



ZAGREBAČKA BURZA

*Zagreb Stock Exchange*



LJUBLJANSKA BORZA

*LJUBLJANA Stock Exchange*

# Zagreb Stock Exchange Group

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Consolidated unaudited financial results for

01/01/2019 – 31/12/2019

24 February 2020



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# **1 INTERIM MANAGEMENT REPORT FOR THE PERIOD BETWEEN 01/01/2019 AND 31/12/2019**

## **1.1 Significant business events of the Group in the period between 01/01/2019 and 31/12/2019**

In 2019, the Zagreb Stock Exchange Group (hereinafter: the Group) recorded the following significant business events:

- On January 2, 2019, the Zagreb Stock Exchange successfully implemented the Cross Request functionality in the trading system.
- On January 3, 2019, the Zagreb Stock Exchange and Podravka signed a contract for transferring the Podravka Company from the Official to the Prime Market.
- On January 3, 2019, the BC Institute was admitted to the Progress market.
- On January 29, 2019, the Croatian Financial Services Supervisory Agency approved the registration of the Zagreb Stock Exchange's Progress Market as an SME growth market, making Progress among the few SME growth markets in Europe.
- On February 1, 2019, the Company Interkapital started performing the business of market maker on the Ljubljana Stock Exchange for stocks of Krka and Triglav osiguranje.
- On February 18, 2019, the Zagreb Stock Exchange has started to release a new share index, the index of Prime market CROBEXprime. CROBEXprime presents the so-called free float market capitalization weighted index, in which the weight of each share will be determined in accordance with its free float market capitalization.
- On March 22, 2019, the Zagreb Stock Exchange made a decision on termination the listing of Dalma d.d., Imunološki zavod d.d., Jadran film d.d. and Tankerkomerc d.d. for non-fulfillment of obligations.
- On March 22, 2019, the Ljubljana Stock Exchange hosted a webcast called "Slovenian Listed Companies Online"
- In the period from 25 to 27 March 2019, the Ljubljana Stock Exchange had Open doors days.
- On April 26, 2019, the Zagreb Stock Exchange and Valamar Riviera signed a contract for the transfer of Valamar Riviera from the Official to the PRIME Market.
- On May 16, 2019, the Company Lux investment was admitted to trading on the Progress market.

- At the end of May, the 6th Zagreb and Ljubljana Stock Exchange Investor Days were held, attended by fifteen issuers from the Zagreb and Ljubljana Stock Exchange, who held 255 meetings with investors from nine countries in two days.
- On June 7, 2019, the 10th annual education of the Zagreb Stock Exchange, the Croatian Financial Services Supervisory Agency and the Central Depository & Clearing Company was held. The education was intended for companies whose financial instruments are listed on the regulated market of the Zagreb Stock Exchange.
- On June 13, 2019, the Ljubljana Stock Exchange General Assembly was held, whereby the Annual Financial Statements of the Ljubljana Stock Exchange for 2018 were presented, decisions made on the payment of dividends, on the release of the members of the Management Board and the Supervisory Board for 2018 and on the appointing of the auditor for 2019.
- On June 19, 2019, the first joint Zagreb and Ljubljana stock exchange Prime market index – ADRIAprime, was published.
- On June 27, 2019, the Zagreb Stock Exchange General Assembly was held, whereby the Annual Financial Statements and Consolidated Financial Statements of the Exchange for 2018 were presented, decisions made on the use of the profit realized in 2018, on the release of the members of the Management Board and the Supervisory Board for 2018 and on the appointing a stock exchange auditor for 2019.
- On July 1, 2019, the Zagreb Stock Exchange made a decision on termination the listing of Hoteli Makarska d.d. because the merger of Hoteli Makarska d.d. to IMPERIAL RIVIERA d.d. led to terminating the Issuer and the financial instrument.
- On July 25, 2019, the Zagreb Stock Exchange made a decision on termination the listing of Metalska industrija Varaždin d.d. for the purpose of carrying out the corporate action of transferring shares of minority shareholders of Metalska industrija Varaždin d.d. to the major shareholder HAWLE d.o.o. by which the financial instrument ceases to be eligible for listing on the Regular Market.
- On July 25, 2019, the Zagreb Stock Exchange made a decision on termination the listing of Questus nekretnine d.d. in liquidation because of termination of the Issuer and the financial instrument.
- In July 2019, HANFA acknowledged the Zagreb Stock Exchange as a provider of appropriate education and exams for the relevant functions defined by the Ordinance on Qualifications and Personnel Requirements for the Investment Services as providing information to clients about financial instruments and investment services. This qualification has been included in the list of recognized qualifications on the HANFA site as a "ZSE L1 certificate". The request concerned the recognition of a qualification for the first level competencies - 'Information', which, in accordance with the provisions of the Qualifications Regulations, includes

competences for providing services (providing information to users regarding investment services and activities and ancillary services of the company) and informing about instruments (providing information to users related to financial instruments or structured deposits).

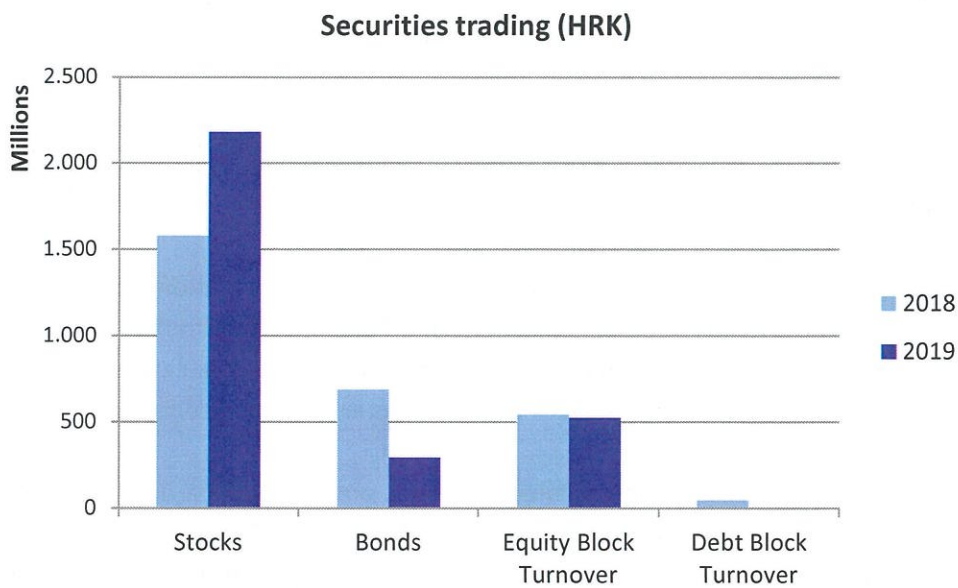
- On August 27, 2019, the Zagreb Stock Exchange made a decision for the transfer of Uljanik d.d. from Official to Regular Market of the Exchange for failure to fulfil the conditions and / or obligations after listing on the Official Market on 2 (two) consecutive periodic reviews.
- On August 30, 2019, the Zagreb Stock Exchange made a decision on termination the listing of Pounje d.d. for failure to fulfil obligations prescribed by the Rules of the Exchange after 2 (two) consecutive periodic reviews have been carried out, as well as multiple and repeated violations of the Rules and other acts of the Exchange.
- On September 3, 2019, the Ljubljana Stock Exchange hosted a second webcast called "Slovenian Listed Companies Online" in partnership with NLB and Wood & Co.
- On September 4, 2019, the Warsaw Stock Exchange, in cooperation with the stock exchanges from the Czech Republic, Slovakia, Hungary, Romania, Croatia and Slovenia, launched the calculation of the new CEEplus stock index, which includes four shares from the Ljubljana Stock Exchange and two shares from the Zagreb Stock Exchange.
- In September 2019, the Ljubljana Stock Exchange started an education for the second generation of participants in the Partner Program.
- On October 3, 2019, the Zagreb Stock Exchange held the first Investment Webcast for Prime Market.
- On October 15, 2019, at the conference "Quality of Corporate Governance", the new Code of Corporate Governance of the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange was officially adopted.
- At the end of October 2018, the eighth joint conference of the Zagreb Stock Exchange and investment fund industry entitled "Challenge of Change" was held in Rovinj. The Conference represents a central event of the entire Croatian financial community, as well as that of the region.
- On November 25, 2019, the Croatian Financial Services Supervisory Agency approved the new Exchange Rules, which entered into force on December 9, 2019. The new Rules regulate stock market operations after the transition to the new version of the Xetra T7 trading platform and regulate in detail the post-listing eligibility check for all issuers, with the aim of increasing transparency on the Zagreb Stock Exchange.
- On December 9, 2019, a new version of the Xetra T7 trading platform was implemented on the Zagreb and Ljubljana Stock Exchange.

- On December 10, 2019, the first winter investment day of the Zagreb and Ljubljana Stock Exchange was held in Ljubljana.
- On December 10, 2019, the Ljubljana Stock Exchange celebrated 30 years of business with a gala conference.
- On December 12, 2019, the Zagreb Stock Exchange Awards were officially presented.
- On December 12, 2019, the Croatian Financial Services Supervisory Agency issued a decision on the registration of the Zagreb Stock Exchange as an administrator of insignificant benchmarks based on regulated data in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or for measuring the performance of investment funds and amending Directives 2008/48 / EC and 2014/17 / EU and Regulation (EU) No 1095/2010. 596/2014.
- On December 18, 2019, the Zagreb Stock Exchange acquired 5.3% of the Macedonian Stock Exchange's ownership.
- In 2018, Corporate Communications took over the organization of education and exams in relation to the Ordinance on Qualifications and Personnel Requirements for the Investment Services, following HANFA's approval. By the end of 2019, education and/or exams were conducted for almost 400 employees of two banks in 4 regional centres.
- In 2019, the Price List of the Exchange has been amended twice. The First Amendments to the Price List came into force on January 23, 2019. As part of these amendments, the amount of membership fee was reduced and a number of new fees were introduced, namely fees for changing the designation of a financial instrument, for termination of listing on the regulated market, for data vendors who redistribute data on transactions reported through ZSE APA service, fees for issuing certificates on the status of a member and/or the market maker, and prescribes general principles or types of discounts that the Exchange may grant to its users. On August 15, 2019, the Second Amendments to the Price List entered into force. These Amendments have changed the methodology for determining the listing price of shares and bonds on the regulated market and the listing maintenance fee in such a way that the respective fee is calculated on the basis of market capitalization, which is a standard accepted among comparable European stock exchanges. The alignment of the business and legal regulation of the Exchange with the standards of other exchanges in the European Union is, among other things, one of the reasons for the changes in the Price List.
- In 2019, four new Bonds (Republic of Croatia - Ministry of Finance, February 5, two on November 27, and Jadran – Galenski laboratorij d.d., December 18) and two new Shares (Meritus ulaganja d.d., August 6, and Professio Energia d.d., October 4) were listed.

- During 2019, four campaigns were carried out on the Funderbeam SEE platform, for the TDA-Top Digital Agency Company, where the amount of EUR 416,000 was collected, for the OmoLab Company, which raised the amount of EUR 240,000, for Include, where the amount of nearly EUR 1.5 million was raised, and for Fresh Island, which had raised over EUR 700,000.

## 1.2 2019 trading on the Zagreb and Ljubljana Stock Exchange

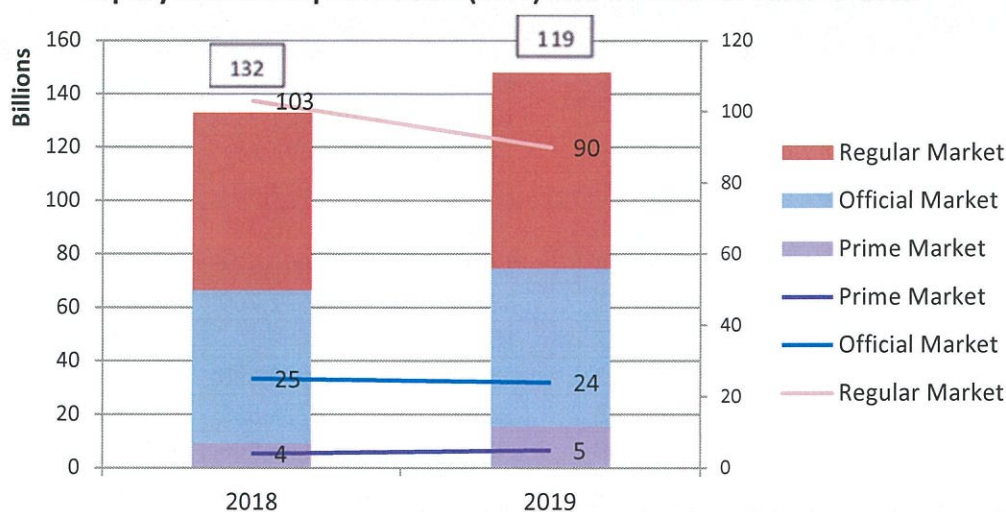
The year behind Zagreb Stock Exchange was marked by considerable trading volatility but its second half recorded a mostly positive trend, primarily as a result of increased investor interest in the shares of confectioner Kraš d.d.



This also benefited the rest of the market to a certain extent, so trading indicators improved: order book trading turnover rose 9%, with share trading growing 38%. Overall, trading was almost 5% stronger than a year earlier.



### Equity Market Capitalization (HRK) and number of listed shares



Market value as measured by market capitalisation increased by a sizeable 13% in total, with share market capitalisation up 11.5%.

### Trading overview

	2018	2019	change
<b>Securities trading (HRK)</b>			
<b>Orderbook turnover</b>	<b>2,265,671,578</b>	<b>2,471,654,732</b>	<b>9.09%</b>
Stocks	1,579,186,074	2,179,124,772	37.99%
Bonds	686,485,504	292,529,960	-57.39%
<b>Equity Block Turnover</b>	<b>542,352,468</b>	<b>522,597,696</b>	<b>-3.64%</b>
<b>Debt Block Turnover</b>	<b>46,040,034</b>	<b>0</b>	<b>-100.00%</b>
<b>TOTAL</b>	<b>2,854,064,079</b>	<b>2,994,252,428</b>	<b>4.91%</b>
<b>Equity Market Capitalization (HRK)</b>			
Prime market	9,025,809,770	15,395,492,904	70.57%
Official market	57,304,941,333	59,131,758,922	3.19%
Regular market	66,417,792,928	73,456,186,221	10.60%
<b>TOTAL</b>	<b>132,748,544,031</b>	<b>147,983,438,047</b>	<b>11.48%</b>
<b>Number of listed securities</b>			
<b>Stocks</b>	<b>132</b>	<b>119</b>	<b>-9.85%</b>
Prime market	4	5	25.00%
Official market	25	24	-4.00%
Regular market	103	90	-12.62%
<b>Bonds</b>	<b>25</b>	<b>26</b>	<b>4.00%</b>
<b>TOTAL</b>	<b>157</b>	<b>145</b>	<b>-7.64%</b>

Some indices retreated (CROBEXkonstrukt, CROBEXturist and CROBEXtransport) while others advanced at a two-digit pace: CROBEXnutris (+38.18%) led the way, with CROBEXtr (+19.42%), which reflects an excellent dividend yield, CROBEX10 (+18%), CROBEXplus (+17%), CROBEXprime (+16.42%) and CROBEX (+15.36%) following suit. The new regional ADRIAprime index rose almost 11%.

## Indices – value and turnover

Index	31.12.2018	31.12.2019	change	Trading 2018 (HRK)	Trading 2019 (HRK)	change
CROBEX	1,748.81	2,017.43	15.36%	1,260,023,211	1,350,953,901	7.22%
CROBEXtr	1,129.13	1,348.37	19.42%	1,260,023,211	1,350,953,901	7.22%
CROBEX10	1,017.07	1,199.89	17.98%	1,064,474,807	1,105,200,099	3.83%
CROBEXplus	947.63	1,108.73	17.00%	1,235,672,482	1,746,444,397	41.34%
CROBEXindustrija	853.81	870.48	1.95%	191,356,757	187,629,843	-1.95%
CROBEXkonstrukt	496.32	432.14	-12.93%	35,690,124	17,588,508	-50.72%
CROBEXnutris	498.62	689.01	38.18%	196,622,769	663,015,538	237.20%
CROBEXprime	1,000.00	1,164.17	16.42%	-	* 460,385,377	-
CROBEXtransport	791.07	*** 750.13	-5.18%	76,990,599	** 29,622,504	-61.52%
CROBEXturist	3,538.52	3,456.83	-2.31%	374,778,551	345,681,037	-7.76%
CROBIS	110.99	115.59	4.15%	10,394,666,546	9,656,303,872	-7.10%
CROBIStr	174.21	187.18	7.45%	10,394,666,546	9,656,442,652	-7.10%
<b>Regional Index</b>	<b>30.04.2019</b>	<b>31.12.2019</b>	<b>change</b>			
ADRIAprime	1,000.00	1,109.27	10.93%			

\* Trading from 18.02.2019

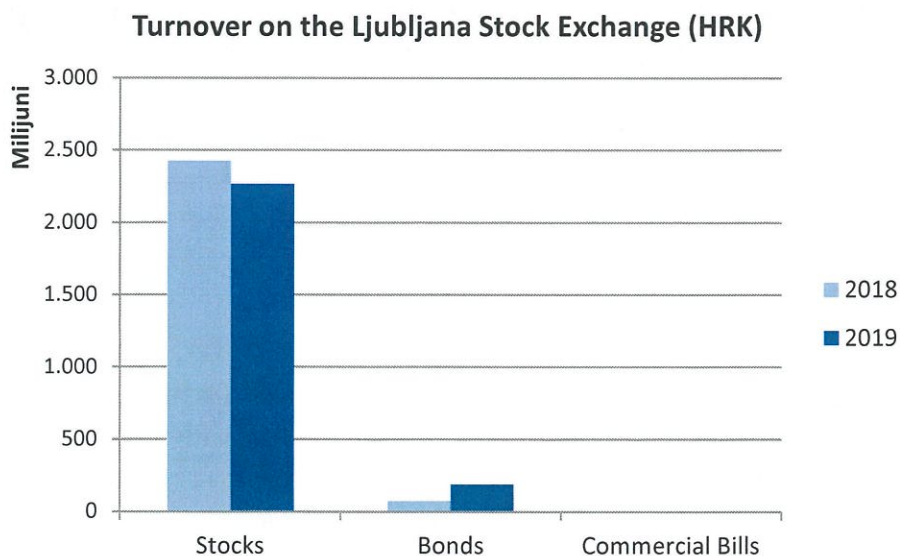
\*\* Trading until 14.10.2019 when temporary suspension starts

\*\*\* Value on 14.10.2019 when temporary suspension starts

The most heavily traded shares were those of Kraš d.d., followed by hotelier Valamar Riviera d.d. and Hrvatski Telekom d.d. (Croatian Telecom Inc.). Approximately one half of the turnover was concentrated in the 10 most liquid shares.

The year 2019 also saw two new listings (Meritus ulaganja d.d. and Professio Energia d.d.) while Valamar Riviera d.d. made a transition to the Prime Market, the most demanding market segment.

The total turnover on the Ljubljana Stock Exchange in 2019 decreased by -1.79% compared to 2018. Equity turnover in the observed period decreased by -6.61%, while debt turnover increased by +162.43% compared to the previous period.



Equity Market capitalization increased by +11.92% compared to 2018. The share with the largest turnover in 2019 was the share Krka d.d. and its turnover represented 26% of the total turnover. Compared to the last value in 2018, index SBI TOP increased by +15%.

#### Turnover on the Ljubljana Stock Exchange

	2018	2019	change
<b>Total turnover (HRK)</b>	<b>2,496,183,673</b>	<b>2,451,527,343</b>	<b>-1.79%</b>
Stocks	2,424,936,140	2,264,527,792	-6.61%
Bonds	71,247,533	186,977,454	162.43%
Commercial Papers	-	22,097	-
<b>Equity Market Capitalization (mil. HRK)</b>	<b>46,981</b>	<b>52,583</b>	<b>11.92%</b>
<b>Index value on 31 December</b>	<b>805.06</b>	<b>926.10</b>	<b>15.03%</b>

### 1.3 Expected future development of the Group

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

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

In 2020, the Group plans to launch new websites, common to the Zagreb and Ljubljana Stock Exchange, for the first time since 2007.

### 1.4 Research & Development activities

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

At the beginning of 2019, after 10 years, the service of the market maker reinstated to the Ljubljana Stock Exchange with a Croatian member.

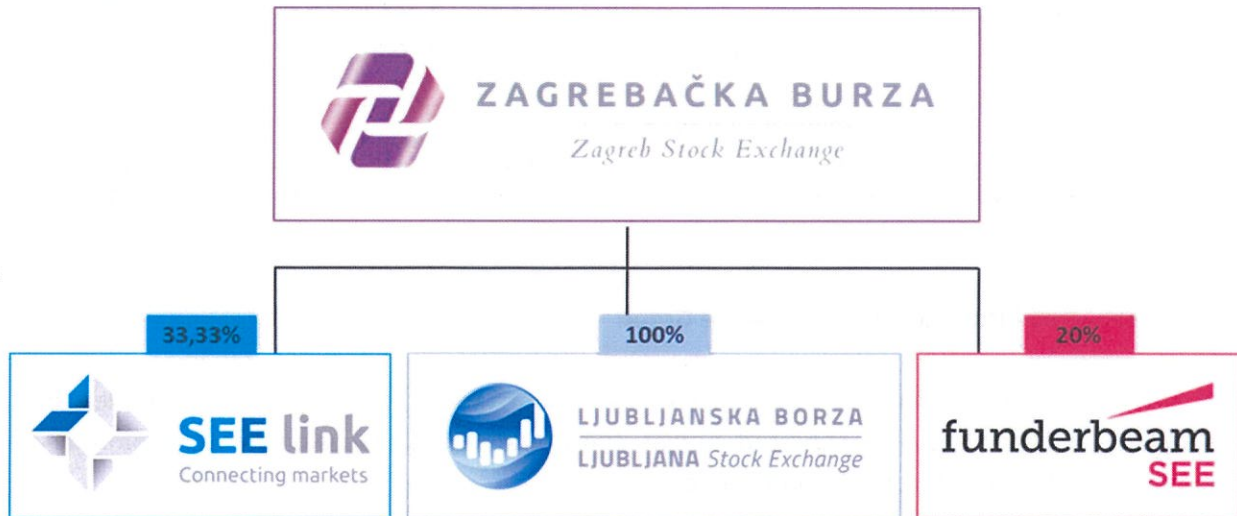
During the second half of 2019, the Company began migrating the Ljubljana Stock Exchange's downstream system to the Company's internally developed data warehouse system.

### 1.5 Information on repurchase of own shares

As of December 31, 2019, the companies in the Group held no own shares.

The companies in the Group did not acquire own shares between 1 January 2019 and 31 December 2019.

## 1.6 Zagreb Stock Exchange Group



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

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

Funderbeam South East Europe d.o.o., a company domiciled in Zagreb. The issued share capital of Funderbeam South East Europe d.o.o. is HRK 244,000, and the Zagreb Stock Exchange, Inc. participates with 20%.

## 1.7 Financial instruments used by the Group

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

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

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

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

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

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

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

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

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

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

The Group confirms that in 2019 there were no transactions within the Group and between the Group and its shareholders in excess of EUR 100,000.

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

The Group confirms that in 2019 there were no events that might have an adverse effect on Group operations.

### **1.12 Business results for 01/01/2019 – 31/12/2019**

In 2019, the Group realized a total of HRK 25,003 thousand of operating income, an increase of HRK +892 thousand or +4% than in 2018 when operating income amounted to HRK 24,111 thousand. Compared to 2018, sales revenue decreased from HRK 15,850 to HRK 15,475 thousand, HRK -97 thousand or -1%. However, the decrease in sales revenue was offset by the increase in other

operating income by HRK +1,267 thousand or +15% (from HRK 8,260 to HRK 9,527 thousand). Other operating income consisted of sales of information that increased by HRK +298 thousand or +5% (from HRK 5,704 thousand to HRK 6,002 thousand) and other income increased by significant HRK +969 thousand or +38% (from HRK 2,556 thousand to HRK 3,525 thousand). Other revenue items that contributed the most to this increase were: receivables (HRK +338 thousand), subsidies and sponsorships (HRK +292 thousand), conference and consulting income (HRK +191 thousand), fixed assets (HRK +167 thousand) and OTC service revenue (HRK +98 thousand).

Total operating expenses of the Group in 2019 amounted to HRK 24,934 thousand, an increase of HRK +933 thousand or +4% in comparison to 2018 when total operating expenses amounted to HRK 23,940 thousand. The increase is recorded in depreciation and amortization, which is related to the application of IFRS 16 (HRK +739 thousand or +65%, from HRK 1,134 thousand to HRK 1,873 thousand), other expenses (HRK +524 thousand or +15%, from HRK 3,529 to 4,053 thousand), and staff costs (HRK +247 thousand or +2%, from HRK 10,372 thousand to HRK 10,619 thousand). The increase in other expenses was mostly influenced by the increase in advertising costs and the organization of additional presentation activities for issuers (around HRK +230 thousand), followed by the FESE membership fee (HRK 119 thousand) and the cost of the HANFA fee (HRK +30 thousand). Compared to the previous year, other operating expenses decreased by -71% (HRK -211 thousand, from HRK 298 to HRK 87 thousand), value adjustment by -7% (HRK -35 thousand, from HRK 469 to 434 thousand), and material costs by -3% (HRK -270 thousand, from HRK 8,139 to HRK 7,868 thousand).

#### The Group's key business indicators

	2018	4Q 2018	2019	4Q 2019
Share capital	46,357,000	46,357,000	46,357,000	46,357,000
Capital and reserves	39,503,610	39,503,610	40,538,602	40,538,602
Total assets	46,018,706	46,018,706	48,704,183	48,704,183
<b>Operating income</b>	<b>24,110,625</b>	<b>7,167,526</b>	<b>25,003,125</b>	<b>7,504,391</b>
<i>sales revenue</i>	15,850,450	4,073,185	15,475,525	4,261,231
<i>other operating income</i>	8,260,175	3,094,341	9,527,600	3,243,160
<b>Operating expenses</b>	<b>23,940,499</b>	<b>6,774,994</b>	<b>24,933,878</b>	<b>7,258,328</b>
<i>material costs</i>	8,138,595	2,286,241	7,868,381	2,165,058
<i>staff costs</i>	10,372,333	2,732,345	10,619,044	2,879,071
<i>depreciation and amortization</i>	1,134,269	218,121	1,872,961	477,356
<i>other costs</i>	4,295,302	1,538,287	4,573,492	1,736,843
<b>EBIT</b>	<b>170,126</b>	<b>392,532</b>	<b>69,247</b>	<b>246,063</b>
<b>EBITDA</b>	<b>1,304,395</b>	<b>610,653</b>	<b>1,942,208</b>	<b>723,419</b>
Financial income	101,216	-11,283	1,463,580	52,016
Financial expenses	67,817	45,763	572,242	136,059
Share in profit/loss of associates and subsidiaries	-18,941	-105,839	75,352	44,990
<b>Pre-tax profit or loss</b>	<b>184,584</b>	<b>229,647</b>	<b>1,035,937</b>	<b>207,010</b>
Income tax	81,021	18,409	94,787	69,009

<b>Profit or loss for the period</b>	<b>103,563</b>	<b>211,238</b>	<b>941,150</b>	<b>138,001</b>
Number of shares	4,635,700	4,635,700	4,635,700	4,635,700
Number of employees	36	36	37	37

The Group's operating profit for 2019 is HRK 69 thousand, while a year earlier amounted to HRK 170 thousand. In 2019, the Group generated financial revenues in the amount of HRK 1,463 thousand or HRK +1,362 thousand compared to the financial income a year earlier when they amounted to HRK 101 thousand. The Group's financial expenses in 2019 amounted to HRK 572 thousand or HRK +504 thousand more than financial expenses in 2018 when they were HRK 68 thousand. The high financial expenses are the result of the adjustment of the value of the shares acquired by the Group in the course of the pre-bankruptcy settlement during 2019 and are recorded in the position of unrealized losses on financial assets. Of the remaining HRK 105 thousand in financial expenses, HRK 53 thousand relates to interest on operating leases. This is a consequence of the application of IFRS 16 under which long-term operating leases are treated as long-term liabilities and the lease payment is divided into principal and interest. In previous years, the entire amount of leasing paid was charged to the rental cost.

Considering all the aforementioned, as well as the share of associate's profit and income tax, the Group's net profit in 2019 is HRK 941 thousand, which is an increase of HRK +838 thousand compared to the previous year when net profit was HRK 103 thousand.

Operating profit before interest, taxes, depreciation and amortization is positive and amounts to HRK 1,942 thousand in 2019, an increase of HRK +638 thousand compared to 2018.

## 2 Declaration of responsibility for the preparation of financial statements

Financial statements of the Group prepared for the period between 01/01/2019 and 31/12/2019 give a fair and true account of facts in accordance with the International Standards of Financial Reporting and the Croatian Accounting Act.

Consolidated financial statements for the period between 01/01/2019 and 31/12/2019 give an objective, complete and true statement of assets and liabilities, financial position and operations of the Group.

The management report for 2019 contains a true and fair view of the development and results of operations, with a description of the principal risks and uncertainties to which the Group is exposed.

Consolidated financial statements for 2019 have not been audited.

  
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President of the Management Board

  
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Consolidated unaudited financial statements of the Group  
for 01/01/2019 – 31/12/2019

## Annex 1

## ISSUER'S GENERAL DATA

Reporting period: 1.1.2019 to 31.12.2019

Year: 2019

Quarter: 4

## Quarterly financial statements

Registration number (MB): 03749606 Issuer's home Member State code: HR

Entity's registration number (MBS): 080034217

Personal identification number (OIB): 84368186611 LEI: 7478000050A040C0D041

Institution code: 4

Name of the issuer: Zagreb Stock Exchange, Inc

Postcode and town: 10000 Zagreb

Street and house number: Ivana Lučića 2a/22

E-mail address: sandra.semuga@zse.hr

Web address: www.zse.hr

Number of employees (end of the reporting): 37

Consolidated report: KD (KN-not consolidated/KD-consolidated)

Audited: RN (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): Registered office: MB:

Ljubljanska borza d.d. Ljubljana Slovenska cesta 56, Ljubljana SI5978006

Bookkeeping firm: Yes (Yes/No) Sigma Tax Consulting d.o.o.  
(name of the bookkeeping firm)Contact person: Martina Butković  
(only name and surname of the contact person)

Telephone: 01/4699-555

E-mail address: martina.butkovic@sigmabc.eu

Audit firm:  
(name of the audit firm)Certified auditor:  
(name and surname)

## BALANCE SHEET

balance as at 31.12.2019

in HRK

Submitter: Zagreb Stock Exchange, Inc

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>ASSETS</b>			
<b>FIXED ASSETS 002+003+009+012</b>	<b>1</b>	<b>17,259,267</b>	<b>14,982,290</b>
<b>I INTANGIBLE ASSETS</b>	<b>2</b>	<b>2,519,987</b>	<b>2,950,730</b>
<b>II TANGIBLE ASSETS 004+...+008</b>	<b>3</b>	<b>12,275,248</b>	<b>9,882,399</b>
1 Land and buildings	4	10,529,784	7,208,909
2 Computer equipment	5	398,497	160,729
3 Other tangible assets	6	1,291,947	1,115,814
4 Leasehold improvements	7	0	1,396,947
5 Assets under construction	8	55,020	0
<b>III FIXED FINANCIAL ASSETS 010+011</b>	<b>9</b>	<b>2,189,810</b>	<b>1,886,546</b>
1 Investments in associates, subsidiaries and joint ventures	10	42,009	117,119
2 Financial assets at amortised cost	11	2,147,801	1,769,427
<b>DEFERRED TAX ASSETS</b>	<b>12</b>	<b>274,222</b>	<b>262,615</b>
<b>B CURRENT ASSETS 014+020+024</b>	<b>13</b>	<b>27,637,863</b>	<b>32,425,982</b>
<b>I RECEIVABLES 015+...+019</b>	<b>14</b>	<b>3,421,201</b>	<b>3,758,156</b>
1 Trade receivables	15	2,692,589	3,009,814
2 Receivables from employees and members of the undertaking	16	1,470	390
3 Receivables from government and other institutions	17	152,625	169,253
4 Receivables from connected undertakings	18	0	0
5 Other receivables	19	574,517	578,699
<b>III SHORT-TERM FINANCIAL ASSETS 021+...+023</b>	<b>20</b>	<b>21,775,488</b>	<b>21,074,626</b>
1 Financial assets at amortised cost	21	4,082,508	1,491,567
2 Financial assets at fair value through other comprehensive	22	0	0
3 Financial assets at fair value through statement of profit or	23	17,692,980	19,583,059
<b>III CASH AND CASH EQUIVALENTS</b>	<b>24</b>	<b>2,441,174</b>	<b>7,593,200</b>
<b>C PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>25</b>	<b>1,121,576</b>	<b>1,295,911</b>
<b>D TOTAL ASSETS 001+013+025</b>	<b>26</b>	<b>46,018,706</b>	<b>48,704,183</b>
<b>E OFF-BALANCE SHEET ITEMS</b>	<b>27</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>			
<b>A CAPITAL AND RESERVES 029+030+031+036+037+038</b>	<b>28</b>	<b>39,503,610</b>	<b>40,538,602</b>
<b>I INITIAL CAPITAL</b>	<b>29</b>	<b>46,357,000</b>	<b>46,357,000</b>
<b>II CAPITAL RESERVES</b>	<b>30</b>	<b>13,860,181</b>	<b>13,860,181</b>
<b>III PROFIT RESERVES 032+...+035</b>	<b>31</b>	<b>735,876</b>	<b>644,519</b>
1 Legal reserves	32	141,000	141,000
2 Reserves for treasury shares	33	0	0
3 Fair value reserves	34	0	0
4 Other reserves	35	594,876	503,519
<b>IV RETAINED PROFIT OR LOSS BROUGHT FORWARD</b>	<b>36</b>	<b>-21,639,001</b>	<b>-21,264,248</b>
<b>V PROFIT OR LOSS FOR THE YEAR</b>	<b>37</b>	<b>189,554</b>	<b>941,150</b>
<b>VI MINORITY INTEREST</b>	<b>38</b>	<b>0</b>	<b>0</b>
<b>B PROVISIONS</b>	<b>39</b>	<b>0</b>	<b>103,028</b>
<b>C SHORT-TERM LIABILITIES 041+...+046</b>	<b>40</b>	<b>2,084,893</b>	<b>2,857,793</b>
1 Liabilities for advance payments	41	8,945	17,007
2 Trade payables	42	973,562	950,881
3 Liabilities to employees	43	671,054	683,834
4 Taxes, contributions and similar liabilities	44	370,485	438,106
5 Liabilities to connected undertakings	45	0	0
6 Other short-term liabilities	46	60,847	767,965
<b>D LONG-TERM LIABILITIES</b>	<b>47</b>	<b>31,110</b>	<b>567,952</b>
<b>E DEFERRED TAX LIABILITY</b>	<b>48</b>	<b>223,050</b>	<b>188,394</b>
<b>F ACCRUALS AND DEFERRED INCOME</b>	<b>49</b>	<b>4,176,043</b>	<b>4,448,414</b>
<b>G TOTAL LIABILITIES 028+039+040+047+048+049</b>	<b>50</b>	<b>46,018,706</b>	<b>48,704,183</b>
<b>H OFF-BALANCE SHEET ITEMS</b>	<b>51</b>	<b>0</b>	<b>0</b>
<b>Appendix to the balance sheet (position for consolidated financial statements)</b>			
<b>I Capital and reserves 053+054</b>	<b>52</b>	<b>39,503,610</b>	<b>40,538,602</b>
1 Attributable to owners of the parent	53	39,503,610	40,538,602
2 Attributable to non-controlling interest	54	0	0

## STATEMENT OF PROFIT OR LOSS

For the period 01.01.2019. to 31.12.2019

in HRK

Submitter: Zagreb Stock Exchange, Inc

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>A OPERATING INCOME 002+009</b>	<b>1</b>	<b>24,110,625</b>	<b>7,167,526</b>	<b>25,003,125</b>	<b>7,504,391</b>
I Sales revenue 003+...+008	2	15,850,450	4,073,185	15,475,525	4,261,231
1 Commissions and membership fees	3	7,551,731	1,847,432	7,454,638	2,129,798
2 Listing maintenance fees	4	6,812,587	1,971,445	6,506,452	1,927,697
3 Income from quotation maintenance	5	1,029,167	131,588	1,118,504	109,257
4 Income from auctions	6	0	0	0	0
5 Income from memberships	7	0	0	0	0
6 Revenue from assigning and administering LEIs	8	456,965	122,720	395,931	94,479
II Other operating income 010+...+012	9	8,260,175	3,094,341	9,527,600	3,243,160
1 Income from application programming interface (API) services	10	0	0	0	0
2 Income from the supply of information	11	5,703,762	1,708,242	6,002,141	1,745,331
3 Other income	12	2,556,413	1,386,099	3,525,459	1,497,829
<b>B OPERATING EXPENSES 014+017+021+022+023+026+027</b>	<b>13</b>	<b>23,730,264</b>	<b>6,774,994</b>	<b>24,933,878</b>	<b>7,258,328</b>
I Material costs 015+016	14	7,953,789	2,286,241	7,868,381	2,165,058
1 Costs of raw materials	15	623,991	141,922	598,186	170,151
2 Other external costs	16	7,329,798	2,144,319	7,270,195	1,994,907
II Staff costs 018+...+020	17	10,372,336	2,732,345	10,619,044	2,879,071
1 Net salaries and wages	18	6,892,976	1,801,450	7,028,161	1,955,418
2 Tax and contributions from salary costs	19	2,590,312	695,090	2,684,287	695,296
3 Payroll contributions	20	889,048	235,805	906,596	228,357
III Depreciation	21	1,134,266	218,121	1,872,961	477,356
IV Other costs	22	3,503,145	1,247,307	4,053,085	1,416,647
V Value adjustment 024+025	23	468,854	261,053	433,862	264,512
1 fixed assets (other than financial assets)	24	0	0	0	0
2 current assets (other than financial assets)	25	468,854	261,053	433,862	264,512
VI Provisions	26	0	0	0	0
VII Other operating expenses	27	297,874	29,927	86,545	55,684
<b>C FINANCIAL INCOME 029+...+034</b>	<b>28</b>	<b>97,897</b>	<b>-11,283</b>	<b>1,463,580</b>	<b>52,016</b>
1 Interest, exchange rate differences, dividends and similar	29	95	-13,077	19,601	1,931
2 Interest, exchange rate differences, dividends and similar	30	74,414	7,122	229,365	83,909
3 Income share from associates and participating interests	31	0	0	0	0
4 Unrealised gains (income) from financial assets	32	0	-28,716	1,204,354	-44,084
5 Profit from reversal of provisions for impairment for expected	33	0	0	0	0
6 Other financial income	34	23,388	23,388	10,260	10,260
<b>D FINANCIAL EXPENSES 036+...+040</b>	<b>35</b>	<b>64,496</b>	<b>45,763</b>	<b>572,242</b>	<b>136,059</b>
1 Interest, exchange rate differences and other expenditures with	36	0	-4,678	11,115	9,935
2 Interest, exchange rate differences and other expenditure from	37	40,180	26,210	93,571	21,920
3 Unrealised losses (expenses) from financial assets	38	24,236	24,231	467,556	104,819
4 Loss on impairment for expected credit losses	39	0	-80	0	0
5 Other financial expenses	40	80	80	0	-615
<b>E TOTAL INCOME 001+028</b>	<b>41</b>	<b>24,208,522</b>	<b>7,156,243</b>	<b>26,466,705</b>	<b>7,556,407</b>
<b>F TOTAL EXPENDITURE 013+035</b>	<b>42</b>	<b>23,794,760</b>	<b>6,820,757</b>	<b>25,506,120</b>	<b>7,394,387</b>
G Share in profit/loss of associates and subsidiaries	43	-124,780	-105,839	75,352	44,990
<b>H PRE-TAX PROFIT OR LOSS 041-042+043</b>	<b>44</b>	<b>288,982</b>	<b>229,647</b>	<b>1,035,937</b>	<b>207,010</b>
<b>I INCOME TAX</b>	<b>45</b>	<b>99,428</b>	<b>18,409</b>	<b>94,787</b>	<b>69,009</b>
<b>J PROFIT OR LOSS FOR THE PERIOD 044-045</b>	<b>46</b>	<b>189,554</b>	<b>211,238</b>	<b>941,150</b>	<b>138,001</b>
1 Change in revaluation reserves (property, plant,	47	0	0	0	0
2 Actuarial gains/losses on defined benefit pension plans	48	0	0	0	0
3 Unrealised gains/losses on financial assets at fair value through other comprehensive income	49	0	0	0	0
4 Gains/losses on hedging instruments in a cash flow hedge	50	0	0	0	0
5 Gains/losses arising from translation of financial	51	-241,001	-45,034	57,839	102,783
6 Income tax on other comprehensive income	52	0	0	0	0
<b>K OTHER COMPREHENSIVE INCOME 047+...+052</b>	<b>53</b>	<b>-241,001</b>	<b>-45,034</b>	<b>57,839</b>	<b>102,783</b>
<b>TOTAL COMPREHENSIVE INCOME 046+053</b>	<b>54</b>	<b>-51,447</b>	<b>166,204</b>	<b>998,989</b>	<b>240,784</b>
<b>M RECLASSIFICATION ADJUSTMENTS</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Appendix **					
Attributable to owners of the parent	56	-51,447	166,204	998,989	240,784
Attributable to non-controlling interest	57	0	0	0	0

**STATEMENT OF CASH FLOWS - indirect method**  
for the period 01.01.2019. to 31.12.2019

in HRK

Submitter: Zagreb Stock Exchange, Inc

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1 Pre-tax profit	1	288,982	1,035,937
2 Depreciation	2	1,134,266	1,872,961
3 Increase in short-term liabilities	3	0	64,581
4 Decrease in short-term receivables	4	3,901	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	1,016,400	0
<b>I Total cash flow increase from operating activities 001+...+007</b>	<b>8</b>	<b>2,443,549</b>	<b>2,973,479</b>
1 Decrease in short-term liabilities	9	441,576	0
2 Increase in short-term receivables	10	847,335	192,359
3 Increase in inventories	11	0	239
4 Profit from reversal of provisions for impairment for expected	12	1,028,683	0
5 Other cash flow decrease	13	0	1,544,302
<b>II Total cash flow decrease from operating activities 009+...+013</b>	<b>14</b>	<b>2,317,594</b>	<b>1,736,900</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1 Cash receipts from sale of fixed tangible and intangible assets	15	1,730,019	3,366,691
2 Cash receipts the from sale of equity instruments and debt	16	0	0
3 Interest received	17	0	0
4 Dividends received	18	0	0
5 Other cash receipts from investment activities	19	891,888	2,910,491
<b>III Total cash receipts from investment activities 015+...+019</b>	<b>20</b>	<b>2,621,907</b>	<b>6,277,182</b>
1 Cash payments for the purchase of fixed tangible and intangible	21	563,135	923,991
2 Cash payments for the acquisition of equity financial	22	44,800	1,170,812
3 Other cash payments from investment activities	23	1,449,770	1,000,000
<b>IV Total cash payments from investment activities 021+...+023</b>	<b>24</b>	<b>2,057,705</b>	<b>3,094,803</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
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	1,549,430
<b>V Total cash receipts from financing activities 025+...+027</b>	<b>28</b>	<b>0</b>	<b>1,549,430</b>
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	54,876	25,269
4 Cash payments for the redemption of treasury shares	32	0	0
5 Other cash payments from financing activities	33	43,000	791,109
<b>VI Total cash payments from operating activities 029+...+033</b>	<b>34</b>	<b>97,876</b>	<b>816,378</b>
<b>VII Cash and cash equivalents at the beginning of period</b>	<b>35</b>	<b>1,848,893</b>	<b>2,441,174</b>
<b>VIII Increase of cash and cash equivalents</b>	<b>36</b>	<b>592,281</b>	<b>5,152,010</b>
<b>IX Decrease of cash and cash equivalents</b>	<b>37</b>	<b>0</b>	
<b>X Cash and cash equivalents at the end of period</b>	<b>38</b>	<b>2,441,174</b>	<b>7,593,184</b>

**STATEMENT OF CHANGES IN EQUITY**

Item	ADP	for the period from 1.1.2019 to 31.12.2019										in HRK		
		Attributable to owners of the parent											Attributable to non-controlling interests	Total capital and reserves
		Subscribed capital	Capital reserves	Profit reserves	Profit or loss for the year (period)	Retained profit or loss brought forward	Fair value reserves	Other revaluation reserves	8	9	10			
3	4	5	6	7	8	9	10	11						
<b>Balance on the first day of the previous business year</b>	<b>1</b>	46,357,000	13,860,181	141,000	-3,754,703	-17,620,569	0	896,018	0	0	0	39,878,927		
Change in accounting policies	2	0	0	0	0	-323,871	0	0	0	0	0	-323,871		
Correction of errors from prior periods	3	0	0	0	0	0	0	0	0	0	0	0		
<b>Balance on the first day of the previous business year (restated)</b>	<b>4</b>	46,357,000	13,860,181	141,000	-3,754,703	-17,944,440	0	896,018	0	0	0	39,555,056		
Profit or loss for the period	5	0	0	0	189,554	0	0	0	0	0	0	189,554		
Unrealised gains or losses on financial assets at fair value through other comprehensive income	6	0	0	0	0	0	0	0	0	0	0	0		
Other changes in equity unrelated to owners	7	0	0	0	0	0	0	-241,001	0	0	0	-241,001		
<b>Total directly recognised income and expenses of the previous year (previous year periods)</b>	<b>8</b>	0	0	0	189,554	0	0	-241,001	0	0	0	-51,447		
Increase/decrease in subscribed capital	9	0	0	0	0	0	0	0	0	0	0	0		
Other contributions by owners	10	0	0	0	0	0	0	0	0	0	0	0		
Payment of share in profit/dividend	11	0	0	0	0	0	0	0	0	0	0	0		
Other distribution to owners	12	0	0	0	3,754,703	-3,694,561	0	-60,141	0	0	0	1		
<b>Balance on the last day of the previous business year reporting period</b>	<b>13</b>	46,357,000	13,860,181	141,000	189,554	-21,639,001	0	594,876	0	0	0	39,503,610		
<b>Balance on the first day of the current business year</b>	<b>14</b>	46,357,000	13,860,181	141,000	189,554	-21,639,001	0	594,876	0	0	0	39,503,610		
Change in accounting policies	15	0	0	0	0	0	0	0	0	0	0	0		
Correction of errors from prior periods	16	0	0	0	0	0	0	0	0	0	0	0		
<b>Balance on the first day of the current business year (restated)</b>	<b>17</b>	46,357,000	13,860,181	141,000	189,554	-21,639,001	0	594,876	0	0	0	39,503,610		
Profit or loss for the period	18	0	0	0	941,150	0	0	0	0	0	0	941,150		
Unrealised gains or losses on financial assets at fair value through other comprehensive income	19	0	0	0	0	0	0	0	0	0	0	0		
Other changes in equity unrelated to owners	20	0	0	0	0	0	0	57,839	0	0	0	57,839		
<b>Total directly recognised income and expenses of the current year (current period)</b>	<b>21</b>	0	0	0	941,150	0	0	57,839	0	0	0	998,989		
Increase/decrease in subscribed capital	22	0	0	0	0	0	0	0	0	0	0	0		
Other contributions by owners	23	0	0	0	0	0	0	0	0	0	0	0		
Payment of share in profit/dividend	24	0	0	0	0	0	0	0	0	0	0	0		
Other distribution to owners	25	0	0	0	-189,554	374,753	0	-149,196	0	0	0	36,003,19		
<b>Balance on the last day of the current business year reporting period</b>	<b>26</b>	46,357,000	13,860,181	141,000	941,150	-21,264,248	0	503,519	0	0	0	40,538,602		

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

Name of the issuer: Zagreb Stock Exchange, Inc

Personal identification number (OIB): 84368186611

Reporting period: 1.1.2019 – 31.12.2019

Notes to financial statements for quarterly periods include:

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

