Leasehold improvements	7	23,692	16,886
5 Assets under construction	8	0	0
III FIXED FINANCIAL ASSETS 010+011+012	9	1,325,605	1,448,076
1 Investments in associates, subsidiaries and joint ventures	10	1,237,395	1,238,436
2 Financial assets at amortised cost	11	62,047	60,547
3 Financial assets at fair value through other comprehensive income	12	26,163	149,093
DEFERRED TAX ASSETS	13	17,657	0
B CURRENT ASSETS 015+021+025	14	3,689,444	3,843,429
I RECEIVABLES 016+...+020	15	467,054	528,566
1 Customer receivables	16	367,904	402,635
2 Receivables from employees and members of the undertaking	17	35	212
3 Receivables from government and other institutions	18	17,062	36,552
4 Receivables from connected undertakings	19	0	0
5 Other receivables	20	82,053	89,167
III SHORT-TERM FINANCIAL ASSETS 022+...+024	21	1,399,917	3,041,180
1 Financial assets at amortised cost	22	208,519	2,304,675
2 Financial assets at fair value through other comprehensive income	23	0	0
3 Financial assets at fair value through statement of profit or loss	24	1,191,398	736,505
III CASH AND CASH EQUIVALENTS	25	1,822,473	273,683
C PREPAID EXPENSES AND ACCRUED INCOME	26	103,732	88,702
D TOTAL ASSETS 001+014+026	27	7,179,898	7,167,833
E OFF-BALANCE SHEET ITEMS	28	0	0

Consolidated Balance sheet as of December 31, 2023 (in EUR) (continued)

Item	ADP	Last day of the preceding business year	At the reporting date of the current period
	code		
1	2	3	4
EQUITY AND LIABILITIES			
A CAPITAL AND RESERVES 030+031+032+037+...+041	29	5,854,882	5,993,657
I INITIAL CAPITAL	30	3,076,316	3,076,315
II CAPITAL RESERVES	31	1,839,562	1,840,833
III PROFIT RESERVES 033+...+036	32	882,442	964,498
1 Legal reserves	33	18,714	18,714
2 Reserves for treasury shares	34	-18,409	-30,483
3 Fair value reserves	35	70,169	162,041
4 Other reserves	36	811,968	814,226
IV REVALUATION RESERVES	37	101,095	101,095
V RESERVES FROM EXCHANGE RATE DIFFERENCES FROM THE TRANSLATION OF FOREIGN OPERATIONS	38	-22,181	-22,134
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD	39	-107,891	-30,798
VII PROFIT OR LOSS FOR THE YEAR	40	85,539	63,848
VIII MINORITY INTEREST	41	0	0
B PROVISIONS	42	36,308	32,629
C SHORT-TERM LIABILITIES 044+...049	43	408,143	410,942
1 Liabilities for advance payments	44	1,678	8,515
2 Liabilities to suppliers	45	115,287	119,781
3 Liabilities to employees	46	105,130	95,423
4 Taxes, contributions and similar liabilities	47	50,640	52,314
5 Liabilities to connected undertakings	48	263	0
6 Other short-term liabilities	49	135,145	134,909
D LONG-TERM LIABILITIES	50	251,402	151,236
E DEFERRED TAX LIABILITY	51	0	1,159
F ACCRUALS AND DEFERRED INCOME	52	629,160	578,210
G TOTAL LIABILITIES 029+042+043+050+051+052	53	7,179,898	7,167,833
H OFF-BALANCE SHEET ITEMS	54	0	0
Appendix to the balance sheet (position for consolidated financial statements)			
I Capital and reserves 056+057	55	5,854,882	5,993,657
1 Attributable to owners of the parent	56	5,854,882	5,993,657
2 Attributable to non-controlling interest	57	0	0

Consolidated Profit and loss for the period from January 1, 2023 to December 31, 2023 (in EUR)

STATEMENT OF PROFIT OR LOSS

For the period from 1.1.2023 to 31.12.2023

in EUR

Submitter: Zagreb Stock Exchange Inc.			
Item	ADP	Same period of the previous year	Current period
1	2	3	5
A OPERATING INCOME 002+008	1	3,746,637	3,605,184
I Sales revenue 003+...+007	2	2,515,221	2,267,409
1 Commissions and membership fees	3	1,167,244	1,026,091
2 Listing maintenance fees	4	1,114,789	1,085,816
3 Quotation fees	5	233,188	155,502
4 Income from auctions	6	0	0
5 Income from memberships	7	0	0
II Other operating income 009+...+011	8	1,231,416	1,337,775
1 Income from application programming interface (API) services	9	0	0
2 Income from the supply of information	10	831,375	901,934
3 Other income	11	400,041	435,841
B OPERATING EXPENSES 013+016+020+021+022+025+026	12	3,556,608	3,612,842
I Material costs 014+015	13	1,043,638	1,109,657
1 Costs of raw materials	14	25,911	38,865
2 Other external costs	15	1,017,727	1,070,792
II Staff costs 017+...+019	16	1,738,846	1,637,853
1 Net salaries and wages	17	1,212,555	1,138,028
2 Tax and contributions from salary costs	18	393,352	367,947
3 Payroll contributions	19	132,939	131,878
III Depreciation	20	254,000	307,982
IV Other costs	21	513,076	539,923
V Value adjustment 023+024	22	1,433	4,121
1 fixed assets (other than financial assets)	23	0	0
2 current assets (other than financial assets)	24	1,433	4,121
VI Provisions	25	0	0
VII Other operating expenses	26	5,615	13,306
C FINANCIAL INCOME 028+...+033	27	23,636	96,210
1 Interest, exchange rate differences, dividends and similar income from relations with connected undertakings	28	13,516	62
2 Interest, exchange rate differences, dividends and similar income from relations with non-connected undertakings and other persons	29	9,751	67,101
3 Income share from associates and participating interests	30	0	0
4 Unrealised gains (income) from financial assets	31	0	12,089
5 Profit from reversal of provisions for impairment for expected credit losses	32	0	0
6 Other financial income	33	369	16,958

Consolidated Profit and loss for the period from January 1, 2023 to December 31, 2023 (in EUR) (continued)

Item	ADP	Same period of the previous year	Current period
1	2	3	5
D FINANCIAL EXPENSES 035+...+039	34	120,051	11,171
1 Interest, exchange rate differences and other expenditures with connected undertakings	35	943	690
2 Interest, exchange rate differences and other expenditure from relations with non-connected undertakings and other persons	36	23,705	10,481
3 Unrealised losses (expenses) from financial assets	37	95,403	0
4 Loss allowance for expected credit losses	38	0	0
5 Other financial expenses	39	0	0
E TOTAL INCOME 001+027	40	3,770,273	3,701,394
F TOTAL EXPENDITURE 012+034	41	3,676,659	3,624,013
G Share in profit/loss of associates and subsidiaries	42	-7,866	-203
H PRE-TAX PROFIT OR LOSS 040-041+042	43	85,748	77,178
I INCOME TAX	44	209	13,330
J PROFIT OR LOSS FOR THE PERIOD 043-044	45	85,539	63,848
1 Change in revaluation reserves (property, plant, equipment and intangible assets)	46	-30,071	0
2 Actuarial gains/losses on defined benefit pension plans	47	-2,204	2,495
3 Unrealised gains/losses on financial assets at fair value through other comprehensive income	48	70,196	112,040
4 Gains/losses on hedging instruments in a cash flow hedge	49	0	0
5 Gains/losses arising from translation of financial statements relating to foreign operations	50	6,862	47
6 Income tax on other comprehensive income	51	-5,923	20,405
K OTHER COMPREHENSIVE INCOME 046+...+051	52	38,860	94,177
TOTAL COMPREHENSIVE INCOME 045+052	53	136,245	158,025
M RECLASSIFICATION ADJUSTMENTS	54	0	0
Appendix **			
Attributable to owners of the parent	55	136,245	158,025
Attributable to non-controlling interest	56	0	0

Consolidated Statement of cash flows - indirect method for the period from January 1, 2023 to December 31, 2023 (in EUR)

STATEMENT OF CASH FLOWS - indirect method
for the period from 1.1.2023 to 31.12.2023

in EUR

Submitter: Zagreb Stock Exchange			
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	85,748	77,178
2 Depreciation	2	254,000	307,982
3 Increase in short-term liabilities	3	0	0
4 Decrease in short-term receivables	4	56,233	0
5 Decrease in inventories	5	0	0
6 Loss on impairment for expected credit losses	6	0	0
7 Other cash flow increase	7	137,344	32,037
I Total cash flow increase from operating activities 001+...+007	8	533,325	417,197
1 Decrease in short-term liabilities	9	28,403	441
2 Increase in short-term receivables	10	0	73,192
3 Increase in inventories	11	0	0
4 Profit from reversal of provisions for impairment for expected credit losses	12	0	0
5 Other cash flow decrease	13	22,411	160,450
II Total cash flow decrease from operating activities 009+...+013	14	50,814	234,083
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 instruments	16	0	0
3 Interest received	17	2,434	34,795
4 Dividends received	18	13,474	32,593
5 Other cash receipts from investment activities	19	1,332,984	482,926
III Total cash receipts from investment activities 015+...+019	20	1,348,892	550,314
1 Cash payments for the purchase of fixed tangible and intangible assets	21	363,669	56,822
2 Cash payments for the acquisition of equity financial instruments and debt financial instruments	22	976,693	29,347
3 Other cash payments from investment activities	23	108,290	2,099,124
IV Total cash payments from investment activities 021+...+023	24	1,448,652	2,185,293

Consolidated Statement of cash flows - indirect method for the period from January 1, 2023 to December 31, 2023 (in HRK) (continued)

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
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	0	0
4 Cash payments for the redemption of treasury shares	32	0	0
5 Other cash payments from financing activities	33	101,754	96,925
VI Total cash payments from financing activities 029+...+033	34	101,754	96,925
VII Cash and cash equivalents at the beginning of period	35	1,541,476	1,822,473
VIII Increase of cash and cash equivalents	36	280,997	0
IX Decrease of cash and cash equivalents	37	0	1,548,790
X Cash and cash equivalents at the end of period	38	1,822,473	273,683

Consolidated Statement of changes in equity for the period from January 1, 2023 to December 31, 2023 (in EUR)

Item	ADP	Attributable to owners of the parent									Attributable to non-controlling interests	Total capital and reserves
		Subscribed capital	Capital reserves	Legal reserves and reserves for treasury shares	Fair value reserves	Other reserves	Revaluation reserves	Reserves from exchange rate differences from the translation of foreign operations	Retained profit or loss brought forward	Profit or loss for the year		
1	2	3	4	5	6	7	8	9	10	11	12	13
Balance on the first day of the previous business year	1	6,164,128	1,843,000	18,749	-	-1,914	125,832	-29,255	-2,420,980	48,342	-	5,747,902
Change in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-
Correction of errors from prior periods	3	-	-	-	-	-	-	-	-	-	-	-
Balance on the first day of the previous business year (restated)	4	6,164,128	1,843,000	18,749	-	-1,914	125,832	-29,255	-2,420,980	48,342	-	5,747,902
Profit or loss for the period	5	-	-	-	-	-	-	-	-	85,539	-	85,539
Unrealised gains or losses on financial assets at fair value through other comprehensive income	6	-	-	-	70,196	-	-	-	-	-	-	70,196
Other changes in equity unrelated to owners	7	-	-	-	-	-2,204	-24,147	6,862	-	-	-	-19,489
Total directly recognized income and expenses of the previous year (previous year periods)	8	-	-	-	70,196	-2,204	-24,147	6,862	-	85,539	-	136,246
Increase/decrease in subscribed capital	9	-3,077,506	-	-	-	815,960	-	-	2,261,546	-	-	-
Other contributions by owners	10	-	-	-	-	-	-	-	-	-	-	-
Payment of share in profit/dividend	11	-	-	-	-	-	-	-	-	-	-	-
Other distribution to owners	12	-	-	-18,416	-	-82	-	-	48,342	-48,342	-	-18,498
Balance on the last day of the previous business year reporting period	13	3,086,622	1,843,000	333	70,196	811,760	101,685	-22,393	-111,092	85,539	-	5,865,650

Consolidated Statement of changes in equity for the period from January 1, 2023 to December 31, 2023 (in EUR) (continued)

Item	ADP	Attributable to owners of the parent									Attributable to non-controlling interests	Total capital and reserves
		Subscribed capital	Capital reserves	Legal reserves and reserves for treasury shares	Fair value reserves	Other reserves	Revaluation reserves	Reserves from exchange rate differences from the translation of foreign operations	Retained profit or loss brought forward	Profit or loss for the year		
1	2	3	4	5	6	7	8	9	10	11	12	13
Balance on the first day of the current business year	14	3,086,622	1,843,000	333	70,196	811,760	101,685	-22,393	-111,092	85,539	-	5,865,650
Change in accounting policies	15	-10,306	-3,438	-28	-27	208	-590	212	3,201	-	-	-10,768
Correction of errors from prior periods	16	-	-	-	-	-	-	-	-	-	-	-
Balance on the first day of the current business year (restated)	17	3,076,316	1,839,562	305	70,169	811,968	101,095	-22,181	-107,891	85,539	-	5,854,882
Profit or loss for the period	18	-	-	-	-	-	-	-	-	63,848	-	63,848
Unrealised gains or losses on financial assets at fair value through other comprehensive income	19	-	-	-	91,872	2,258	-	-	-	-	-	94,130
Other changes in equity unrelated to owners	20	-	-	-	-	-	-	47	-	-	-	47
Total directly recognised income and expenses of the current year (current period)	21	-	-	-	91,872	2,258	-	47	-	63,848	-	158,025
Increase/decrease in subscribed capital	22	-1	1	-	-	-	-	-	-	-	-	-
Other contributions by owners	23	-	-	-	-	-	-	-	-	-	-	-
Payment of share in profit/dividend	24	-	1,270	5,182	-	-	-	-	-8,446	-	-	-1,994
Other distribution to owners	25	-	-	-17,256	-	-	-	-	85,539	-85,539	-	-17,256
Balance on the last day of the current business year reporting period	26	3,076,315	1,840,833	-11,769	162,041	814,226	101,095	-22,134	-30,798	63,848	-	5,993,657

Notes to the annual consolidated financial statements – GFI

1. Reporting entity

Zagreb Stock Exchange Inc. ("the Company") is a joint stock company domiciled in Republic of Croatia and was registered at the Commercial Court in Zagreb on 5 July 1991 under the number (MBS) 0800034217. The personal identification number of the Company (OIB) is 84368186611. The address of the Company's registered office is Eurotower, 22nd floor, Ivana Lučića 2a/22, Zagreb, Croatia.

2. Basis of preparation and significant accounting policies

Basis for preparation

Consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). Consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and land and building which are measured at fair value.

Detailed information on the basis of preparation of the financial statements are provided in Note 2 to the consolidated financial statements presented in the Annual Report on Group Status and Business Activities in 2023 available on the internet page www.zse.hr (further: the Group's Annual Report).

Significant accounting policies

Financial statements for the reporting period are prepared applying the same accounting policies as in the latest consolidated financial statements for 2023 available on the internet page www.zse.hr.

Disclosure of additional information required by IFRSs that are not presented elsewhere in the separate statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity

Additional information required by IFRSs that are not presented elsewhere in the consolidated statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity are disclosed in the Group's Annual Report as published on the internet page www.zse.hr.

Change of the functional and presentation currency

On January 1, 2023, the official monetary currency and official means of payment in the Republic of Croatia became the euro ("EUR") instead of the Croatian kuna ("HRK"). The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency. The information on accounting policy applied and impact of the change of the functional currency on the financial statements are published in the Company's Annual Report available on the internet page www.zse.hr.

3. Financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided

The Group does not have financial commitments, guarantees or contingencies that are not included in the balance sheet as of December 31, 2023, nor has issued securities.

4. Amount of advance payments and loans granted to the members of administrative, management and supervisory bodies

The Group did not give advances or approved loans to members of administrative, management and supervisory bodies during 2023 or 2022.

Notes to the annual consolidated financial statements – GFI (continued)

5. Amount and nature of individual items of income or expenditure which are of exceptional size or incidence

Details on the income or expenditure which are of exceptional size or incidence are presented in the Notes to the audited financial statements in the Group's Annual Report (www.zse.hr).

6. Liabilities falling due after more than five years, as well as debts covered by valuable security provided by the Group

At the balance sheet date, 31 December 2023, the liabilities falling due after more than five years amount to EUR 1.4 thousand.

At the balance sheet date, the Group does not have debts covered by valuable securities provided by the Group.

7. Average number of employees during the reporting period

The average number of the employees during the reporting period of 2023 is 37.

8. Capitalized costs of salaries during the reporting period

The Group did not capitalize the cost of salaries during the reporting period.

9. Amount of salaries and remunerations approved for the business year to members of administrative, management and supervisory bodies

The amount of salaries and remunerations approved for the year 2023 to the members of the administrative, management and supervisory bodies due to their responsibilities and all obligations arising from or agreed upon in connection with the retirement of the former members of these bodies are published in Note 23 Related parties in the Group's Annual Report (www.zse.hr).

10. Average number of employees by category and personnel costs related to the business year

The Group does not divide employees into categories. During 2023, the Group had an average of 37 employees. The income of employees for 2023 broken down into net salaries and wages, the costs of taxes and contributions from salaries, contributions to salaries and other salary expenses that do not include reimbursements of expenses are published in Note 6 Personnel expenses in the Group's Annual Report (www.zse.hr).

11. Deferred taxes

Provisions for deferred taxes, balance of deferred taxes at the beginning and the end of the reporting period, as well as movement of those positions during the reporting period are presented in the Note 9 in the Group's Annual Report (www.zse.hr).

12. Name and registered office of each of the companies in which the issuer, either itself or through a person acting in their own name but on the issuer's behalf, holds a participating interest, showing the amount of capital held, the amount of total capital and reserves, and profit or loss

Information on investments in companies in which the Group holds a participating share in the capital are presented in Note 1 and Note 13 "Investments in associates and joint ventures" (GFI: "Investments in associates, subsidiaries and joint ventures").

13. Number and nominal value of shares subscribed during the reporting period within the limits of the authorised capital

Based on the Decision of the Company's Assembly dated June 14, 2022, the share capital of the Company is reduced in a regular procedure for the purpose of transferring EUR 3.076.316 to other reserves of the Company. By undertaking the share capital reduction, the nominal value per share is reduced to the amount which is lower than the minimum nominal amount permitted under Article 163(2) of the Companies Act.

Notes to the annual consolidated financial statements – GFI (continued)

13. Number and nominal value of shares subscribed during the reporting period within the limits of the authorised capital (continued)

Hence, the share capital is reduced in a regular procedure through a consolidation of shares (reverse split), in accordance with Article 342(4) of the Companies Act. The shares are consolidated at a ratio of 2:1 by issuing to each shareholder 1 registered share with a nominal value of EUR 1.33 for 2 shares outstanding.

Based on the decision of the Company's General Assembly dated June 12, 2023, for the purposes of aligning the Company's share capital and parts of that capital that relate to individual shares with the provisions of Article 21 of the Act on Amendments to the Companies Act ("Official Gazette" No. 114/22), all shares of the Company were replaced by ZB-R-A shares with a nominal amount for shares without a nominal amount.

14. Existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they give

The Group has no participation certificates, convertible debentures, warrants, options or similar securities or rights.

15. Name, registered office and legal form of each of the companies in which the issuer has unlimited liability

The Group has no shares in companies having unlimited liability.

16. Name and registered office of the company which draws up consolidated financial statements for the reporting period of the largest group of companies of which the issuer forms part as a controlled group member

The Company is the final parent company and is not a controlled member of any group.

The Company prepares consolidated financial statements that are available for use on the internet page www.zse.hr.

17. Name and registered office of the company which draws up consolidated financial statements for the reporting period of the smallest group of companies of which the issuer forms part as a controlled group member and which is also included in the group of companies referred to in point 13.

The Company is the final parent company and is not a controlled member of any group.

18. Place where copies of the consolidated financial statements referred to in points 16 and 17 may be obtained

The Company prepares consolidated financial statements that are available for use on the internet page www.zse.hr.

19. Proposed distribution of profits

The proposal on the distribution of profits for 2023 for the Company is attached to the Company's Annual Report, which is published on the website www.zse.hr.

Notes to the annual consolidated financial statements – GFI (continued)

- 20. Nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or rewards of such arrangements are material and to the extent that disclosure of such risks or rewards is necessary to assess the issuer's financial position**

The Group has no arrangements that are not included in the presented consolidated financial statements.

- 21. Nature and the financial effect of significant events arising after the balance sheet date which are not reflected in the profit and loss account or the balance sheet**

Significant events arising after the balance sheet date are presented in Notes to the Group's Annual Report for 2023 as published on the internet page www.zse.hr

- 22. Net income broken down by segments**

The information on segments are presented in Note 24 to the Group's Annual Report.

- 23. Total amount of compensation to the auditor for the reporting year**

The amount of the auditor's fee for the statutory audit of annual financial statements and the amount of other fees to the auditor is published in the notes to the consolidated financial statements in the Group's Annual Report.

Reconciliation of the GFI-POD Balance sheet and consolidated balance from audited financial statements for the year 2023

Balance sheet item (IFRS)	Amount (EUR)	Balance sheet item (TFI)	AOP	Amount (EUR)
ASSETS				
Non-current assets	3,235,702	A, FIXED ASSETS	1	3,235,702
	449,062	I Intangible assets	2	449,062
Intangible assets	291,627		2	449,062
Goodwill	157,435			
	449,062			449,062
	1,338,564	II Tangible assets	3	1,338,564
Property and equipment	1,086,374	1 Land and buildings	4	1,023,151
Right-of-use assets	252,190	2 Computer equipment	5	128,543
		3 Other tangible assets	6	169,984
		4 Leasehold improvements	7	16,886
	1,338,564			1,338,564
	1,448,076	III Long term financial assets		1,448,076
Investment in subsidiary	-	1 Investments in associates, subsidiaries and joint ventures	10	1,238,436
Investment in associate and joint venture	1,238,436			
	1,238,436			
Long term deposits	33,166	2 Financial assets at amortised cost (long term)	12	60,547
Borrowings to associated company	27,381			
	60,547			
Financial assets at fair value through other comprehensive income	149,093	3 Financial assets at fair value through other comprehensive income	11	149,093
	149,093			149,093
	1,448,076			1,448,076
Deferred tax assets	-	Deferred tax assets	13	-
CURRENT ASSETS				
	3,855,108	B CURRENT ASSETS	14	3,843,429
Trade receivables and other assets	540,245	I RECEIVABLES	15	528,566
		1 Trade receivables	16	402,635
		2 Receivables from employees and members of the undertaking	17	212
		3 Receivables from government and other institutions	18	36,552
		4 Receivables from connected undertakings	19	
		5 Other receivables	20	89,167
	540,245			528,566

Reconciliation of the GFI-POD Balance sheet and consolidated balance from audited financial statements for the year 2023 (continued)

Balance sheet item (IFRS)	Amount (EUR)	Balance sheet item (TFI)	AOP	Amount (EUR)
	3,041,180	II SHORT-TERM FINANCIAL ASSETS	21	3,041,180
Short-term deposits	2,304,675	1 Financial assets at amortised cost	22	2,304,675
Financial assets at fair value through profit or loss	736,505	3 Financial assets at fair value through statement of profit or loss	24	736,505
	3,041,180			3,041,180
Cash and cash equivalents	273,683	III CASH AND CASH EQUIVALENTS	25	273,683
Prepaid expenses				
	77,022	C PREPAID EXPENSES AND ACCRUED INCOME	26	88,702
Deferred expenses	21,729	C PREPAID EXPENSES AND ACCRUED INCOME		88,702
Contract assets	55,293			
	77,022			88,702
TOTAL ASSETS	7,167,833	D TOTAL ASSETS	27	7,167,833
CAPITAL AND LIABILITIES				
Capital and liabilities	5,993,657	A CAPITAL AND RESERVES	29	5,993,657
Issued share capital	3,076,315	I INITIAL CAPITAL	30	3,076,315
Share premium	1,840,833	II CAPITAL RESERVES	31	1,840,833
	1,043,459	III PROFIT RESERVES	32	964,498
Legal reserves	18,714	1 Legal reserves	33	18,714
Own shares	(30,483)	2 Reserves for own shares	34	(30,483)
Fer value reserves	162,041	3 Fair value reserves	35	162,041
Other reserves	815,878	4 Other reserves	36	814,226
Actuarial gains / losses	(1,652)			
	814,226			814,226
Revaluation reserves	101,095	IV REVALUATION RESERVES	37	101,095
Translation reserves	(22,134)	V RESERVES FROM EXCHANGE RATE DIFFERENCES FROM THE TRANSLATION OF FOREIGN OPERATIONS	38	(22,134)
Accumulated gain (losses)	33,050	IV Retained profit of loss brought forward	39	(30,798)
		V Profit or loss for the year	40	63,848
	33,050			33,050
	5,993,657			5,993,657

Reconciliation of the GFI-POD Balance sheet and consolidated balance from audited financial statements for the year 2023 (continued)

Balance sheet item (IFRS)	Amount (EUR)	Balance sheet item (TFI)	AOP	Amount (EUR)
Non current liabilities	185,024	Long term liabilities and provisions		185,024
Employee benefits	6,485	B Provisions	42	32,629
Long term contract liabilities	26,144			
	32,629			32,629
Lease liabilities	151,236	D Long term liabilities	50	151,236
Deferred tax liabilities	1,160	E Deferred tax liabilities	51	1,159
Employee benefits	-			
Long term contract liabilities	185,025			185,024
Short term liabilities	443,903	C SHORT TERM LIABILITIES	43	410,942
Trade and other payables	343,737	Trade payables	44	8,515
Short term lease liabilities	100,166	Liabilities to employees	45	119,781
Corporate income tax liability		Advance payments received	46	95,423
		Taxes, contributions and similar liabilities	47	52,314
		Other short-term liabilities	48	
		Rounding	49	134,909
	443,903			410,942
Contract liabilities	545,248	F Accruals and deferred income	52	578,210
Contract liabilities	498,633			
Accrued expenses	46,615			
	545,248			578,210
Total equity and liabilities	7,167,833			7,167,833

Reconciliation of the GFI-POD Profit and loss account and consolidated other comprehensive income from audited financial statements for the year 2023

P&L item (IFRS)	Amount (EUR)	P&L item (TFI)	Amount (EUR)
Operating revenues	3,605,184	A OPERATING INCOME	1 3,605,184
Sales revenue	2,267,409	I Sales revenue	2 2,267,409
Other operating income	1,337,775	II Other operating income	8 1,337,775
	3,605,184		3,605,184
Operating expenses	3,612,842	B OPERATING EXPENSES	12 3,612,842
Staff costs	1,774,304	II Staff costs	16 1,637,853
Other employee costs (GFI AOP 22)	(1,761,209)		
	13,095		1,637,853
	1,530,556		1,667,007
Other operating expenses	1,530,556	I Material costs	13 1,109,657
Expenses reported under Staff costs	1,761,209	IV Other costs	21 539,923
		V Value adjustment 024+025	22 4,121
		VII Other operating expenses	26 13306
	3,291,765		1,667,007
Depreciation and amortization	307,982	III Depreciation	20 307,982
Net finance income	85,039	Net finance income	85,039
Financial income	37,859	C FINANCIAL INCOME	27 96,210
Financial expense	(10,944)	D FINANCIAL EXPENSES	34 (11,171)
Dividend income	32,593		
Net gain (losses) from changes in fair value of financial assets through profit and loss	26,533		
Net foreign exchange gain/(loss)	(1,002)		
Share of profit (loss) in joint venture and associates	(203)	G Share in profit/loss of associates and subsidiaries	(203)
	(203)		(203)
Profit before tax	77,178	H PRE-TAX PROFIT OR LOSS	43 77,178
Income tax expense	13,330	I INCOME TAX	44 13,330
Profit for the year	63,848	J PROFIT OR LOSS FOR THE PERIOD	45 63,848
Total other comprehensive profit	94,177	K OTHER COMPREHENSIVE INCOME	52 94,177
Total comprehensive profit for the year	158,025	TOTAL COMPREHENSIVE INCOME	53 158,025



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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, 34/22, 114/22, 18/23 and 130/23), the Management Board of the Zagreb Stock Exchange, Inc. with its registered office in Zagreb, Ivana Lučića 2a/22 (hereinafter: the Exchange), on 29 April 2024, 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 2023

I.

It is established that the Company made a net profit after tax of EUR 136,203.00 in the financial year ending 31/12/2023.

II.

The net profit generated by the Exchange after tax referred to in Article I of this Resolution shall be used as follows:

- *a part of net profit in the amount of EUR 115,892.50 shall be paid out as the dividend to the shareholders, in the amount of EUR 0.05 per share,*
- *a remaining part of net profit shall be allocated to retained earnings.*

III.

The dividend referred to in Article II, point 1 of this Resolution shall be paid out to all shareholders that are registered as shareholders at the Central Depository and Clearing Company Inc. on 14th June 2024 (record date). The date on which the Company shares will be traded without the right to dividend payments shall be 13th June 2024 (ex-date). The claim for dividend payments shall become due on 21th June 2024 (payment date).

The amount of dividend paid in accordance with Article II, point 1 of this Resolution shall depend on the number of shares owned by the shareholders registered with the Central Depository and Clearing Company Inc. and will be reduced by the dividend per own shares.

IV.

This Resolution shall enter into force on the day of its adoption.”



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Zagreb Stock Exchange

2. The aforementioned Proposal will be forwarded to the Zagreb Stock Exchange's Supervisory Board for approval and to the General Assembly of the Exchange as a joint proposal of the Exchange's Management and Supervisory Boards.
3. This Decision will be published as a part of the Annual Report for 2023.
4. This Decision shall enter into force on the day of its adoption.

Mark: OU/2024 – 031A

Ivana Gažić

President of the Management Board



ZAGREBAČKA BURZA d.d.
Zagreb

Tomislav Gračan

Member of the Management Board

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