



ZAGREBAČKA BURZA
Zagreb Stock Exchange



LJUBLJANSKA BORZA
LJUBLJANA Stock Exchange

ANNUAL REPORT

ON STATUS AND BUSINESS ACTIVITIES OF THE GROUP IN 2022

Zagreb, April 2023

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.

Content

	<i>Page</i>
Management report	3
Statement on the application of the Corporate Governance Code	27
Responsibilities of the Management board for the Annual report	30
Independent Auditors' report to the shareholders of Zagrebačka burza d.d. Group	31
Financial statements	
<i>Consolidated Statement of comprehensive income</i>	39
<i>Consolidated Statement of the financial position</i>	41
<i>Consolidated Statement of changes in equity and reserves</i>	43
<i>Consolidated Statement of cash flows</i>	44
Notes to the consolidated financial statements	46
Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (consolidated)	91
Decision on determining the annual financial statements	108
Decision on profit distribution	109

1 MANAGEMENT REPORT

1.1 Introduction

In 2022, the Zagreb Stock Exchange Group (hereinafter: the Group) recorded the following significant business events:

- On March 8, 2022, the Zagreb Stock Exchange 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 11, 2022, the Ljubljana Stock Exchange 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 23, 2022, the Ljubljana Stock Exchange organized an investor webcast "Slovenian Listed Companies Online".
- On March 24, 2022, the Ljubljana Stock Exchange marked World Money Week by hosting a webinar for pupils and students called "Let's go to the Exchange".
- In the period from 26 to 27 May 2022, the Croatian and Slovenian Investor Days – "CEE Investment Opportunities" were held. Slovenian and Croatian companies were joined by companies listed on the Macedonian Stock Exchange. The event was conducted through the Zoom Webinar platform, and was attended by about 200 analysts and investors from the region, as well as investors from Austria, the Czech Republic, Estonia, Germany, Poland, Spain, Türkiye, Great Britain, the United States of America and Japan.
- On May 31, 2022, the Ljubljana Stock Exchange organized an event titled "Trade on the Exchange" in order to promote the Slovenian capital market to the general public, and was visited by more than 550 visitors.
- On June 8, 2022, the annual education for issuers was held, co-organized by HANFA, the CDCC and the Zagreb Stock Exchange. The online education gathered more than a hundred representatives of companies listed on the Zagreb Stock Exchange.
- On June 14, 2022, the Zagreb Stock Exchange held a General Meeting, where a decision was reached to reduce share capital in a regular procedure, by issuing to each shareholder 1 new ordinary registered share with a nominal value of HRK 10,00 for two shares outstanding. The share capital of Zagreb Stock Exchange was thus reduced from HRK 46,357,000 to HRK 23,178,500.

- On June 15, 2022, the Zagreb Stock Exchange hosted an investor presentation for the company FIRENDLY FIRE as part of their Funderbeam SEE campaign.
- On June 24, 2022, the Zagreb Stock Exchange acquired an additional 199 shares of Macedonian Stock Exchange, increasing its stake in the company to 17.05%.
- On June 27, 2022, a new version of the Xetra T7 10.1 trading system was released into production. The migration was completed without difficulty.
- On July 8, 2022, the Zagreb Stock Exchange acquired an additional 138 shares of Macedonian Stock Exchange, increasing its stake in the company to 21.99%.
- On July 18, 2022, the Zagreb Stock Exchange acquired an additional 77 shares of Macedonian Stock Exchange, increasing its stake in the company to 24.75%.
- On July 19, 2022, the Zagreb Stock Exchange hosted an investor presentation for the company MOBILITY ONE as part of their Funderbeam SEE campaign.
- On August 18, 2022, the Zagreb Stock Exchange acquired an additional 146 shares of Macedonian Stock Exchange, increasing its stake in the company to 29.98%.
- On August 31, 2022, the Ljubljana Stock Exchange, in cooperation with Interkapital Securities, organized a webcast titled "Slovenian listed companies online", where the issuers listed on the Prime Market segment had an opportunity to present themselves to investors.
- On September 7, 2022, the investment conference "Prime plus" of the Zagreb Stock Exchange was held at which investors were introduced to all issuers listed on the Prime Market of the Zagreb Stock Exchange. As part of this conference, the Zagreb Stock Exchange also presented itself as an issuer.
- On September 27, 2022, the Ljubljana Stock Exchange organized an event titled "Alternative sources of financing".
- On September 27, 2022, in compliance with the Capital Market Act and the Rules of the Exchange, and in accordance with the Decision of the General Meeting of Zagreb Stock Exchange which authorized the Management Board to acquire own shares in a 5-year period from the date of the Decision, the Zagreb Stock Exchange notified the public on initiation of the Share Buy-back Program starting October 3, 2022 and lasting until October 2, 2023.

- On October 3, 2022, Zagreb Stock Exchange initiated the Share Buy-back Program.
- On October 3, 2022, the Ljubljana Stock Exchange organized an event titled “Ring the Bell for Financial Literacy” which marked the International Investor Week.
- On October 26, 2022, the Ljubljana Stock Exchange organized an online event titled “Trade on the Exchange – Vol. 2”.
- From October 12 to 14, 2022, the Conference "Challenge of Change" was held in Dubrovnik organized by the Zagreb Stock Exchange and the Association of Pension Fund Management Companies and Pension Insurance Companies.
- On October 12, 2022, the Zagreb Stock Exchange hosted an investor presentation for the company KOYKAN as part of their Funderbeam SEE campaign.
- On November 30, 2022, the Zagreb and Ljubljana Stock Exchanges co-organized the annual Investor Days – CEE Investment Opportunities, Winter Edition, which has been taking place since 2014, with the aim of connecting investors and analysts with renowned companies listed on both exchanges.
- On November 30, 2022, the Ljubljana Stock Exchange awards were presented.
- On December 9, 2022, the Zagreb Stock Exchange Awards were presented.
- By the end of 2022., the Zagreb Stock Exchange had finished all preparatory activities for the introduction of the euro as the official currency from January 1, 2023.

1.2 Group's Key Performance Indicators in 2022

In 2022 operating revenues increased by +9% compared to 2021, and amounted to HRK 28,219 thousand, primarily caused by increased securities turnover on the year-level, new listings and an increase in other income. Other operating income increased by HRK +577 thousand, or +7%.

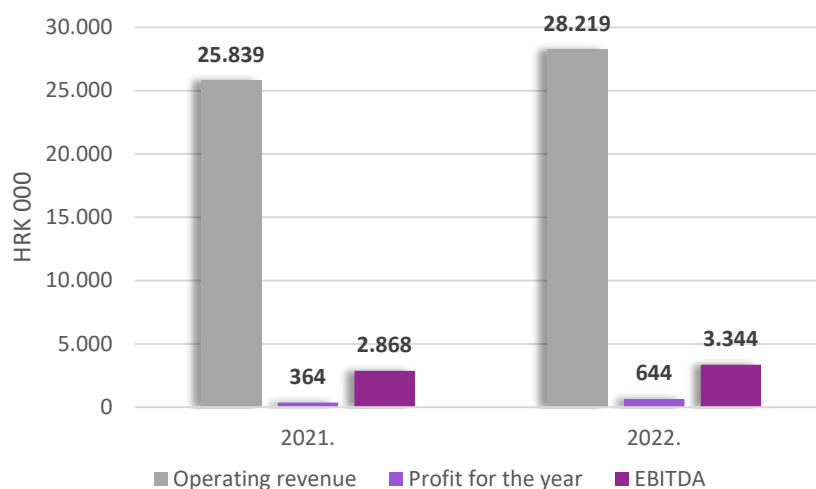


Figure 1: Operating revenue, profit for the year and EBITDA

Operating expenses increased by about +7% compared to the 2021. The year 2022 was thus concluded with an operating profit of HRK 1,433 thousand, a net financial result of HRK 646 thousand and a net profit of HRK 644 thousand. Operating profit before depreciation in 2022 amounts to a significant HRK 3,344 thousand, which represents an increase of +16,6% compared to 2021.

HRK 000	2021	2022	change
Capital and reserves	43,228	44,133	2.05%
Total assets	53,610	54,241	1.18%
Operating revenue	25,839	28,219	9.21%
<i>Sales revenue</i>	<i>17,142</i>	<i>18,944</i>	<i>10.50%</i>
<i>Other operating income</i>	<i>8,697</i>	<i>9,275</i>	<i>6.65%</i>
Operating expenses	-25,008	-26,786	7.11%
<i>Staff costs</i>	<i>-12,816</i>	<i>-13,965</i>	<i>8.97%</i>
<i>Depreciation and amortization</i>	<i>-2,036</i>	<i>-1,913</i>	<i>-6.04%</i>
<i>Other costs</i>	<i>-10,156</i>	<i>-10,908</i>	<i>7.42%</i>
EBIT	832	1,433	72.24%
EBITDA	2,868	3,344	16.60%
Net financial result	-394	728	84.77%
Share of profit (loss) of equity accounted investees	30	-59	
EBT	468	646	38%
Income tax credit	-104	2	98%
Profit for the year	364	644	76.92%
Other comprehensive income	-67	381	466.66%
Total comprehensive profit for the year	297	1,027	245.79%

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. In accordance with the Resolution of the General Assembly of the Exchange dated June 14, 2022, a corporate action of reducing the share capital by merging the Company's shares in a ratio of 2:1 was carried out. After the share capital reduction, issued share capital of Zagreb Stock Exchange amounts to HRK 23,178,000 and it is divided into 2,317,850 ordinary shares. On October 3, 2022, Zagreb Stock Exchange initiated a Share Buy-back Program, which will last until October 2, 2023, at the latest. According to the Program, the Exchange plans to buy-back a maximum of 10,000 shares, and has assigned a total of HRK 500,000 HRK to the Program. By the end of 2022, the Exchange acquired a total of 5,500 of own shares.

From 1 January 2022 to 31 December 2022, Zagreb Stock Exchange's share reached a total orderbook turnover of HRK 414,552.

Symbol	ZB-R-A
ISIN	HRZB00RA0003
Number of listed shares	2,317,850
Total turnover (HRK)	414,552
Total trading volume	18,325
Highest price (HRK)	28,00
Lowest price (HRK)	10,10
Last price (HRK)	27,60
Average daily turnover (HRK)	6,795,93

Table 2: ZB-R-A stock in 2022

The ZB-R-A stock price reached its peak on December 1, 2022 in the amount of HRK 28.00, while it fell to its lowest level on February 22, 2022, when it was priced at HRK 10.00.

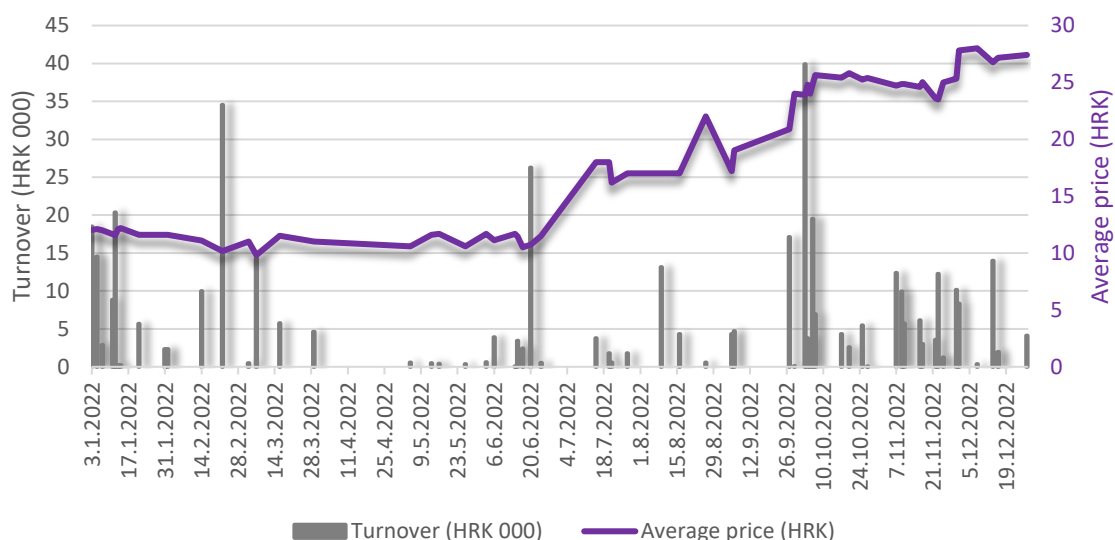


Figure 2: Turnover and average price ZB-R-A stock in 2022

1.2.2 Ownership structure of the issuer Zagreb Stock Exchange

A total of 184 shareholders were noted in the ownership structure of the Zagreb Stock Exchange on 31 December 2022.

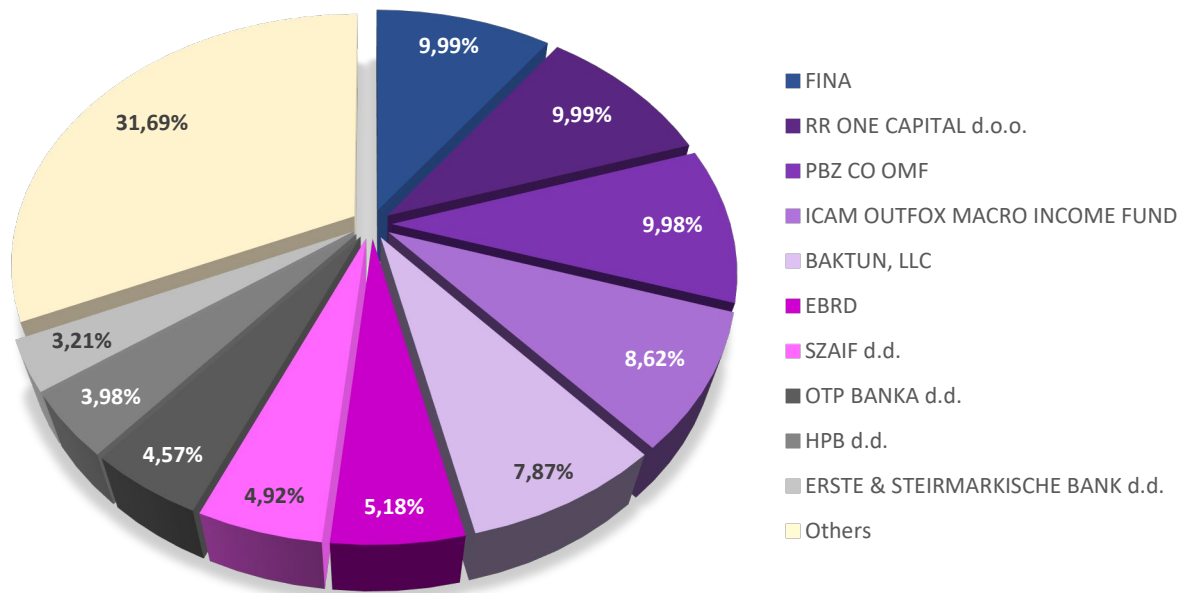


Figure 3: Ownership structure on 31 December 2022

1.3 Financial results and business operations of the Group in 2022

In 2022, the Group generated a total of HRK 28,219 thousand of operating revenues, which is HRK +2,380 thousand or +9.21% more than in the previous year when they amounted to HRK 25,839 thousand. Compared to 2021, sales revenues increased from HRK 17,142 to HRK 18,944 thousand, i.e., by a significant HRK +1,802 thousand or +10.5%. The increase in sales revenues is primarily the result of an increase in revenue from trading commissions, which, following a higher turnover in securities from the end of February to the end of March, by the end of 2022 reached HRK 8,326 thousand (HRK +1,033 thousand or +14% more compared to 2021 when they amounted to HRK 7,293 thousand). Following the higher number of newly listed securities than in the previous year, income from quotation fees in 2022 amounted to HRK 1,756 thousand, which is HRK +225 thousand or +14.69% more than in 2021. Sales revenues increased on all items, the only item recording a decrease is the income from membership fees which reduced by 1% and amounted to HRK 464 thousand (2021: HRK 470 thousand). Compared to 2021, other operating income increased by HRK +577 thousand or +6.6%, i.e., from HRK 8,699 to HRK 9,276 thousand. The increase in other operating income is due to the growth of revenue from the income from seminars which amounted to HRK 1,213 thousand (HRK +314 thousand or +35%), income from assigning and administering LEIs which amounted to HRK 488 thousand (HRK +119 thousand or +32%) and income from the lease and sale of equipment which amounted to HRK +196 thousand, and was not recorded in 2021.

Normalizing of business operations after two pandemic years, the Group's total operating expenses recorded an expected increase. Total operating expenses in 2022 increased by a HRK +1,778 thousand (+7%) compared to 2021 and amounted to HRK 26,786 thousand (2021: HRK 25,008 thousand). The increase in operating expenses was mostly due to the increase in other expenses (HRK +425 thousand or +12%, i.e., from HRK 3,438 to HRK 3,864 thousand). Staff costs increased by HRK +1,149 thousand or +8.97% (from HRK 12,816 to HRK 13,965 thousand), and has been planned for.

The Group's operating profit in 2022 amounted to HRK 1,433 thousand, while in the previous year the operating profit amounted to HRK 832 thousand (HRK +601 or +72.42%). The net financial result in 2022 amounts to HRK 728 thousand (an increase of HRK +334 thousand compared to 2021), and participation in joint venture and participating interest amounts to HRK -59 thousand, HRK -89 thousand less compared to the previous year (2021: HRK 30 thousand).

Considering all of the above, the Group's net profit in 2022 amounts to HRK 644 thousand, which is HRK +280 thousand (+76.92%) more than in 2021, when the Group's net profit amounted to HRK 364 thousand. Operating profit before interest, taxes, depreciation and amortization is positive and in 2022 amounts to HRK 3,344 thousand, i.e., HRK +476 thousand more than in 2021.

In 2022, 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 2022, the Group's free assets amounted to HRK 38,331 thousand (units in investment funds and cash in the bank).

1.4 Business analysis

1.4.1 Total operating revenues

Total operating revenues in 2022 amount to HRK 28,219 thousand and are higher by HRK +2,380 thousand or +9.21% compared to 2021 when they amounted to HRK 25,839 thousand. The largest increase in revenue was recorded in revenue from quotation maintenance (HRK +225 thousand or +14.66%), and the largest decrease in revenue from membership fees (HRK -6 thousand or -1,30%).

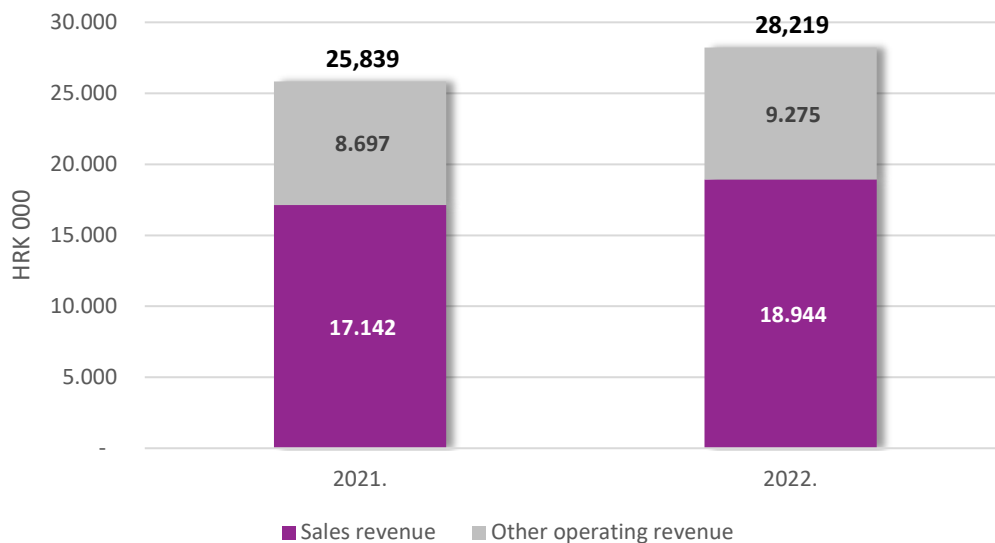


Figure 4: Operating revenue

In 2022, the largest share in operating revenues had income from trading commissions (30%) and income from quotation maintaining (30%).

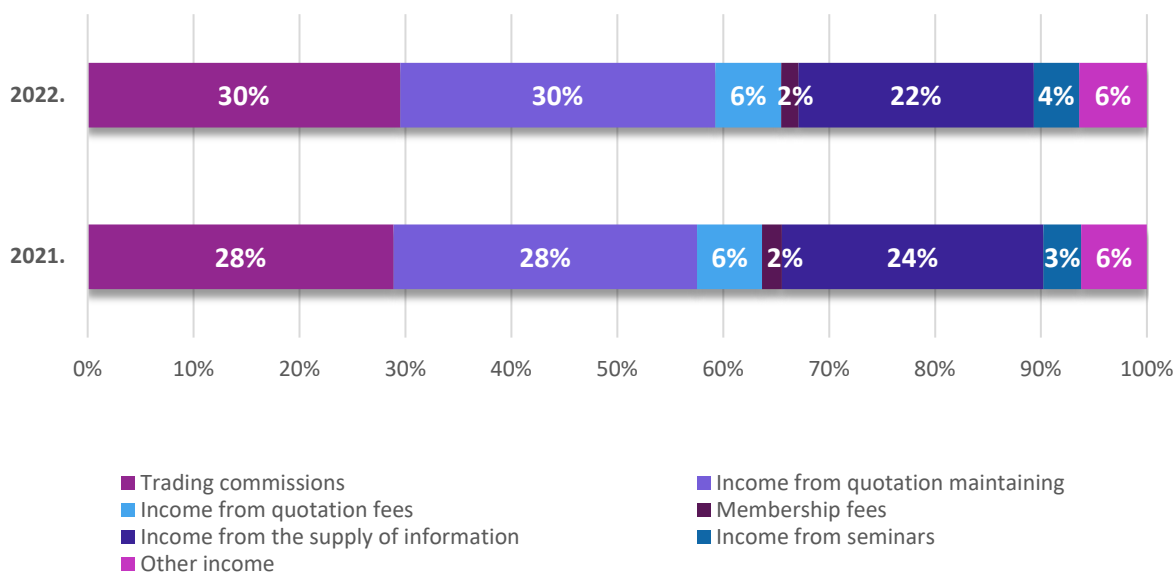


Figure 5: Operating revenue structure

Trading commissions and membership fees

In 2022, HRK 8,326 thousand was generated on the basis of trading commissions, which is HRK +1,033 thousand or +14.16% more compared to 2021, when they amounted to HRK 7,293 thousand. At the end of 2022, the Zagreb Stock Exchange had a total of 13 members, same as in 2021, and the Ljubljana Stock Exchange had 9 members, same as at the end of 2021. Membership fees revenues are lower by HRK -6 thousand or -1.3% and amount to HRK 464 thousand.

Income from quotation maintenance

Income from quotation maintenance increased from HRK 7,847 to HRK 8,396 thousand (HRK +549 thousand or +7%). At the end of 2022, 92 stocks (2021: 98), 30 bonds (2021: 32) and 2 ETFs (2021: 2) and 14 treasury bills were listed on the Regulated Market of the Zagreb Stock Exchange, while 24 shares (2021: 25), 28 bonds (2021: 29), 1 commercial paper (2021: 2), 7 treasury bills (201: 3), and 7 structured products (2021: 5) were listed on the Ljubljana Stock Exchange.

Income from quotation fees

In 2022, income from quotation fees increased from HRK 1,532 to HRK 1,757 thousand (HRK +225 thousand or 14.69%) compared to the previous year. During 2022, two new shares, five bonds and fourteen treasury bills were listed on the Zagreb Stock Exchange, while in 2021, three shares and seven bonds were listed. On the Ljubljana Stock Exchange two share, two bonds and two structured products were listed in 2022, and in 2021, one share, three bonds and two commercial papers were listed.

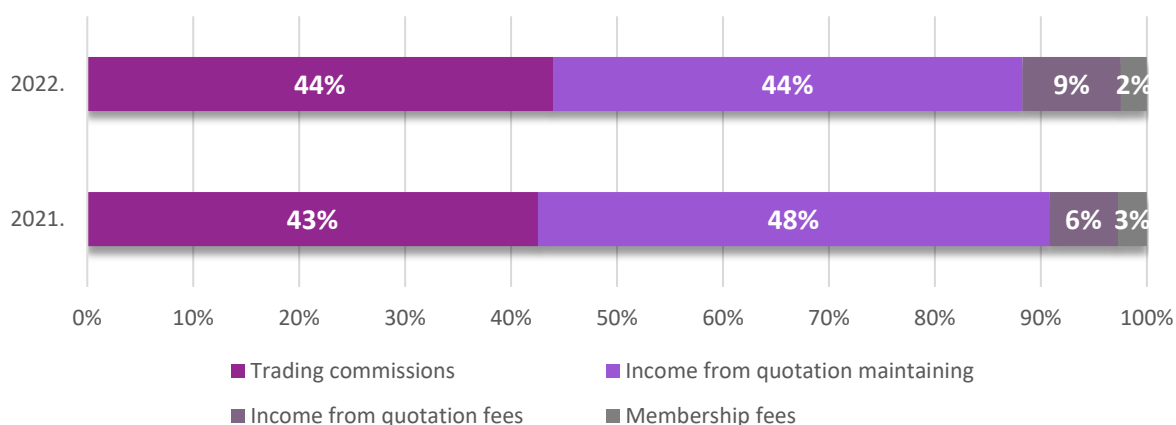


Figure 6: Sales revenue structure

Other operating income

Other operating income increased by HRK +578 thousand or +6.65% compared to 2021 (from HRK 8,697 to HRK 9,275 thousand) due to the growth of revenue from assigning and administering LEIs which amount to HRK 488 thousand (HRK +119 thousand, or 32.33%), increase in revenues from seminars amounting to HRK 1,213 thousand (HRK +316 thousand or +35.23%), and income from OTC service that increased by HRK +134 thousand or +27.63% and amounted to a significant HRK 619 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.

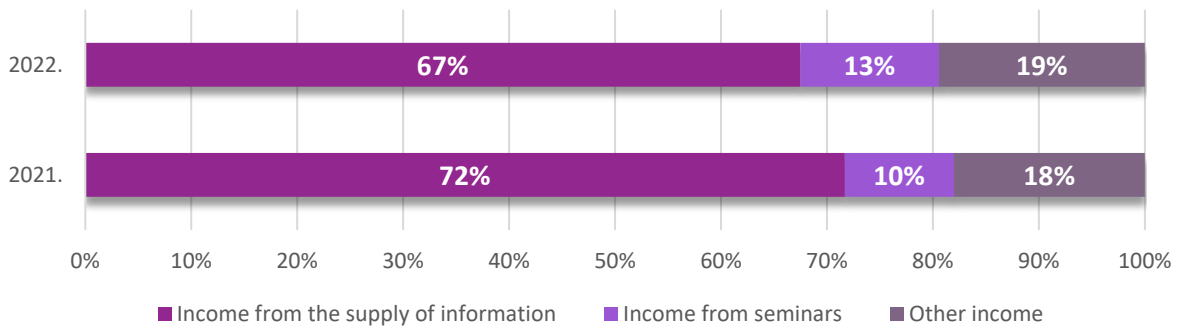


Figure 7: Other operating income structure

1.4.2 Total operating expenses

Total operating expenses in 2022 amounted to HRK 26,786 thousand, which is an increase of HRK +1,778 thousand or +7.11% (in 2021 they amounted to HRK 25,008 thousand).

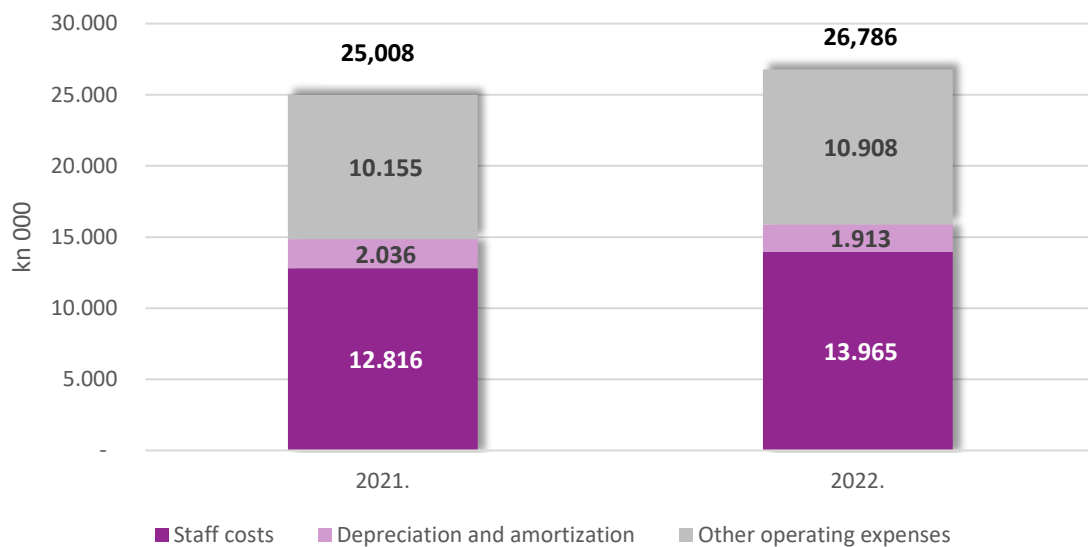


Figure 8: Operating expenses

As previously mentioned, the significant growth of operating expenses in 2022 is mainly related to the normalization of parts of the business after two pandemic years. At the end of 2022, staff costs increased from HRK 12,816 to HRK 13,965 thousand (HRK +1,149 thousand or +8.97%) and are the result of necessary wage corrections done at the beginning of the year. Depreciation decreased by HRK -123 thousand or -6.04% (from HRK 2,036 to HRK 1,913 thousand).

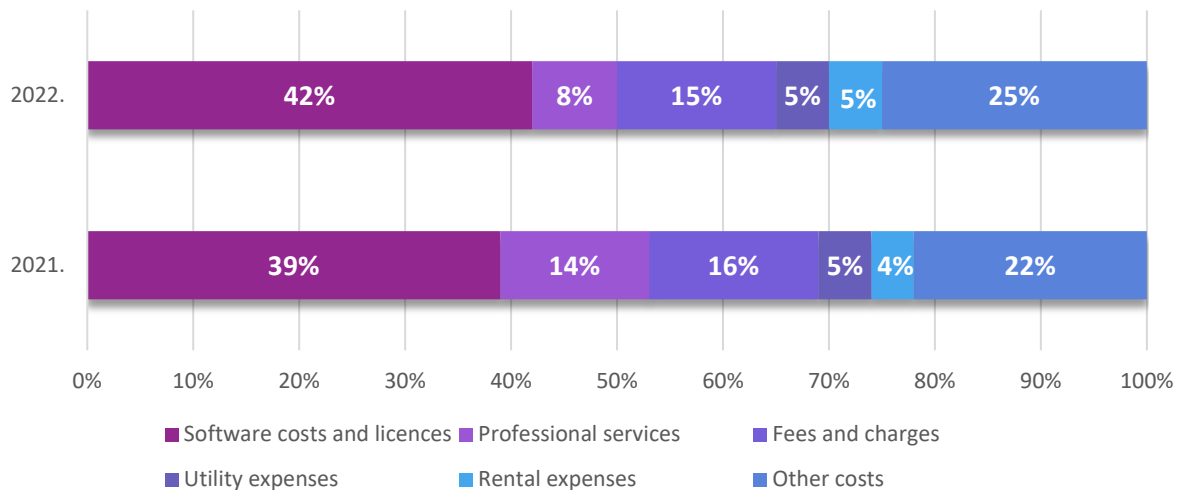


Figure 9: Other operating expenses structure

Other operating expenses increased from HRK 10,155 to HRK 10,908 thousand (HRK +753 thousand or +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 costs and licenses from HRK 3,952 to HRK 4,559 thousand (HRK +607 thousand or +15%) which have the largest share in other operating expenses (42%).

1.4.3 Net profit for the period

In 2022, the net profit for the period amounted to HRK 646 thousand; an increase of HRK +178 thousand or +38% compared to the previous year when net profit amounted to HRK 364 thousand. Besides the increase in the most important income, that of trading commissions (+14.16%), which traditionally accounts for about 40% of sales revenue and about 30% of total Group's revenue, revenue from quotation fees also increased significantly (+14.69%). The Group increased revenues from other bases, where it is necessary to highlight revenues from assigning and administering LEIs (+32.25%) and revenues from seminars (+35.23%).

Operating profit before interest, taxes, depreciation and amortization increased compared to the previous year (HRK +476 thousand) and in 2022 amounted to a significant HRK 3,344 thousand.

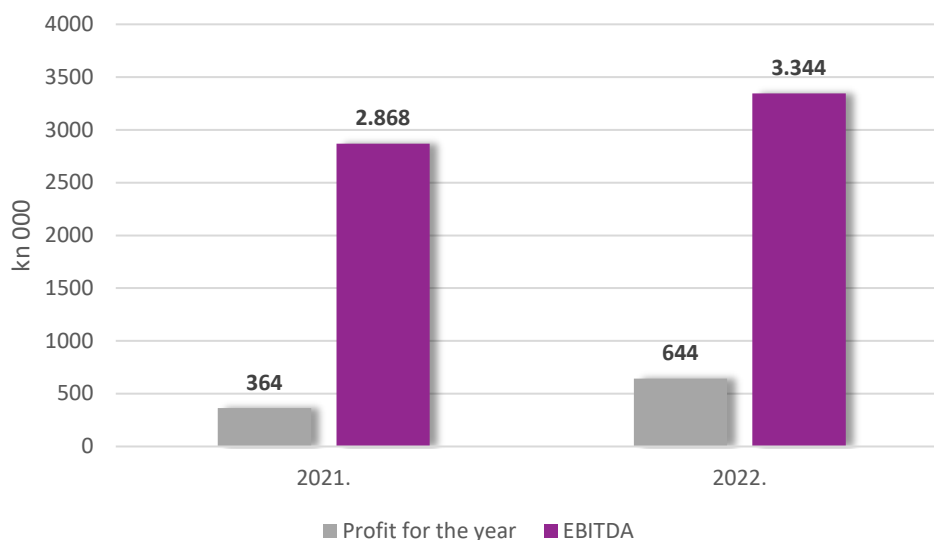


Figure 10: Net profit for the period and EBITDA

1.4.4 The Group's Assets

As of December 31, 2022, the Group's total assets amounted to HRK 54,245 thousand, which is +1.18% more than on the last day of 2021.

HRK 000	2021	2022	change
Non-current assets	17,039	25,662	50.61%
Current assets	36,571	28,583	-21.84%
<i>Inventories</i>	6	0	-100.00%
<i>Trade receivables</i>	3,853	3,521	-8.62%
<i>Financial assets</i>	14,479	8,977	-38.00%
<i>Short-term deposits</i>	6,013	1,571	-73.87%
<i>Cash and cash equivalents</i>	11,610	13,731	18.27%
<i>Prepaid expenses</i>	610	781	28.03%
Total assets	53,610	54,245	1.18%
Equity	43,228	44,114	2.05%
Reservations	0	0	
Long term obligations	2,746	2,313	-17.27%
Current liabilities	7,586	7,818	3.06%
Total equity and liabilities	53,610	54,245	1.18%

Table 3: Balance Sheet on 31 December

The structure of the balance sheet has changed compared to 2021. On the assets side, the share of current assets reduced, while the share of non-current assets increased in total assets.

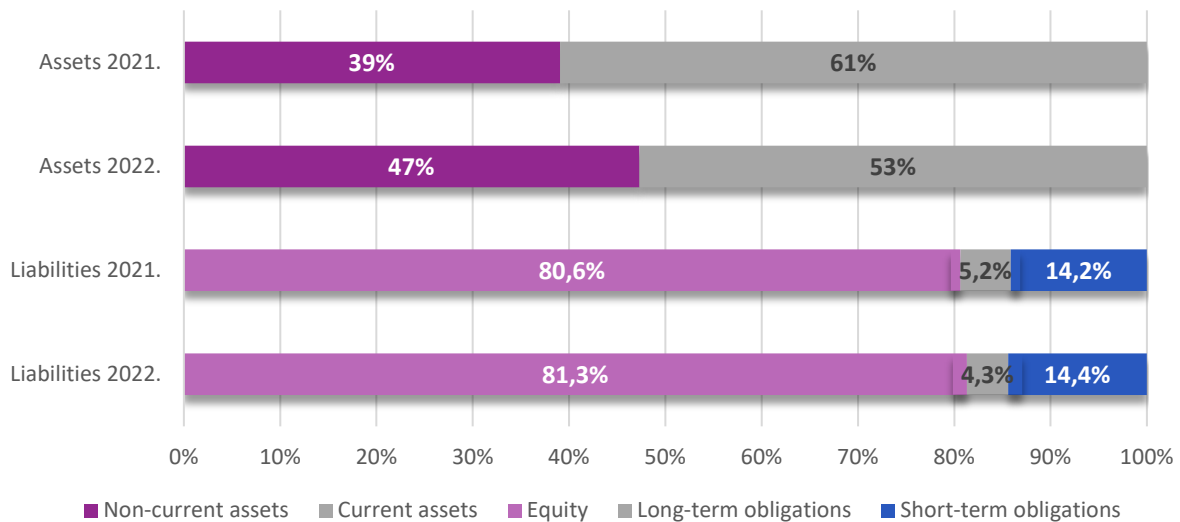


Figure 11: Assets and Liabilities Structure

1.5 Significant events after the end of the financial year

The ongoing military action 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 significant adjustments in the carrying amount of certain assets and liabilities over the next financial year. At this stage, management cannot reliably assess the impact as new developments take place day by day.

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

In accordance with the Capital Market Act, the Exchange Rules and the Resolution of the General Assembly of the Exchange dated June 14, 2022, by which the Exchange Management Board is authorized to acquire own shares during a period of 5 years from the date of the adoption of that Resolution, Zagreb Stock Exchange initiated the Shares Buy-Back Program starting on October 3, 2022 and lasting until October 2, 2023 at the latest. Since the Program had been initiated to the day of publishing of these financial reports, the company Privredna Banka Zagreb Inc., in the name and on the behalf of Zagreb Stock Exchange, executed several purchases of shares of Zagreb Stock Exchange (own shares) on the Regulated Market. Zagreb Stock Exchange ensures timely notifications of said transactions to investors and interested parties.

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

1.6 Expected development of the Group

In 2023, the Group will continue to focus on restoring confidence and raising Corporate Governance standards and reporting on the regulated market. The Group will also focus on greater promotion of existing issuers, especially issuers listed on the Prime Market. The Group will continue internal development of IT services that will be used by the Zagreb and Ljubljana Stock Exchanges, and thus further reduce the need for external suppliers.

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).

Additionally, the Group intends to research means of which new technologies may be implemented for the future development of the capital market, such as using artificial intelligence in business analysis of listed companies, and the field of digital assets.

1.7 Research & Development activities

The Group is continuously working on developing and improving its own services and expanding its service provision to the Slovenian market as well.

Zagreb Stock Exchange also participated in the CCP implementation project for the Republic of Croatia and successfully implemented new trading system releases and other infrastructure optimization activities.

In 2022, the Exchange carried out extensive work and preparations for the introduction of euro as the official currency of the Republic of Croatia from 1 January, 2023.

1.8 Information on repurchase of own shares

In the corporate action of reducing the share capital by merging the Company's shares, the Exchange acquired 32 of its own shares. In the Share Buy-back Program which started on October 3, 2022 and until the end of 2022, the Exchange acquired a total of 5,500 of own shares. As of December 31, 2022, the Exchange owns a total of 5,532 of own shares, which make up for 0.2387% of the Exchange's total issued share capital.

1.9 Zagreb Stock Exchange Group

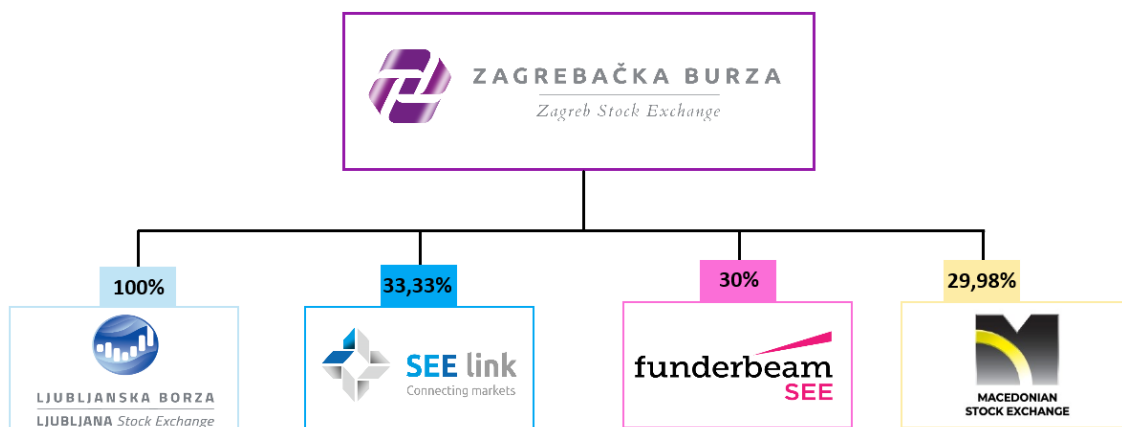


Figure 12: Zagreb Stock Exchange Group

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 2021 is EUR 1,401,000, and the Zagreb Stock Exchange participates with 100%. Ivana Gažić, President of the Management Board of the Zagreb Stock Exchange, is the President of the Supervisory Board of the Ljubljana Stock Exchange, and the members of the Supervisory Board as of 31 December 2021 are Tomislav Gračan, Member of the Management Board of the Zagreb Stock Exchange, and Matko Maravić, Member of the Supervisory Board of the Zagreb Stock Exchange.

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

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

On December 31 of 2022, Zagreb Stock Exchange owns a total of 837 shares, or 29.98% of issued share capital of Macedonian Stock Exchange.

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 2022

1.12.1 Zagreb Stock Exchange in 2022

Despite positive market sentiment at the year start, the following months brought diverging trends. Even though the 2022 stock orderbook turnover decreased compared to 2021, total orderbook turnover was all-round almost +16% higher, market activity was strong throughout the year amid keen investor interest, ample investment opportunities and compelling investment stories.

In 2022, the orderbook turnover amounted to HRK 1,915 million, -2.4% less than in 2021. Increased daily turnovers in securities were recorded from the end of February 2022, relating to the start of the war in Ukraine. From the total orderbook turnover in 2022, HRK 1,713 million relates to shares, HRK 125 million to bonds, while ETFs, which marked a two-year anniversary in November 2022, had a significant turnover of HRK 76 million. The equity block turnover amounted to a significant HRK 1,043 million (2021: HRK 577 million), while the debt block turnover was not recorded.

HRK mil.	2018	2019	2020	2021	2022
Orderbook turnover	2,266	2,472	2,578	1,962	1,915
<i>Stocks</i>	1,579	2,179	2,300	1,739	1,713
<i>Bonds</i>	686	293	256	177	125
<i>ETFs</i>	-	-	22	45	76
Total Block Turnover	588	523	551	578	1,043
<i>Equity Block Turnover</i>	542	523	551	527	1,043
<i>Debt Block Turnover</i>	46	-	-	50	0
Total Turnover	2,854	2,994	3,129	2,540	2,959

Table 4: ZSE securities turnover

Securities turnover

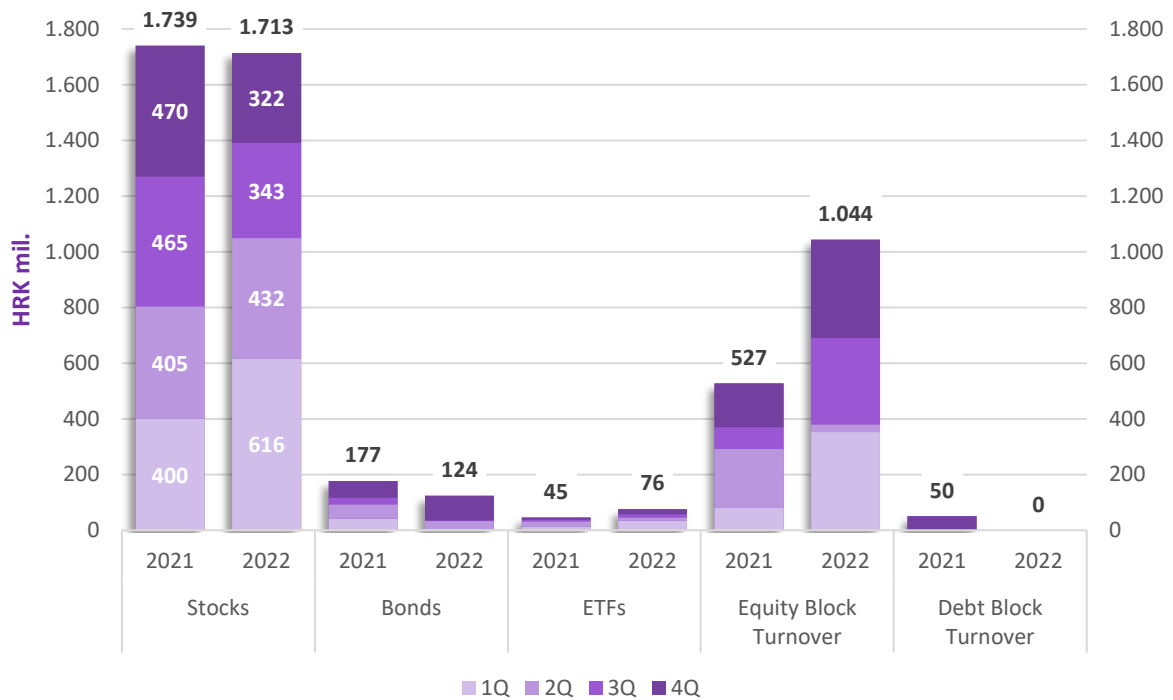


Figure 13: ZSE turnover by type of security

Compared to the end of 2021, the market value measured by market capitalization as of 31 December 2022 has decreased by HRK -15 billion or -5.5% in total, with the market capitalization of the Prime Market lower by -9.21%, the Official Market by -2.98%, and the market capitalization of ETFs by -10.89%. The data points to an uncertainty on the market following the start of the war in Ukraine at the end of February of 2022.

	2021.	2022.	change	2021.	2022.	change
Market Capitalization (HRK)				Number of listed securities		
Stocks	139.352.326.167	135.773.934.068	-2,57%	98	92	-6,06%
<i>Prime Market</i>	<i>31.342.835.154</i>	<i>28.456.038.856</i>	<i>-9,21%</i>	<i>6</i>	<i>6</i>	<i>0,00%</i>
<i>Official Market</i>	<i>50.325.878.835</i>	<i>48.827.067.652</i>	<i>-2,98%</i>	<i>23</i>	<i>20</i>	<i>-13,04%</i>
<i>Regular Market</i>	<i>57.683.612.178</i>	<i>58.490.827.560</i>	<i>1,40%</i>	<i>69</i>	<i>66</i>	<i>-4,35%</i>
Bonds	134.549.299.989	123.037.418.589	-8,56%	32	30	-6,25%
ETFs	63.216.843	56.334.398	10,89%	2	2	0,00%
TOTAL	273.964.842.999	258.867.687.055	-5,51%	132	124	-6,06%

Table 5: Market Capitalization and number of listed securities

Compared to 31 December 2021, at the end of 2022, a total of three shares were listed less on the Regular Market and three shares less on the Official Market, while the number of shares listed on the Prime Market remained unchanged.

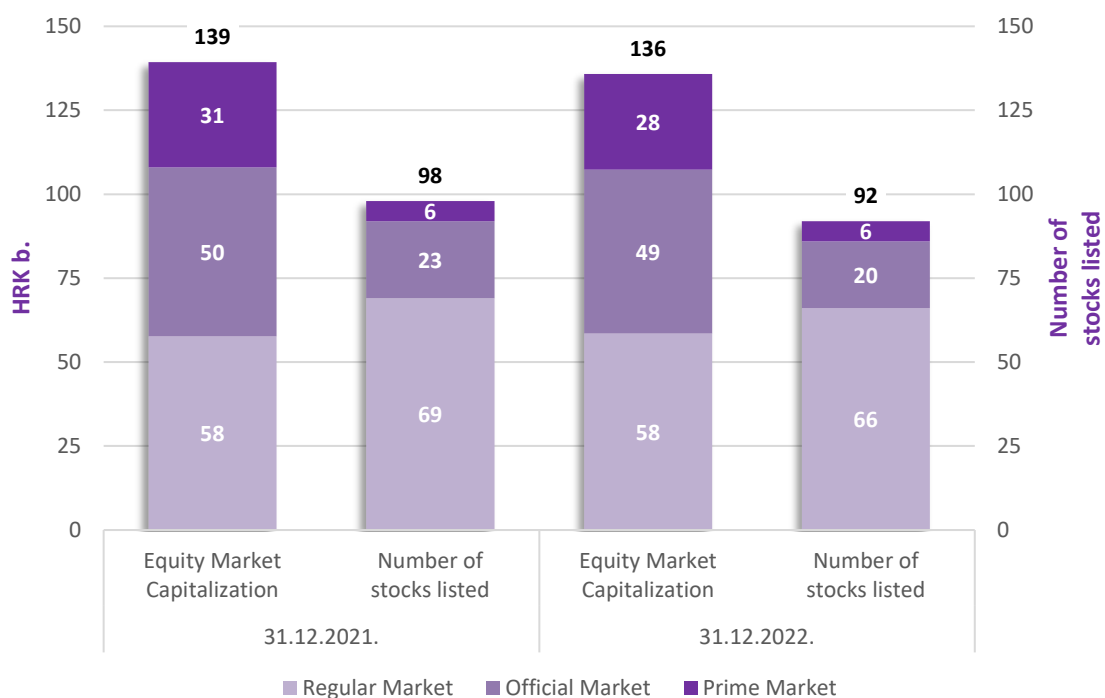


Figure 14: Equity Market Capitalization and number of stocks listed

A comparison of data for 2022 with data from the previous year shows a negative trend among indices as well. After a good start of the year, the values of indices start declining in May 2022, with their lowest values recorded in November. At the end of 2022, the values of indices stabilize and return to their previous values from July of 2022. With the exception of CROBEXtransport, which increased for a significant +52.45%, almost all other equity indices dropped compared to the closing value on 31 December 2021; CROBEX10 (-8.41%) and CROBEXtr (-6.54%). Regional index ADRIAprime reduced by -8.16%. Following the global trend of declining bond indices, both of Zagreb Stock Exchanges' bond indices CROBIS and CROBIstr recorded double-digit declines at the end of 2022 (CROBIS: -12.6%, CROBIstr: -10.48%).

Index	31.12.2021	31.12.2022	change	Turnover (HRK) 2021	Turnover (HRK) 2022	change
CROBEX	2,079.35	1,979.88	-4.78%	1,399,889,320	1,434,832,092	2.50%
CROBEXtr	1,441.05	1,415.96	-1.74%	1,399,889,320	1,434,832,092	2.50%
CROBEX10	1,262.31	1,156.15	-8.41%	1,099,034,169	1,048,498,101	-4.60%
CROBEX10tr	1,293.33	1,222.39	-5.49%	1,099,034,169	1,048,498,101	\
CROBEXprime	1,220.29	1,149.64	-5.79%	749,544,419	694,488,058	-7.35%
CROBEXplus	1,230.38	1,360.86	10.60%	1,394,946,800	1,397,923,407	0.21%
CROBEXindustrija	1,121.90	1,048.52	-6.54%	225,404,583	231,559,239	2.73%
CROBEXkonstrukt	478.85	554.21	15.74%	54,113,520	19,288,531	-64.36%
CROBEXnutris	773.75	726.50	-6.11%	303,885,082	260,853,728	-14.16%
CROBEXtransport	809.49	1,234.04	52.45%	162,758,728	197,128,293	
CROBEXturist	3,591,00	3,526,57	-1.79%	244,945,580	254,594,329	3.94%
CROBIS	110.56	96.63	-12.60%	5,600,804,076	5,318,085,346	-5.05%
CROBIstr	188.22	168.49	-10.48%	5,600,804,076	5,318,085,346	-5.05%
ADRIAprime	1.418,59	1.302,88	-8.16%	\	\	\

Table 6: Indices - value and turnover

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

Rank	Ticker	Issuer	Turnover (HRK)	Turnover share
1	PODR	PODRAVKA d.d.	177,975,808	10.39%
2	HT	HT d.d.	176,477,085	10.30%
3	RIVP	Valamar Riviera d.d.	163,435,182	9.56%
4	ATPL	ATLANTSKA PLOVIDBA d.d.	138,113,305	8.06%
5	ADRS2	ADRIS GRUPA d.d.	87,744,983	5.12%
		Others	970,002,340	56.60%
TOTAL			1,713,748,702	100.00%

Table 7: Turnover of the 5 most liquid stocks in 2022

At the end of 2022, the Exchange had 13 members, and the top five members of the Exchange with the highest turnover in 2022 are listed in the following table:

Rank	Member	Turnover (HRK)	Turnover share
1	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O.	2,111,351,904	35.66%
2	ERSTE&STEIERMARKISCHE D.D.	844,805,697	14.27%
3	PRIVREDNA BANKA ZAGREB D.D.	671,076,937	11.33%
4	FIMA-VRIJEDNOSNICE D.O.O.	556,212,578	9.39%
5	ZAGREBAČKA BANKA D.D.	455,951,032	7.70%
	Ostali	1,282,060,275	21.66%
UKUPNO		5,921,458,423	100,00%

Table 8: Top 5 members of the Stock Exchange in 2022

The turnover of the first five members of the Exchange accounts for slightly more than 80% of the total turnover.

1.12.2 Ljubljana Stock Exchange in 2022

The total securities turnover on the Ljubljana Stock Exchange in 2022 increased by 13.41% compared to the previous year. The increase of daily turnovers in the first quarter of 2022 was greatly influenced by higher market volatility following the start of the war in Ukraine. The orderbook equity turnover in 2022 reached EUR 386 million (a decrease of +21% compared to 2021 when it amounted to EUR 319 million), while the debt turnover amounted to only EUR 110 thousand, which is a decrease of -30% compared to 2021 when the debt turnover amounted to EUR 159 thousand. In 2022, the equity block turnover amounted to EUR 44 million (a decrease of EUR -16 million compared to 2021), while the debt block turnover was not recorded. Turnover in structured products achieved a significant growth in 2022, and amounts to a total of EUR 385 thousand (2021: EUR 12 thousand).

	2021	2022	change
Securities turnover and Equity Market Capitalization (EUR)			
Total turnover	379,961,674	430,930,296	13.41%
Orderbook turnover	319,334,697	386,606,417	21.07%
<i>Stocks</i>	<i>319,162,108</i>	<i>386,110,298</i>	20.98%
<i>Bonds</i>	<i>159,825</i>	<i>110,801</i>	-30.67%
<i>Structured products</i>	<i>12,765</i>	<i>385,318</i>	2918.55%
Block turnover	60,626,977	44,323,879	-26.89%
<i>Equity Block</i>	<i>60,626,977</i>	<i>44,323,879</i>	-26.89%
<i>Debt Block</i>	<i>0</i>	<i>0</i>	-
Equity Market Cap. on December 31	9,513,501,318	7,631,969,389	-19.78%
Indices values on December 31			
SBITOP	1,259	1,046	-16.92%
SBITR	1,479	1,318	-10.89%

Table 9: Ljubljana Stock Exchange Overview

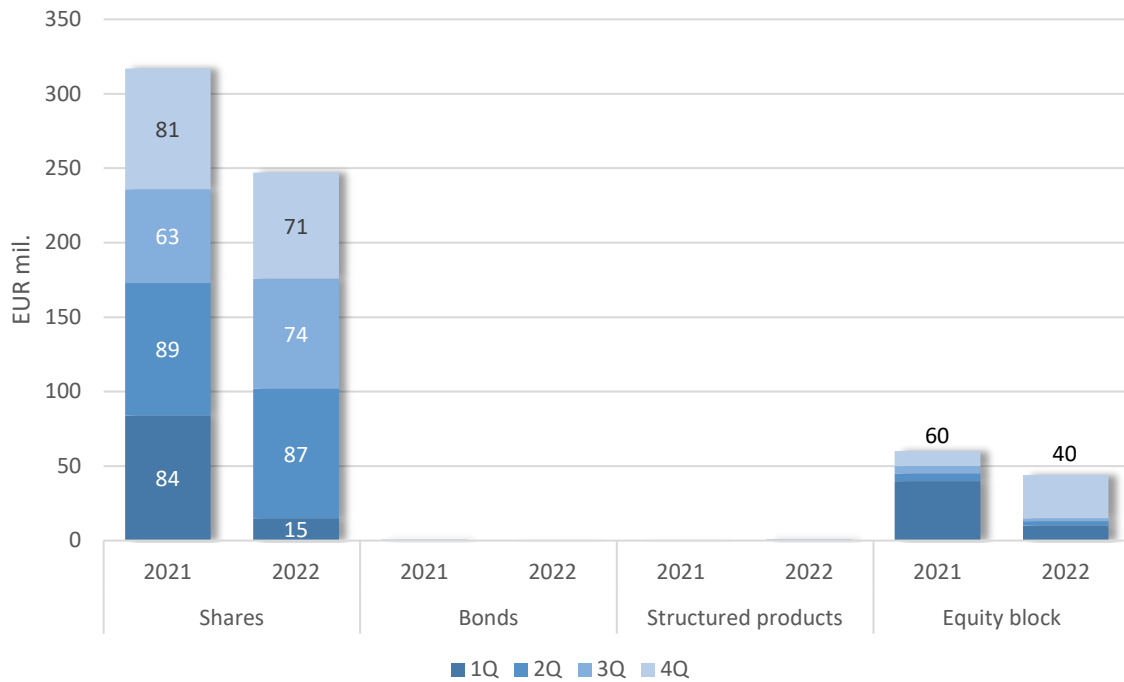


Figure 15: LSE turnover by type of security

Compared to December 31, 2021, the Equity Market capitalization decreased by -19.78% and on the last day of 2022 amounted to EUR 7,6 billion. Compared to the last value on December 31, 2021, the SBITOP index has decreased by almost -16.92%, and SBITR index ended 2022 with a value of 1.318, which is a decrease of -10.89% than the last day of 2021.

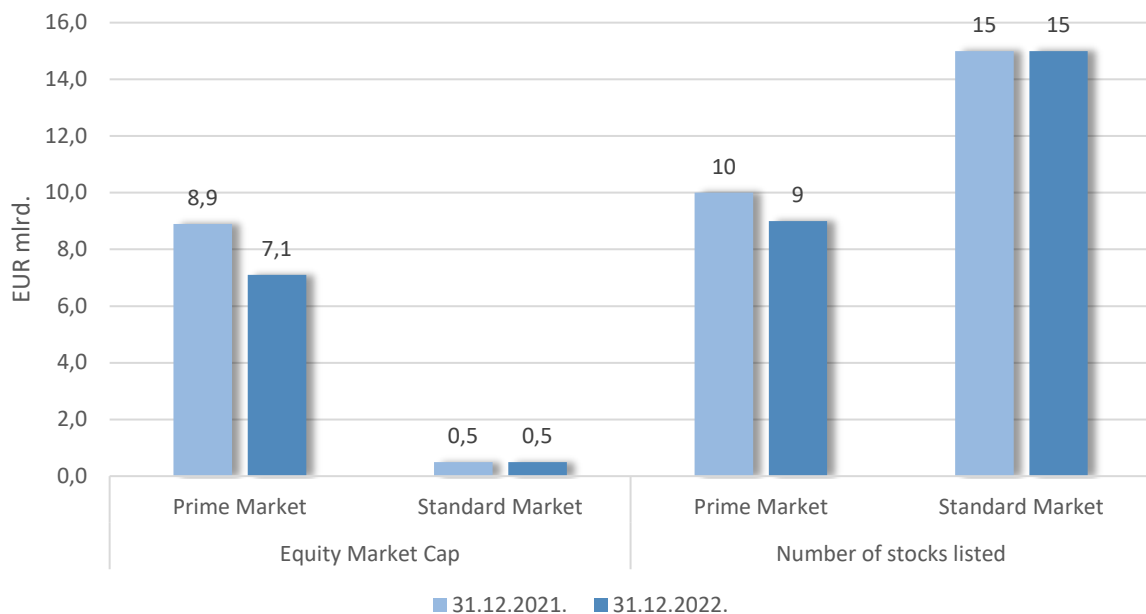


Figure 16: Equity Market capitalization and number of stocks listed on 31 December

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 which 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 Exchange organizes a joint education for the issuers on the Regulated Market in cooperation 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.

The 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.

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.o.o.
Zagreb


Tomislav Gračan
Member of the Management Board

2 Statement on the application of the Corporate Governance Code

Pursuant to provision of Article 272, paragraph, in conjunction with provision of Article 250a, paragraph 4 of the Companies Act (Official Gazette no. 111/93, 34/99, 52/00, 118/03, 107/07, 148/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19 and 34/22; hereinafter: CA) and provision of Article 22 of the Accounting Act (Official Gazette no. 78/15, 134/15, 120/16, 116/18, 42/20, 47/20; hereinafter: AA), the Management Board of company ZAGREB STOCK EXCHANGE Inc., Zagreb, Ivana Lučića 2a (hereinafter: the Company), on 26 April 2023, 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 2022 the Company essentially complied with and implemented recommendations established by the Code, publishing all information as envisaged by the positive regulations as well as information that are in the interest of Company's shareholders. Detailed explanations regarding minor deviations from the recommendations of the Code are presented by the Company in the Annual Questionnaire that is provided.
3. In accordance with Code requests, and pursuant to provisions of the Companies Act and Capital Market Act (Official Gazette no. 65/18, 17/20; hereinafter: CMA), the Supervisory Board conducts internal supervision of the Company by conducting regular controls of prepared reports. Members of the Supervisory Board receive on regular basis detailed information on management and work of the Company. All issues under the competence of the Supervisory Board, as prescribed by the CA, CMA and Articles of Association of the Company, are discussed and decided upon in the Supervisory Board meetings. Supervisory Board Report is part of the Company's Annual Report presented to the General Assembly. In addition, the Supervisory Board performs internal controls and supervision through Audit Board that provides expert support to the Supervisory Board and the Management Board in the efficient execution of obligations relating to corporate governance, risk management, financial reporting and control of the Company. The Management Board is bound to monitor that the Company keeps business books and other books and business documents, prepares book-keeping documents, provides realistic assessments of the assets and liabilities, drafts financial and other reports in accordance with accounting regulations and standards and applicable laws and regulations.
4. Top ten shareholders as of 31 December 2022:

	Shareholder	No. of shares	Ownership share
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	ICAM OUTFOX MACRO INCOME FUND	199,750	8.6179%
5	BAKTUN, LLC	182,478	7.8727%
6	EBRD	120,000	5.1772%
7	SZAIF 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.	74,400	3.2099%
	Others	734,516	31.6895%
	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 to acquire 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.

In the corporate action of reducing the share capital by merging the Company's shares, the Exchange acquired 32 of its own shares. In the Share Buy-back Program which started on October 3, 2022 and until the end of 2022, the Exchange acquired a total of 5,500 of own shares. On December 31, 2022, the Exchange owns a total of 5,532 of own shares, which make up for 0.2387% of the Exchange'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 2022 consists of the following members:

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

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

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

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

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

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

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

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

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

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

Pursuant to provisions of Article 250a, paragraph 4 and Article 272, paragraph of the CA, and Article 22 of the AA, this Statement is a special section and integral part of the Company's Annual Report for 2022.


Ivana Gažić
President of the Management Board


ZAGREBAČKA BURZA d.o.o.
Zagreb


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 2022, 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 20 April 2023.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2022;
 - the consolidated statement of financial position as at 31 December 2022;
 - the consolidated statement of changes in equity and reserves for the year then ended;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the consolidated financial statements, which include significant accounting policies 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.

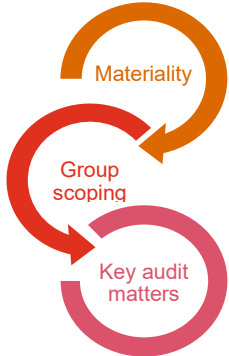
Independence

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 2022 to 31 December 2022.

Our audit approach

Overview

	<ul style="list-style-type: none"> • Overall Group materiality: HRK 441 thousand, which represents 1% of net asset. • We conducted audit work at two reporting units in two countries: parent entity in Croatia and subsidiary in Slovenia. • Our audit scope addressed 100% of the Group's revenues and 100% of the Group's profit before tax. <hr/> <ul style="list-style-type: none"> • 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	HRK 441 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><i>Recognition of revenue</i></p> <p>Refer to Note 4 to the consolidated financial statements under heading Revenue and Note 3 under heading Significant accounting policies, for further information.</p> <p>The Group has recognized revenues of HRK 18,944 thousand for the year ended 31 December 2022.</p> <p>Although the transactions within the revenue streams are unified and revenue recognition is not complex, we focused on this area due to significance of these items to the Group's consolidated financial statements.</p>	<p>Our audit approach to revenue was based on test of operating effectiveness of controls and substantive audit testing of transactions as described below.</p> <p>On a sample basis, we compared the recognised revenue amounts with the invoices issued to the customers.</p> <p>We reconciled a selected sample of invoices with the supporting documentation, i.e., contracts with customers and the service price list.</p> <p>We performed test of operating effectiveness of controls and recalculated on a sample basis the revenue from commissions by multiplying the trading volume by the fee percentage charged. We reconciled the trading volume with the data provided by the external 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 revenue was received.</p> <p>We have assessed the disclosures related to revenue in the financial statements, with respect to their adequacy and compliance with the IFRS requirements.</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, Corporate Governance Statement and the Forms prepared in accordance with Regulatory Requirements included in the consolidated 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 Article 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 Article 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 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 the 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 Group on 14 June 2022 by the shareholders' resolution. This is our first year of audit.

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 2022 ("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 by 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 by the European Union, presented on pages 39 to 90, and is 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-2022-12-31, (hereinafter: the financial statements) of the Group for the year ended 31 December 2022 (the "Presentation of the Financial Statements").

Description of a 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:

- reading 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 2022 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 Dusić.

PricewaterhouseCoopers d.o.o.
Heinzlova 70, Zagreb
26 April 2023

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.

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), 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 26 April 2023 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


ZAGREBAČKA BURZA d.o.o.
Zagreb


Tomislav Gračan
Member of the Management Board

Consolidated Statement of comprehensive income

	Notes	<u>2022</u> HRK '000	<u>2021</u> HRK '000
Income statement			
Revenue	4	18,944	17,142
Other operating income	5	9,275	8,697
Staff costs	6	(13,965)	(12,816)
Depreciation and amortization	10,11,12	(1,913)	(2,036)
Other operating expenses	7	(10,908)	(10,155)
Operating profit		<u>1,433</u>	<u>832</u>
Financial income	8	17	39
Financial expense	8	(99)	(66)
Dividend income		101	54
Net (losses) from financial assets at fair value through profit or loss		(718)	(412)
Net foreign exchange gain/(loss)		(29)	(9)
Net finance loss		<u>(728)</u>	<u>(394)</u>
Share of profit (loss) in joint venture and associates		(59)	30
Profit before tax		<u>646</u>	<u>468</u>
Income tax expense	9	(2)	(104)
Profit for the year		<u>644</u>	<u>364</u>

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

Consolidated Statement of comprehensive income (continued)

	Notes	2022	2021
		HRK '000	HRK '000
Profit for the year		644	364
Other comprehensive income			
<i>Items that cannot be reclassified to profit or loss</i>			
Revaluation of fixed assets	10	(226)	-
Changes in the fair value of equity investments at fair value through other comprehensive income	13	529	-
Actuarial gains / losses		(17)	(9)
Income tax on other comprehensive income on items that cannot be reclassified to profit or loss		45	2
<i>Items that can be reclassified to the income statement</i>			
Foreign currencies transactions - exchange differences on foreign operations		52	(60)
Total comprehensive income for the year		1,027	297
Basic and earnings per share (in HRK)	19	0.28	0.16

Consolidated Statement of financial position

	Note	31.12.2022	31.12.2021
		HRK '000	HRK '000
Assets			
Non-current assets			
Property and equipment	10	8,980	8,536
Intangible assets	11	2,547	1,616
Goodwill	11	1,186	1,187
Right-of-use assets	12	2,683	3,227
Investment in associate and joint venture	13	9,323	146
Financial assets at fair value through other comprehensive income	14	197	1,681
Long term deposits	16	250	250
Loans granted to associates		218	217
Deferred tax assets	9	278	179
Total non-current assets		25,662	17,039
Current assets			
Trade receivables and other assets	15	3,521	3,853
Contract assets	5 a)	501	356
Prepaid expenses		282	254
Financial assets at fair value through profit or loss	14	8,977	14,479
Short-term deposits	16	1,571	6,013
Inventories		-	6
Cash and cash equivalents	17	13,731	11,610
Total current assets		28,583	36,571
Total assets		54,245	53,610

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

Consolidated Statement of financial position (continued)

Equity and liabilities	Note	31.12.2022	31.12.2021
		HRK '000	HRK '000
Equity and reserves			
Issued share capital	18	23,179	46,357
Share premium		13,860	13,860
Legal reserves		141	141
Treasury shares	18	(139)	-
Other reserves	18	6,147	-
Accumulated profit (losses)		(171)	(17,844)
Reserve from fair valuation of financial assets	13, 14	529	-
Revaluation reserves	10	764	947
Actuarial profit/losses		(29)	(14)
Translation reserves		(167)	(219)
Total equity and reserves		44,114	43,228
Non-current liabilities			
Lease liabilities	12	1,894	2,415
Contract liabilities	5	96	50
Employee benefit obligations	21	178	142
Deferred tax liabilities	9	145	189
Total non-current liabilities	12	2,313	2,796
Current liabilities			
Trade and other payables	20	2,492	2,558
Lease liabilities	12	730	727
Contract liabilities	5 a)	3,845	3,785
Accrued expenses	21	751	516
Total current liabilities		7,818	7,586
Total equity and liabilities		54,245	53,610

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

Consolidated Statement of changes in equity and reserves

	Issued share capital	Share premium	Legal reserve s	Treas ury shares	Other reserves	Accumulat ed loss	Reserve from fer value adjustment of financial assets	Revalu ation reserves	Actuarial gains / losses / fair value adjustment	Trans lation reserve	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
As of 1 January 2021	46,357	13,860	141			(18,208)		947	(7)	(159)	42,931
Profit for the year	-	-	-	-	-	364	-	-	-	-	364
Other comprehensive income	-	-	-	-	-	-	-	-	(7)	(60)	(67)
Total comprehensive (loss) for the year	-	-	-	-	-	364	-	-	(7)	(60)	297
As of 31 December 2021	46,357	13,860	141			(17,844)		947	(14)	(219)	43,228
As of 1 January 2022	46,357	13,860	141			(17,844)		947	(14)	(219)	43,228
Profit for the year	-	-	-	-	-	644	-	-	-	-	644
Other comprehensive income	-	-	-	-	-	-	529	(183)	(15)	52	383
Total comprehensive (loss) for the year	-	-	-	-	-	644	529	(183)	(15)	52	1,027
<i>Other equity movements</i>											
- decrease of issued capital (Note 18)	(23,178)	-	-	-	23,178	-	-	-	-	-	-
- covering the accumulated loss from other reserves (Note 18)	-	-	-	-	(17,029)	17,029	-	-	-	-	-
- acquisition of own shares (Note 18)	-	-	-	(139)	-	-	-	-	-	-	(139)
Rounding	-	-	-	-	(2)	-	-	-	-	-	(2)
<i>Total other equity movements</i>	(23,178)	-	-	(139)	6,147	17,029	-	-	-	-	(141)
As of 31 December 2022	23,179	3,860	141	(139)	6,147	(171)	529	764	(29)	(167)	44,114

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

Consolidated Statement of cash flows

	Note	<u>2022</u>	<u>2021</u>
Cash flow from operating activities		HRK '000	HRK '000
Profit before tax	21	646	468
<i>Adjustments:</i>			
Depreciation and amortization	10,11,12	1,913	2,036
Unrealised profit (loss) from financial assets at fair value through profit or loss	8	629	187
Realised loss (profit) on sale of financial assets at fair value through profit or loss	8	89	225
Movement in impairment allowance for trade receivables	16	(91)	(152)
Dividend income	8	(101)	(54)
Interest income	8	(17)	(22)
Interest expense	8	99	66
Net foreign exchange	8	83	19
Loss (profit) from joint venture		59	(30)
Other income		(43)	(181)
Cash flow before changes in operating assets and liabilities		3,266	2,562
Changes in operating assets and liabilities			
Decrease / (Increase) in trade receivables and other assets		424	483
Decrease / (Increase) in inventories		6	-
Increase (decrease) of trade and other payables		23	(127)
Increase (decrease) of contract obligations and accrued expenses		121	(267)
Change in operating assets and liabilities		574	89
Interest paid		(99)	(67)
Income tax paid		(89)	-
Net cash (inflow) from operating activities		3,652	2,584

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

Consolidated Statement of cash flows (continued)

	Note	2022	2021
		HRK '000	HRK '000
Cash flow from investing activities			
Payment for fixed assets	10	(1,458)	(781)
Payments for intangibles		(1,281)	(374)
Payments for financial assets at fair value through profit and loss		(754)	-
Payments for financial assets at fair value through other comprehensive income	14	-	(1,179)
Payments for shares in associates	15	(7,217)	-
Proceeds from sale of financial assets at fair value through profit and loss		5,539	3,684
Proceeds from sale of financial assets at fair value through other comprehensive income		-	8
Payments for treasury shares	18	(139)	-
Payments for deposits		(61)	(2,389)
Repayment of short-term deposits		4,500	1,505
Proceeds from dividends		101	54
Interest received		18	44
		<u>(752)</u>	<u>572</u>
Net cash (outflow)/inflow from investing activities			
Cash flow from financing activities			
Repayment of lease liabilities	12	(766)	(870)
		<u>(766)</u>	<u>(870)</u>
Net cash outflows from financing activities			
Net increase in cash and cash equivalents			
		<u>2,134</u>	<u>2,286</u>
Cash and cash equivalents at the beginning of the year		11,610	9,324
Effects of exchange rate changes on cash and cash equivalents		(13)	-
		<u>13,731</u>	<u>11,610</u>
Cash and cash equivalents at the end of the year	16		

The accounting policies and other notes set 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 2022 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 184 shareholders (31 December 2021: 199 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 an investment in joint venture SEE Link d.o.o., Skopje, Republic of North Macedonia and associates Funderbeam South-East Europe d.o.o., Zagreb, Republic of Croatia and Makedonska berza a.d., Skopje, Republic of North Macedonia.

These financial statements comprise consolidated financial statements of the Group as defined in International Financial Reporting Standard 10 (IFRS 10) *Consolidated Financial Statements*. Zagrebačka burza d.d. 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 26 April 2023 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 2022, are adopted by the EU, but had no significant effect on the Group:

- Revenue before intended use, Onerous contracts - contract fulfillment costs, Reference to the Conceptual Framework - narrow scope additions to IAS 16, IAS 37 and IFRS 3 and Annual Improvements to IFRS for the cycle from 2018 to 2020 - amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (published on May 14, 2020, and effective for annual periods beginning on or after January 1, 2022).
- Lease relief in the context of the COVID-19 pandemic - Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

Notes to the financial statements (continued)

2 Basis for preparation (continued)

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, 2023, that have been adopted by the EU and that the Group has not previously adopted.

- 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).
- 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)

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, 2023, 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 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 published 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.

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*

The financial statements are presented in the local currency, Croatian kuna ("HRK"), which is the currency of the primary economic environment in which the Company operates ("the functional currency"). The functional currency of Slovenian subsidiary is Euro. All financial information presented in HRK has been rounded to the nearest thousand.

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.

Notes to the consolidated financial statements (continued)

2 Basis of preparation (continued)

f) Use of estimates and judgments (continued)

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.

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.

In addition to HRK, the most significant currency in which the Group has assets and liabilities is Euro. The exchange rate used for translation on 31 December 2022 was EUR 1 = HRK 7.53450 (31 December 2021: EUR 1 = HRK 7517174). The exchange rate used for translation of gain / loss from participation in joint venture and associate on 31 December 2022 was MKD 1 = HRK 0.122526 (31 December 2021: MKD 1 = HRK 0.1217).

ii) Foreign operations

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

Notes to the consolidated financial statements (continued)

2 Basis of preparation (continued)

g) Foreign currency (continued)

ii) Foreign operations (continued)

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.

3 Significant 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.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

a) Basis of consolidation (continued)

iii) Interests in equity accounted investees (continued)

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.

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.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

b) Property, equipment and intangible assets (continued)

The estimated useful economic lives are as follows and there has been no change compared to previous year except for the building due to the revaluation as described in Note below:

Buildings	23 years (2021: 31 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.

After initial recognition of property:

- if an asset's carrying amount is increased as a result of revaluation, the increase is recognized in Other comprehensive income and accumulated in equity under the revaluation reserve caption;
- if the carrying amount is decreased as a result of revaluation, the decrease is recognized in Profit or loss;
- if an asset's carrying amount is increased as a result of revaluation, the increase is recognized in Profit or loss to the extent that it reverses a revaluation decrease of the same property previously recognized in Profit or loss;
- if the carrying amount is decreased as a result of revaluation, the decrease is recognized in Other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

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

Ljubljanska borza performed the valuation of land with building in 2017. The new valuation is performed 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.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

c) *Financial instruments*

Classification

Classification categories

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

Financial assets at amortized cost

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

- The purpose of a business model is to hold assets in order to collect contractual cash flows; and
- The contractual terms of a financial asset represent cash flows that are solely principal and interest payments (SPPI), at specific dates.

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

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

- the purpose of the business model is the holding of assets for the purpose of collecting contractual cash flows and the sale of financial assets; and
- contractual terms of financial assets represent cash flows that are solely principal and interest repayment (SPPI), at specific dates.

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.

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 arise.

Financial liabilities

Group's financial liabilities are measured at amortized cost, which includes liabilities for loans, guarantee deposits and other liabilities.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

c) Financial instruments (continued)

Reclassification

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

Business Model Assessment

Business models determine how to manage a group of financial assets as a whole (portfolio) in order to achieve a specific business goal and define the way in which financial assets are expected to generate cash flows. Financial assets held for trading and whose performance is assessed on the basis of fair value are measured at fair value through profit and loss account, as it is 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).

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.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

c) Financial instruments (continued)

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.

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 Company recognizes a gain or loss in the income statement for all financial instruments with an appropriate adjustment to the carrying amount through the provision for expected credit losses.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

c) Financial instruments (continued)

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 do not have a finite useful life and for intangible assets that are not yet in use.

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

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

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

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

e) Leases

Entity 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 Entity 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 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 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 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.

Restructuring

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

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 HRK. 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.

Notes to the consolidated financial statements (continued)

3 Significant accounting policies (continued)

l) Revenue (continued)

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

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	2022	2021
	HRK '000	HRK '000
Commissions	8,396	7,847
Revenue from quotation maintenance	8,326	7,293
Revenue from quotation fees	1,757	1,532
Membership fees	465	470
Total sales revenue	18,944	17,142

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
2022	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Revenues					
<i>Timing of revenue recognition</i>					
- in point of time	8,326	-	-	-	8,326
- over the time	-	8,396	1,757	465	10,618
	8,326	8,396	1,757	465	18,944
2021					
Revenues					
<i>Timing of revenue recognition</i>					
- in point of time	7,293	-	-	-	7,293
- over the time	-	7,847	1,532	470	9,849
	7,293	7,847	1,532	470	17,142

Notes to the consolidated financial statements (continued)

5 Other operating income	2022	2021
	HRK '000	HRK '000
Income from sale of information	6,261	6,236
Income from seminars	1,213	897
Income from OTC services	619	485
Income from LEI	488	369
Other sales income	80	76
Income from rent and sale of assets	196	-
Income from collected previously corrected receivables	96	242
Other income	322	392
Total operating income	9,275	8,697

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:

	Sale of informati on	Educati- on activities	OTC services	LEI	Other revenues	Total
2022	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Other revenues						
<i>Timing of revenue recognition</i>						
- in point of time	-	1,213				1,213
- over the time	6,261		619	488	80	7,448
	6,261	1,213	619	488	80	8,661
2021						
Other revenues						
<i>Timing of revenue recognition</i>						
- in point of time	-	897				897
- over the time	6,236		485	369	76	7,166
	6,236	897	485	369	76	8,063

Notes to the consolidated financial statements (continued)

5 Other operating income (continued)

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

	31 December 2022	31 December 2021
	HRK '000	HRK '000
Contract assets		
Contract assets from maintenance of information	402	356
Contract assets from sale of information	99	-
	501	356
Contract liabilities		
Contract liabilities from quotation maintenance	2,826	2,744
Contract liabilities from quotation fees	499	647
Other contract liabilities	520	394
<i>Current contract liabilities</i>	3,845	3,785
Contract liabilities for system upgrade	96	50
<i>Non-current contract liabilities</i>	96	50
Total contract liabilities	3,941	3,835

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:

	Contract assets	Contract liabilities
	2022	2021
	HRK '000	HRK '000
Contract liabilities from quotation maintenance	2,744	2,816
Contract liabilities from quotation fees	647	362
Other contract liabilities	394	357
	3,785	3,535

Notes to the consolidated financial statements (continued)

6 Staff costs	2022	2021
	HRK '000	HRK '000
Salaries		
Net salaries	9,132	8,284
Payroll contributions	882	857
Payroll taxes and surtaxes	3,081	2,823
Total salaries	13,095	11,964
Other staff costs	870	852
Total staff costs	13,965	12,816

The number of employees at the end of 2022, as well as average number of employees during 2022, was 39 (2021: 39). Staff costs include HRK 1,381 thousand (2021: HRK 1,239 thousand) of defined pension contributions paid into obligatory pension funds and HRK 435 thousand in voluntary pension funds. Contributions are calculated as a percentage of employees' gross salaries. In 2022 bonus payments in Ljubljanska borza d.d. amounted to HRK 34 thousand (2021: HRK 738 thousand). In 2022, HRK 256 thousand salary bonus was paid to Zagrebačka burza d.d, (2021: HRK 450 thousand).

7 Other operating expenses	2022	2021
	HRK '000	HRK '000
Costs of software and licenses	4,559	3,952
Fees to regulators	1,071	1,071
Professional services	907	1,448
Other fees and charges	595	494
Rent of premisses	491	385
Post and telephone services	310	303
Overhead costs	585	482
Maintenance of office and equipment expenses	389	367
Business travel	163	3
Entertainment costs	261	101
Impairment of trade receivables	-	82
Costs of conferences, seminars and marketing	290	288
Other costs	1,287	1,179
Total other operating expenses	10,908	10,155

Other expenses in the amount of HRK 1,287 thousand relate to costs of materials and energy, insurance costs, and other expenses.

Fees for the audit of Group's financial statements amounted to HRK 311 thousand (2021: HRK 244 thousand).

Notes to the consolidated financial statements (continued)

7 Other operating expenses (continued)

During the year, the external auditor has provided non-audit services in the amount of HRK 47 thousand (2021: HRK 47 thousand). In accordance with the EU Regulation, the services provided during 2022 represent permissible non-audit services.

8 Financial income and expense

	<u>2022</u>	<u>2021</u>
	<u>HRK '000</u>	<u>HRK '000</u>
Interest income	17	22
Other financial income	-	17
Total financial income	17	39
Dividend income	101	54
Unrealised net gains/(losses) from financial assets at fair value through profit or loss	(629)	(187)
Realised net gains/(losses) from financial assets at fair value through profit or loss	(89)	(225)
	(718)	(412)
Interest expense	(99)	(66)
Losses from foreign exchange differences	(87)	(47)
Gains from foreign exchange differences	58	38
Net gain (loss) from foreign exchange differences	(29)	(9)
Financial result	(728)	(394)

Notes to the consolidated financial statements (continued)

9 Income tax	2022	2021
	HRK '000	HRK '000
a) Income tax		
Current income tax expense	101	97
Deferred income tax	(99)	7
Total income tax	2	104

b) Reconciliation of accounting profit and current income tax liability

	2022	2021
	HRK '000	HRK '000
Profit before tax	646	468
Tax calculated at 18% (2021: 18%)	116	84
Effects of different tax rates	5	4
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax non-deductible expenses	88	47
Non-taxable income	(63)	(58)
Increase of fair value of financial assets at fair value through other comprehensive income	95	-
Use of tax losses	(121)	-
Tax losses from Zagrebačka burza d.d. not recognized as deferred tax assets	(118)	28
Consolidation adjustments	-	(1)
Income tax	2	104

c) Tax losses carried forward

Gross tax losses amounting to HRK 297 thousand are available for offset against future taxable profits of the Company at the end of 2022. A tax loss may be carried forward by the Company and is subject to review by the Ministry of Finance. As of 31 December 2022, the Group did not recognise deferred tax assets in respect of ZSE'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.

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 HRK 24 thousand (31.12.2021: HRK 50 thousand). Despite the existence of tax losses from previous periods, Ljubljanska borza d.d. had a current income tax expense of HRK 100 thousand (2021: HRK 207 thousand), since tax losses in Slovenia can only be used up to 50% of the profit. Therefore, Ljubljanska borza d.d. took advantage of tax losses of HRK 138 thousand.

Notes to the consolidated financial statements (continued)

9 Income tax (Continued)

c) Tax losses carried forward (continued)

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

Tax losses carried forward

	2022	2021
	HRK '000	HRK '000
Up to 1 year	135	3,221
Up to 2 years	-	135
Up to 3 years	-	-
Up to 4 years	289	-
Up to 5 years	-	427
Total losses carried forward	424	3,783

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 at 31 December 2022, 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.).

Deferred tax assets

	Trade receivables	Financial assets	Depreci- ation	Tax losses carried forward	Provisi- ons	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
1 January 2021	104	-	21	50	11	186
(Decrease)/Increase in deferred tax assets recognized in the income statement	(9)	-	-	-	2	(7)
31 December 2021	95	-	21	50	13	179
1 January 2022	95	-	21	50	13	179
(Decrease)/Increase in deferred tax assets recognized in the income statement	(8)	116	14	(26)	3	99
31 December 2022	87	116	35	24	16	278

Notes to the consolidated financial statements (continued)

9 Income tax (continued)

d) Deferred tax assets/liabilities (continued)

Deferred tax liabilities

	Fair value adjustment of property <hr/> HRK '000
1 January 2021	189
Decrease of deferred tax liability recognized through profit and loss account	-
31 December 2021	189
Decrease of deferred tax liability recognized through other comprehensive income	(54)
31 December 2022	145

Notes to the consolidated financial statements (continued)

10 Property and equipment

	Land and property	Computers	Furniture and other equipment	Leasehold improvements	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Purchase value					
As at 1 January 2021	7,801	5,241	2,235	1,272	16,549
Increases	-	280	245	256	781
Write-offs	-	(9)	(109)	-	(118)
Effects of movements in exchange rate	(103)	-	77	-	(26)
As at 31 December 2021	7,698	5,512	2,448	1,528	17,186
As at 1 January 2022	7,698	5,512	2,448	1,528	17,186
Increases	-	825	633	-	1,458
Write-offs	-	-	(381)	-	(381)
Effects of movement in exchange rate	13	-	-	-	13
As at 31 December 2022	7,711	6,337	2,700	1,528	18,276
Accumulated depreciation					
As at 1 January 2021	(847)	(4,566)	(1,232)	(1,209)	(7,854)
Depreciation expense	(342)	(212)	(307)	(58)	(919)
Write-offs	-	9	113	-	122
Effects of movement in exchange rate	-	-	1	-	1
As at 31 December 2021	(1,189)	(4,769)	(1,425)	(1,267)	(8,650)
As at 1 January 2022	(1,189)	(4,769)	(1,425)	(1,267)	(8,650)
Depreciation expense	(52)	(266)	(378)	(82)	(778)
Write-offs	-	-	355	-	355
Reduction of depreciation cost at the expense of revaluation reserves	(226)	-	-	-	(226)
Effects of movement in exchange rate	-	-	3	-	3
As at December 2022	(1,467)	(5,035)	(1,445)	(1,349)	(9,296)
Net book value					
31 December 2021	6,509	743	1,023	261	8,536
31 December 2022	6,244	1,302	1,255	179	8,980

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 833,180.

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 835,369.

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 833,180 by reducing the previously established revaluation surplus of EUR 30,071 (HRK 226 thousand) 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 at 31 December 2022 would be EUR 734,359.

Notes to the consolidated financial statements (continued)

11 Intangible assets and goodwill

	Software	Long term deferred costs	Goodwill	Asset under construction	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Purchase value					
At 1 January 2021	2,518	224	1,187	218	4,147
Increase	320	7	-	44	371
Write-off	-	(4)	-	-	(4)
Effect of movement in exchange rate	148	-	-	1	149
At 31 December 2021	2,986	227	1,187	263	4,663
At 1 January 2022	2,986	227	1,187	263	4,663
Increase	1,042	1	-	238	1,281
Write-off	-	(1)	-	-	(1)
Effect of movement in exchange rate	10	1	(1)	-	10
At 31 December 2022	4,038	228	1,186	501	5,953
Accumulated depreciation					
At 1 January 2021	(1,357)	-	-	-	(1,357)
Depreciation expense	(348)	-	-	-	(348)
Effect of movement in exchange rate	(155)	-	-	-	(155)
At 31 December 2021	(1,860)	-	-	-	(1,860)
At 1 January 2022	(1,860)	-	-	-	(1,860)
Depreciation expense	(350)	-	-	-	(350)
Effect of movement in exchange rate	(10)	-	-	-	(10)
At 31 December 2022	(2,220)	-	-	-	(2,220)
Net book value					
At 31 December 2021	1,126	227	1,187	263	2,803
At 31 December 2022	1,818	228	1,186	501	3,733

Notes to the consolidated financial statements (continued)

12 Right-of-use assets

	Buildings	Land	Equipment	Total
	HRK '000	HRK '000	HRK '000	HRK '000
Purchase value				
At 1 January 2021	1,542	295	176	2,013
Increase	3,285	-	195	3,480
Write-off	(1,543)	-	(69)	(1,612)
Effect of movement in exchange rate	-	1	-	1
At 31 December 2021	3,284	296	302	3,882
At 1 January 2022	3,284	296	302	3,882
Increase	-	-	239	239
Write-off	-	-	(123)	(123)
Effect of movement in exchange rate	-	3	-	3
At 31 December 2022	3,284	299	418	4,001
Accumulated depreciation				
At 1 January 2021	(1,322)	(59)	(74)	(1,455)
Depreciation expense	(666)	(31)	(72)	(769)
Write-off	1,542	-	27	1,569
At 31 January 2021	(446)	(90)	(119)	(655)
At 1 January 2022	(446)	(90)	(119)	(655)
Depreciation expense	(658)	(31)	(96)	(785)
Write-off	-	-	122	122
At 31 December 2022	(1,104)	(121)	(93)	(1,318)
Net book value				
31 December 2021	2,838	206	183	3,227
31 December 2022	2,180	178	325	2,683

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:	2022	2021
	HRK '000	HRK '000
Depreciation expense on right-of-use assets	785	769
Interest expense on lease liabilities	98	66
Expense relating to short-term leases	148	138

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

	2022	2021
	HRK '000	HRK '000
<i>At 1 January</i>		
Non-current lease liabilities	2,415	248
Current lease liabilities	727	300
	3,142	548
<i>Movement during the year</i>		
Increase during the year (Note 12)	239	3,480
Repayment	(766)	(870)
Foreign exchange differences	9	(16)
At 31 December	2,624	3,142

Lease liabilities are due and payable as follows:

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Within a year	730	727
In the second year	753	616
In the third year	776	716
In the fourth year	291	736
In the fifth year	31	263
After five years	43	84
Total	2,624	3,142

Notes to the consolidated financial statements (continued)

12 Right-of-use assets (continued)

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

	<u>31.12.2022</u>	<u>31.12.2021</u>
	HRK '000	HRK '000
Within a year	799	756
In the second year	802	749
In the third year	801	752
In the fourth year	296	753
In the fifth year	34	263
After five years	52	84
Total	<u>2,784</u>	<u>3,357</u>

13 Investments in associates and joint ventures

	<u>31.12.2022</u>	<u>31.12.2021</u>
	HRK '000	HRK '000
Investment in Makedonska burza a.d., Republic of North Macedonia	9,198	-
Investment in SEE Link d.o.o., Republic of North Macedonia	125	146
Investment in Funderbeam South-East Europe d.o.o., Croatia	-	-
Total	<u>9,323</u>	<u>146</u>

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

	Company	Country	Nature of business	Ownership share	
				2022	2021
				%	%
Joint venture	SEE Link d.o.o.	North Macedonia	stock-exchange order routing	43.33	33.33
Associate	Funderbeam SEE d.o.o.	Croatia	finance intermediary	30	30
Associate	Makedonska burza a.d.	North Macedonia	Stock exchange and related activities	30	-

SEE LINK d.o.o.

SEE Link d.o.o., 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 HRK 177 thousand in order to increase share capital of SEE Link d.o.o. Together with Makedonska burza a.d. which holds 33.33% of SEE Link d.o.o., as at 31 December 2022 the Group holds 43.33% share in the mentioned company.

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint ventures (continued)

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

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Share in ownership	43.33%	33.33%
Non-current assets	141	185
Current assets	516	502
Of which cash and cash equivalents	284	177
Total assets	657	687
Non-current liabilities	-	-
Current liabilities	264	258
Of which current financial liabilities	-	-
Total liabilities	264	258
Total income	182	566
Depreciation and amortization	44	141
Net interest income/(cost)	-	1
Income tax	-	-
Profit/loss for the year	(34)	90

Macedonian Stock Exchange

As of 31 December 2021, the Company held 7.05% of shares of Macedonian Stock Exchange a.d. As of 31 December 2021, the investment is reported under the position of non-current financial assets at fair value through other comprehensive income. During 2022, the Company acquired additional shares of the aforementioned company. As of 8 July 2022, the Company exceeded 20% of the shares. Investment is reclassified from financial assets through other comprehensive income to investments in associates. As of December 31, 2022, the Company holds a 30% stake in the associated company. As of the day preceding the acquisition of a qualified share in the associated company, the Company recorded reserves from changes in fair value through other comprehensive income in the amount of HRK 529 thousand in 2022.

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

	31.12.2022	30.6.2022
	HRK '000	HRK '000
Ownership share	30%	21%
Fixed assets	16,562	16,699
Current assets	6,838	7,404
<i>Of which cash and cash equivalents</i>	147	765
Total assets	23,400	24,103
Long term liabilities	-	-
Short-term liabilities	635	1,537
<i>Of which Short-term financial liabilities</i>	-	-
Total liabilities	635	1,537

Notes to the consolidated financial statements (continued)

13 Investment in associates and joint ventures (continued)

The summary of financial data for Macedonia Stock Exchange is as follows (continued):

	<u>31.12.2022</u>	<u>30.6.2022</u>
	HRK '000	HRK '000
Total revenue	6,751	3,838
Amortization	431	164
Net interest expense	170	108
Profit tax	-	-
Profit / (loss) of the period	1,557	1,678

Funderbeam South-East Europe d.o.o.

Funderbeam South-East Europe d.o.o. is an associate established in 2017, while in 2018 it started operations. During 2018, the Company paid HRK 44.8 thousand on behalf of the Funderbeam South-East Europe d.o.o., as an increase in the Associate's share capital, while in 2020, the Company acquired additional stake in the amount of HRK 28.4 thousand. Share ownership as at 31 December 2022 was 30% (31 December 2021: 30%).

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

	<u>31.12.2022</u>	<u>31.12.2021</u>
	HRK '000	HRK '000
Share in ownership	30%	30%
Non-current assets	128	156
Current assets	124	43
<i>Of which cash and cash equivalents</i>	117	43
Total assets	252	199
Non-current liabilities	926	225
Current liabilities	289	1,081
<i>Of which current financial liabilities</i>	225	924
Total liabilities	1,215	1,306
Total income	614	179
Net interest income/(cost)	(21)	(24)
Income tax	35	-
Loss for the year	19	(115)

Notes to the consolidated financial statements (continued)

14 Financial assets

	31.12.2022	31.12.2021
	HRK '000	HRK '000
a) Financial assets at fair value through other comprehensive income		
Investments in shares	197	1,681
Total	197	1,681

Investments in equity instruments in the amount of HRK 197 thousand (31 December 2021: HRK 1,681 thousand) relate to planned long-term investments.

As at 31 December 2021, the Company held 197 shares in Macedonian Stock Exchange Inc., which represented 7.05% of the capital of that Company in the amount of HRK 1,484 thousand. During 2022, the Company acquired additional shares of the aforementioned company by which it exceeded the 20% of the shares and investment is reclassified to investments in associates (Note 13.).

Shares in the amount of HRK 197 thousand relate to the share in capital of the company Središnje klirinško depozitarno društvo d.d. (SKDD).

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.

	31.12.2022	31.12.2021
	HRK '000	HRK '000
b) Financial assets at fair value through profit or loss		
Shares in open-end investment funds	8,977	14,479
Total	8,977	14,479

Shares in open-end investment funds are classified as level 1 fair value as at 31 December 2022 and 31 December 2021 given that the price of shares in the fund is publicly available and is used for buying or selling shares in the fund.

15 Trade receivables and other assets

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Trade receivables	3,124	4,794
Prepayments made	27	21
Other assets	722	760
Impairment allowance	(352)	(1,722)
Total	3,521	3,853

Notes to the consolidated financial statements (continued)

15 Trade receivables (continued)

The movement of the impairment of trade receivables

	2022	2021
	HRK '000	HRK '000
Balance at 1 January	(1,722)	(2,064)
Impairment losses	(5)	(90)
Write-off	1,279	190
Collection of previously adjusted receivables	96	242
Total	(352)	(1,722)

At the reporting date, the Group had overdue not impaired receivables in the amount of HRK 317 thousand (31 December 2021: HRK 433 thousand). The Group companies Management Boards made an estimate that there is a very low probability of collection of previously impaired receivables and made a decision to write off previously impaired receivables in the amount of HRK 1,279 thousand on December 31, 2022. 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.

31.12.2022	Not past due	< 90	90 - 120	> 120
	HRK '000	HRK '000	HRK '000	HRK '000
Trade receivables and other assets - gross amount	2,443	328	-	352
Contract assets - gross amount	501	-	-	-
Expected credit losses	-	-	-	(352)
Trade receivables and other assets and contract assets - net amount	2,944	328	-	-
Expected credit loss rate	-	0%	0%	100%

31.12.2021	Not past due	< 90	90 - 120	> 120
	HRK '000	HRK '000	HRK '000	HRK '000
Trade receivables and other assets - gross amount	3,421	338	35	1,782
Contract assets	501	-	-	-
Expected credit losses	-	-	(20)	(1,702)
Trade receivables and other assets and contract assets - net amount	3,922	338	15	80
Expected credit loss rate	-	-	57%	96%

Notes to the consolidated financial statements (continued)

16 Deposits

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Short term deposits with maturity over 3 months	1,571	6,013
Guarantee deposits	250	250
Total	1,821	6,263

Short-term deposits as of December 31, 2022 refer to deposits placed in several banks for a term longer than 3 months and shorter than 12 months.

17 Cash and cash equivalents

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Gyro account in foreign currency (EUR)	8,789	6,429
Gyro account in foreign currency (MKD)	66	1,703
Gyro account in domestic currency	4,875	3,477
Cash in hand	1	1
Total	13,731	11,610

18 Issued share capital

Share number movement:

	Number of shares	Nominal value in HRK	Issued share capital in HRK '000
1 January 2021	4,635,700	10	46,357
31 December 2021	4,635,700	10	46,357
1 January 2022	4,635,700	10	46,357
Regular decrease of issued share capital and consolidation of shares	(2,317.850)	10	(23,178)
31 December 2022	2,317,850	10	23,179

a) Ordinary shares and reduction of issued share capital

All issued shares are authorized and fully paid ordinary shares. On 31 August 2016, all issued shares were listed on the Official Market of the Zagreb Stock Exchange. As at 31 December 2022, the Company had 184 shareholders (31 December 2021: 199 shareholders) with ownership interests in the Company ranging between 0.01% and 9.99%.

Notes to the consolidated financial statements (continued)

18 Issued share capital (continued)

a) Ordinary shares and reduction of issued share capital (continued)

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 HRK 23,178,500.00 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 HRK 10.00 for 2 shares outstanding.

b) Covering the accumulated 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 accumulated loss in the amount of HRK 17,029 thousand from other reserves.

c) Treasury 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. By December 31, 2022 the Company acquired 5,500 own shares and together with 32 own shares acquired in the process of regular decrease of the issued share capital, as of December 31, 2022 the Company holds 5,532 own shares. The average price of the shares acquired amounts to HRK 24.92 per share with the range from HRK 23.54 to HRK 27.81 per share. The costs of acquisition of own shares as of December 31, 2022 amounts to HRK 139 thousand.

The movement of own shares was as follows:

	Number of shares	Acquisition costs HRK '000
1 January 2022	-	-
Acquisition in 2022	5,532	139
As of December 31, 2022	5,532	139

19 Earnings per share

The calculation of earnings per share as of December 31, 2022, is as follows:

	2022	2021
	HRK '000	HRK '000
Net profit/(loss) for the period (HRK '000)	644	364
Weighted average number of ordinary shares during the period	2,317,850	2,317,850
Basic and diluted profit/(loss) per share (in HRK)	0.28	0.16

Notes to the consolidated financial statements (continued)

19 Earnings per share (continued)

The calculation of earnings per share as of December 31, 2021, as published in the financial statements for the year ended as of December 31, 2021, was based on the profit of HRK 364 thousand and the weighted average number of ordinary shares of 4,635,700 and amounted to HRK 0.08 per share. Due to the consolidation of shares in 2022 in the process of regular decrease of issued share capital (Note 18) by which the shares are consolidated at a ratio of 2:1, the comparative data for the year 2021 was calculated on the basis of the weighted average number of ordinary shares for the year 2021, as it would have been if the consolidation of shares had taken place in the year 2021.

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

20 Trade and other payables

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Trade payables	1,022	1,528
Liabilities toward employees	554	530
VAT liability	122	20
Other short-term payables	794	480
Total trade and other payables	2,492	2,558

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

21 Accrued expenses and provisions

	31.12.2022	31.12.2021
	HRK '000	HRK '000
<i>Accrued expenses</i>		
Accrued bonuses LJSE	599	406
Other accrued costs	152	110
	751	516
<i>Provisions</i>		
Provisions for post-employment benefits	178	142
	178	142

Notes to the consolidated financial statements (continued)

21 Accrued expenses and provisions (continued)

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.

Considering the staffing developments in 2022, the LJSE additionally formed provisions for unused vacation time and jubilee benefits to employees in the amount of HRK 15 thousand.

Provisions are formed for estimated future payments for post-employment benefits on retirement and jubilee

Assumptions used in the calculation:

- Interest rate on long-term government bonds with a maturity of 10 years of 3.11% in nominal terms,
- The expected long-term growth of salaries, jubilee benefits and non-taxable amounts of 1.0% annually,
- Gross salary per employee.

Notes to the consolidated financial statements (continued)

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, 2022, the Group has the assets and liabilities denominated in foreign currencies as presented below. Assets and liabilities in EUR as of December 31, 2022, were translated to HRK applying the fixed conversion rate. Since EUR becomes the functional currency from January 1, 2023, and all assets and liabilities in HRK will be converted into EUR using a fixed conversion rate, the Company considers that as of December 31, 2022, it is not exposed to currency risk for assets and liabilities denominated in EUR.

	31.12.2022		31.12.2021		+/- 1% HRK '000
	EUR'000	HRK '000	EUR'000	HRK '000	
Cash and cash equivalents (Note 17.)	15	111	165	1.241	12
Trade receivables (Note 15.)	103	776	105	787	8
	118	887	270	2.028	20
Trade payables (Note 20.)	(23)	(170)	(3)	(26)	-
	95	717	267	2.002	20
Net impact before tax					20
Net impact after tax					20

Credit risk

The maximum net exposure to credit risk is as follows:

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Cash and cash equivalents (excluding cash in hand) (Note 17)	13,730	11,609
Trade receivables and other assets	2,900	3,253
Deposits (Note 16)	1,821	6,263
Loans given to associate	218	217
Total	18,669	21,342

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 16 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+.

Notes to the consolidated financial statements (continued)

22 Financial instruments - risk exposures (continued)

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 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 HRK 90 thousand (2021: HRK 145 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.

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 2022, the Zagreb Stock Exchange d.d. generated revenue from Funderbeam South-East Europe d.o.o. in the amount of HRK 24 thousand (2021: HRK 14 thousand). Receivables from Funderbeam South-East Europe d.o.o. as of 31 December 2022 amounts to HRK 246 thousand (31 December 2021: HRK 238 thousand).

During 2022, Zagreb Stock Exchange had expenditures from SEE link d.o.o. in the amount of HRK 34 thousand (2021: HRK 32 thousand). Liabilities to SEE link d.o.o. as of 31 December 2022 amounts to HRK 7 thousand (31 December 2021: HRK 7 thousand).

Remuneration to Management Board throughout the year was (both Zagrebačka burza d.d. and Ljubljanska borza d.d.) HRK 3,746 thousand (2021: HRK 3,477 thousand) out of which HRK 833 thousand relates to payments to the obligatory pension fund and HRK 97 thousand to voluntary pension fund. The Group did not pay the remuneration to the members of the Supervisory Board (2021: HRK 0 thousand).

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.

2022	Croatia	Slovenia	Reportable segments total	Adjustments	Consolidations totals
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
External revenue	15,334	13,291	28,625	(406)	28,219
Staff costs	(7,559)	(6,406)	(13,965)	-	(13,965)
Depreciation and amortization	(1,358)	(628)	(1,986)	73	(1,913)
Other operating expenses	(5,998)	(5,345)	(11,343)	435	(10,908)
Financial income	11	6	17	-	17
Financial expense	(93)	(6)	(99)	-	(99)
Income from dividends	420	-	420	(319)	101
Net profit (losses) from financial assets at fair value through profit and loss	(718)	-	(718)	-	(718)
Net foreign exchange loss	(28)	(1)	(29)	-	(29)
Share in Profit (loss) in a joint venture and associates	-	-	-	(59)	(59)
Segment profit before tax	11	911	922	(276)	646
Capital expenditure	1,985	993	2,978	-	2,978

2021	Croatia	Slovenia	Reportable segments total	Adjustments	Consolidations totals
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
External revenue	14,467	11,490	25,957	(118)	25,839
Staff costs	(7,117)	(5,699)	(12,816)	-	(12,816)
Depreciation and amortization	(1,183)	(927)	(2,110)	74	(2,036)
Other operating expenses	(5,857)	(4,445)	(10,302)	146	(10,156)
Financial income	33	8	41	-	41
Financial expenses	(58)	(7)	(65)	-	(65)
Income from dividends	1,011	-	1,011	(957)	54
Net profit (losses) from financial assets at fair value through profit and loss	(413)	-	(413)	-	(413)
Net foreign exchange loss	(10)	-	(10)	-	(10)
Share in Profit (loss) in a joint venture and associates	-	-	-	30	30
Segment profit before tax	873	420	1,293	(825)	468
Capital expenditure	4,313	319	4,632	-	4,632

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 10.46%.

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 2022, the Group applied discount rate amounting to 11.2%.

In the event that the discount rate increases by 1% with an unchanged income growth rate, the estimated value of the Ljubljana Stock Exchange would decrease by HRK 613 thousand. If the discount rate were to decrease by 1%, the estimated value of the Ljubljana Stock Exchange would increase by HRK 750 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 HRK 524 thousand. In the event that the stated income growth rate increases by 1%, the estimated value of the Ljubljana Stock Exchange would increase by HRK 625 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:

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Total equity (equity and reserves)	44,114	43,228
Total assets	54,245	53,610
Equity to assets	81%	81%

81% of the total assets of the Group is financed from own resources. Accordingly, 19% of the assets are financed from foreign sources (2021: 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:

	31.12.2022	31.12.2021
	HRK '000	HRK '000
Financial assets at amortized costs	19,136	21,741
Non-current deposits	250	250
Loans receivable from associate	218	217
Trade receivables and other assets	3,366	3,651
Current deposits	1,571	6,013
Cash and cash equivalents	13,731	11,610
Financial assets at fair value	9,174	16,160
Financial assets at fair value through other comprehensive income	197	1,681
Financial assets at fair value through profit and loss	8,977	14,479
Total assets	28,310	37,901
Financial liabilities at amortized costs		
Trade liabilities and other liabilities	2,492	2,415
Lease liabilities	2,624	3,142
Total liabilities	5,116	5,557

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, 2022, the Group held the following financial assets measured at fair value:

31 December 2022

	Level 1	Level 2	Level 3	Total
	HRK	HRK	HRK	HRK
	'000	'000	'000	'000
Assets				
Financial assets at fair value through other comprehensive income (Note 14)	-	-	197	197
Financial assets at fair value through profit or loss (Note 14)	8,977	-	-	8,977
Total	8,977	-	197	9,174

Notes to the financial statements (continued)

27 Fair value (continued)

As of December 31, 2021, the Group held the following financial assets measured at fair value:

31 December 2021

	Level 1	Level 2	Level 3	Total
	HRK '000	HRK '000	HRK '000	HRK '000
Assets				
Financial assets at fair value through other comprehensive income (Note 15)	-	-	1,681	1,681
Financial assets at fair value through profit or loss (note 15)	14,479	-	-	14,479
Total	14,479	-	1,681	16,160

28 Events after the balance sheet date

Based on the Decision of the Government of the Republic of Croatia regarding the announcement of the introduction of the euro as the official currency in the Republic of Croatia (Official Gazette 85/22), the euro becomes the official monetary unit and legal tender in the Republic of Croatia on January 1, 2023. The fixed conversion rate is set at HRK 7.53450 for one euro.

The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency that will be calculated prospectively and does not represent an event after the balance sheet date that requires reconciliation.

There were no other 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.

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

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

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) ("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.

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Balance sheet as of December 31, 2022 (in HRK)

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
ASSETS			
FIXED ASSETS 002+003+009+012	1	17,038,930	25,661,817
I INTANGIBLE ASSETS	2	2,803,702	3,733,302
II TANGIBLE ASSETS 004+...+008	3	11,762,570	11,663,133
1 Land and buildings	4	9,428,635	8,686,694
2 Computer equipment	5	742,389	1,300,110
3 Other tangible assets	6	941,859	1,497,817
4 Leasehold improvements	7	649,687	178,512
5 Assets under construction	8	-	-
III FIXED FINANCIAL ASSETS 010+011	9	2,293,745	9,987,768
1 Investments in associates, subsidiaries and joint ventures	10	145,796	9,323,149
2 Financial assets at amortised cost	11	2,147,949	664,619
DEFERRED TAX ASSETS	12	178,913	277,614
B CURRENT ASSETS 014+020+024	13	35,959,157	27,798,107
I RECEIVABLES 015+...+019	14	3,857,348	3,519,012
1 Trade receivables	15	3,075,430	2,771,971
2 Receivables from employees and members of the undertaking	16	524	262
3 Receivables from government and other institutions	17	179,089	128,553
4 Receivables from connected undertakings	18	-	-
5 Other receivables	19	602,305	618,226
III SHORT-TERM FINANCIAL ASSETS 021+...+023	20	20,492,049	10,547,674
1 Financial assets at amortised cost	21	6,012,762	1,571,083
2 Financial assets at fair value through other comprehensive income	22	-	-
3 Financial assets at fair value through statement of profit or loss	23	14,479,287	8,976,591
III CASH AND CASH EQUIVALENTS	24	11,609,760	13,731,421
C PREPAID EXPENSES AND ACCRUED INCOME	25	609,973	781,566
D TOTAL ASSETS 001+013+025	26	53,608,060	54,241,490
E OFF-BALANCE SHEET ITEMS	27	-	-

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Balance sheet as of December 31, 2022 (in HRK) (continued)

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A CAPITAL AND RESERVES 029+030+031+036+037+038	28	43,226,778	44,113,590
I INITIAL CAPITAL	29	46,357,000	23,178,500
II CAPITAL RESERVES	30	13,860,181	13,860,181
III PROFIT RESERVES 032+...+035	31	852,898	7,243,324
1 Legal reserves	32	141,000	141,000
2 Reserves for own shares	33	-	(138,703)
3 Fair value reserves	34	-	528,686
4 Other reserves	35	711,898	6,712,341
IV RETAINED PROFIT OR LOSS BROUGHT FORWARD	36	(18,206,852)	(812,651)
V PROFIT OR LOSS FOR THE YEAR	37	363,551	644,236
VI NON-CONTROLLING INTEREST	38	-	-
B PROVISIONS	39	192,109	273,563
C SHORT-TERM LIABILITIES 041+...+046	40	3,286,093	3,075,148
1 Liabilities for advance payments	41	126,864	12,644
2 Trade payables	42	1,154,241	868,628
3 Liabilities to employees	43	745,001	792,099
4 Taxes, contributions and similar liabilities	44	278,324	381,548
5 Liabilities to connected undertakings	45	-	1,978
6 Other short-term liabilities	46	981,663	1,018,251
D LONG-TERM LIABILITIES	47	2,414,550	1,894,185
E DEFERRED TAX LIABILITY	48	188,771	144,580
F ACCRUALS AND DEFERRED INCOME	49	4,299,759	4,740,424
G TOTAL LIABILITIES 028+039+040+047+048+049	50	53,608,060	54,241,490
H OFF-BALANCE SHEET ITEMS	51	-	-
Appendix to the balance sheet (position for consolidated financial statements)			
I Capital and reserves 053+054	52		
I Capital and reserves 053+054	52	43,226,778	44,113,590
1 Attributable to owners of the parent	53	43,226,778	44,113,590
2 Attributable to non-controlling interest	54	-	-

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Profit and loss for the period from January 1, 2022 to December 31, 2022 (in HRK)

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
A OPERATING INCOME 002+009	1	25,839,244	28,218,108
I Sales revenue 003+...+008	2	17,142,209	18,943,526
1 Commissions and membership fees	3	7,762,906	8,791,126
2 Listing maintenance fees	4	7,847,580	8,396,125
3 Income from quotation maintenance	5	1,531,723	1,756,275
4 Income from auctions	6	-	-
5 Income from memberships	7	-	-
6 Revenue from assigning and administering LEIs	8	-	-
II Other operating income 010+...+012	9	8,697,035	9,274,582
1 Income from application programming interface (API) services	10	-	-
2 Income from the supply of information	11	6,236,312	6,261,570
3 Other income	12	2,460,723	3,013,012
B OPERATING EXPENSES 014+017+021+022+023+026+027	13	25,008,700	26,786,898
I Material costs 015+016	14	7,443,145	7,860,250
1 Costs of raw materials	15	554,552	195,151
2 Other external costs	16	6,888,593	7,665,099
II Staff costs 018+...+020	17	11,963,887	13,096,266
1 Net salaries and wages	18	8,284,206	9,132,461
2 Tax and contributions from salary costs	19	2,750,918	2,962,566
3 Payroll contributions	20	928,763	1,001,239
III Depreciation	21	2,036,155	1,913,023
IV Other costs	22	3,438,383	3,864,275
V Value adjustment 024+025	23	91,053	10,793
1 fixed assets (other than financial assets)	24	-	-
2 current assets (other than financial assets)	25	91,053	10,793
VI Provisions	26	-	-
VII Other operating expenses	27	36,077	42,291

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Profit and loss for the period from January 1, 2022 to December 31, 2022 (in HRK) (continued)

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
C FINANCIAL INCOME 029+...+034	28	133,001	178,014
1 Interest, exchange rate differences, dividends and similar income from relations with related parties	29	1,472	101,799
2 Interest, exchange rate differences, dividends and similar income from relations with third parties	30	113,415	73,442
3 Income share from associates and participating interests	31	-	-
4 Unrealised gains (income) from financial assets	32	-	-
5 Profit from reversal of provisions for impairment for expected credit losses	33	-	-
6 Other financial income	34	18,114	2,773
D FINANCIAL EXPENSES 036+...+040	35	526,487	904,172
1 Interest, exchange rate differences and other expenditures with related parties	36	7,661	7,101
2 Interest, exchange rate differences and other expenses from relations with third parties	37	107,068	178,536
3 Unrealised losses (expenses) from financial assets	38	411,758	718,535
4 Loss on impairment for expected credit losses	39	-	-
5 Other financial expenses	40	-	-
E TOTAL INCOME 001+028	41	25,972,245	28,396,122
F TOTAL EXPENDITURE 013+035	42	25,535,187	27,691,070
G Share in profit/loss of associates and subsidiaries	43	30,450	(59,243)
H PRE-TAX PROFIT OR LOSS 041-042+043	44	467,508	645,809
I INCOME TAX	45	103,957	1,573
J PROFIT OR LOSS FOR THE PERIOD 044-045	46	363,551	644,236
1 Change in revaluation reserves (property, plant, equipment and intangible assets)	47	-	(226,479)
2 Actuarial gains/losses on defined benefit pension plans	48	(8,656)	(16,602)
3 Unrealised gains/losses on financial assets at fair value through other comprehensive income	49	-	528,686
4 Gains/losses on hedging instruments in a cash flow hedge	50	-	-
5 Gains/losses arising from translation of financial statements relating to foreign operations	51	(60,309)	51,683
6 Income tax on other comprehensive income	52	(1,513)	(44,608)
K OTHER COMPREHENSIVE INCOME 047+...+052	53	(67,452)	381,896
TOTAL COMPREHENSIVE INCOME 046+053	54	296,099	1,026,132

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Profit and loss for the period from January 1, 2022 to December 31, 2022 (in HRK) (continued)

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
M RECLASSIFICATION ADJUSTMENTS	55	-	-
Appendix **			
Attributable to owners of the parent	56	296,099	1,026,132
Attributable to non-controlling interes	57	-	-

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Statement of cash flows - indirect method for the period from January 1, 2022 to December 31, 2022 (in HRK)

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	467,508	645,809
2 Depreciation	2	2,036,155	1,913,023
3 Increase in short-term liabilities	3	-	-
4 Decrease in short-term receivables	4	483,427	423,525
5 Decrease in inventories	5	312	-
6 Loss on impairment for expected credit losses	6	-	-
7 Other cash flow increase	7	437,619	1,039,734
I Total cash flow increase from operating activities 001+...+007	8	3,425,021	4,022,091
1 Decrease in short-term liabilities	9	126,650	213,920
2 Increase in short-term receivables	10	-	-
3 Increase in inventories	11	-	-
4 Profit from reversal of provisions for impairment for expected credit losses	12	-	-
5 Other cash flow decrease	13	643,622	168,791
II Total cash flow decrease from operating activities 009+...+013	14	770,272	382,711
CASH FLOW FROM INVESTMENT ACTIVITIES			
1 Cash receipts from sale of fixed tangible and intangible assets	15	-	-
2 Cash receipts from sale of equity instruments and debt instruments	16	7,598	-
3 Interest received	17	-	18,331
4 Dividends received	18	53,811	101,483
5 Other cash receipts from investment activities	19	5,229,681	10,039,486
III Total cash receipts from investment activities 015+...+019	20	5,291,090	10,159,300
1 Cash payments for the purchase of fixed tangible and intangible assets	21	1,155,227	2,739,005
2 Cash payments for the acquisition of equity financial instruments and debt financial instruments	22	378,522	7,356,049
3 Other cash payments from investment activities	23	3,255,899	815,599
IV Total cash payments from investment activities 021+...+023	24	4,789,648	10,910,653

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Statement of cash flows - indirect method for the period from January 1, 2022 to December 31, 2022 (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	-	-
2 Cash receipts from credit principals, debentures, loans and other borrowings	26	-	-
3 Other cash receipts from financing activities	27	-	-
V Total cash receipts from financing activities 025+...+027	28	-	-
1 Cash payments for credit principals and bonds	29	-	-
2 Cash payments for dividends	30	-	-
3 Cash payments for finance lease	31	-	-
4 Cash payments for the redemption of treasury shares	32	-	-
5 Other cash payments from financing activities	33	870,198	766,366
VI Total cash payments from financing activities 029+...+033	34	870,198	766,366
VII Cash and cash equivalents at the beginning of period	35	9,323,767	11,609,760
VIII Increase of cash and cash equivalents	36	2,285,993	2,121,661
IX Decrease of cash and cash equivalents	37	-	-
X Cash and cash equivalents at the end of period	38	11,609,760	13,731,421

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Statement of changes in equity for the period from January 1, 2022 to December 31, 2022 (in HRK)

Item	ADP	Attributable to owners of the parent					Fair value reserves	Other revaluation reserves	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				
1	2	3	4	5	6	7	8	9	10	11
Balance on the first day of the previous business year	1	46,357,000	13,860,181	141,000	2,152,251	(20,359,103)	-	779,350	-	42,930,679
Change in accounting policies	2	-	-	-	-	-	-	-	-	-
Correction of prior period errors	3	-	-	-	-	-	-	-	-	-
Balance on the first day of the previous business year (restated)	4	46,357,000	13,860,181	141,000	2,152,251	(20,359,103)	-	779,350	-	42,930,679
Profit or loss for the period	5	-	-	-	363,551	-	-	-	-	363,551
Unrealised gains or losses on financial assets at fair value through other comprehensive income	6	-	-	-	-	-	-	-	-	-
Other changes in equity unrelated to owners	7	-	-	-	-	-	-	(67,452)	-	(67,452)
Total directly recognized income and expenses of the previous year (previous year periods)	8	-	-	-	363,551	-	-	(67,452)	-	296,099
Increase/decrease of subscribed capital	9	-	-	-	-	-	-	-	-	-
Other contributions by owners	10	-	-	-	-	-	-	-	-	-
Payment of share in profit/dividend	11	-	-	-	-	-	-	-	-	-
Other distribution to owners	12	-	-	-	(2,152,251)	2,152,251	-	-	-	-
Balance on the last day of the previous business year reporting period	13	46,357,000	13,860,181	141,000	363,551	(18,206,852)	-	711,898	-	43,226,778

Forms in accordance with the Ordinance on the Structure and Content of Stock Exchange Annual Financial Statements (Official Gazette 25/19) (continued)

Submitter: Zagreb Stock Exchange Inc.

Consolidated Statement of changes in equity for the period from January 1, 2022 to December 31, 2022 (in HRK)

Item	ADP		Attributable to owners of the parent				Fair value reserves	Other revaluation reserves	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						
	1	2	3	4	5	6	7	8	9	10	11
Balance on the first day of the current business year	14	46,357,000	13,860,181	141,000	363,551	(18,206,852)	-	711,898	-	43,226,778	
Change in accounting policies	15	-	-	-	-	-	-	-	-	-	
Correction of prior period errors	16	-	-	-	-	-	-	-	-	-	
Balance on the first day of the current business year (restated)	17	46,357,000	13,860,181	141,000	363,551	(18,206,852)	-	711,898	-	43,226,778	
Profit or loss for the period	18	-	-	-	644,236	-	-	-	-	644,236	
Unrealised gains or losses on financial assets at fair value through other comprehensive income	19	-	-	-	-	-	528,686	-	-	528,686	
Other changes in equity unrelated to owners	20	-	-	-	-	-	-	(146,790)	-	(146,790)	
Total directly recognized income and expenses of the current year (current period)	21	-	-	-	644,236	-	528,686	(146,790)	-	1,026,132	
Increase/decrease of subscribed capital	22	(23,178,500)	-	6,147,850	-	17,030,650	-	-	-	-	
Other contributions by owners	23	-	-	-	-	-	-	-	-	-	
Payment of share in profit/dividend	24	-	-	-	-	-	-	-	-	-	
Other distribution to owners	25	-	-	(139,320)	(363,551)	363,551	-	-	-	(139,320)	
Balance on the last day of the current business year reporting period	26	23,178,500	13,860,181	6,149,530	644,236	(812,651)	528,686	565,108	-	44,113,590	

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 2022 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 2022 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.

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, 2022, 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 2022 or 2021.

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 2022, the liabilities falling due after more than five years amount to HRK 43 thousand.

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

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

7. Average number of employees during the reporting period

The average number of the employees during the reporting period of 2022 is 39.

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 2022 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 2022, the Group had an average of 39 employees. The income of employees for 2022 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:

	1.1.2022	Increase	Decrease	31.12.2022
	HRK '000	HRK '000	HRK '000	HRK '000
Deferred tax assets	179	99	-	278
Deferred tax liabilities	(189)	-	54	(145)
	(10)	99	54	133

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

There were no 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 HRK 23,178,500.00 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 HRK 10.00 for 2 shares outstanding.

Notes to the annual financial statements – GFI (continued)

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 2022 for the Company is attached to the Company's Annual Report, which is published on the website www.zse.hr.

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 2022 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 unconsolidated 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 2022

Balance sheet item (IFRS)	Note	Amount (‘000 kn)	Balance sheet item (GFI)	AOP	Amount (‘000 kn)
ASSETS					
Non-current assets		25,662	Fixed assets	1	25,662
		3,733	I Intangible assets	2	3,733
Intangible assets	11	2,547	I Intangible assets	2	3,733
Goodwill	11	1,186			
		3,733			3,733
		11,663	II Tangible assets	3	11,663
Property and equipment	10	8,980	1 Land and buildings	4	8,687
Assets with right of use	12	2,683	2 Computer equipment	5	1,299
			3 Other tangible assets	6	1,498
			4 Leasehold improvements	7	179
		11,663			11,663
		9,988	III Fixed financial assets		9,988
Investment in subsidiary			1 Investments in associates, subsidiaries and joint ventures	10	9,323
Investment in associate and joint venture	13	9,323			
		9,323			9,323
Financial assets at fair value through other comprehensive income	15a	197	Financial assets at amortised cost (long term)	11	665
Long term deposits	16	250			
Borrowings to associated company		218			
		665			665
		9,988			9,988
Deferred tax assets	9	278	DEFERRED TAX ASSETS	12	278
Current assets		27,800	B Current assets	13	27,799
			I Receivables	14	3,520
Trade receivables and other assets	15	3,521	1 Trade receivables	15	2,772
			2 Receivables from employees and members of the undertaking	16	
			3 Receivables from government and other institutions	17	129
			4 Receivables from connected undertakings	18	
			5 Other receivables	19	619
		3,521			3,520

Reconciliation of the GFI-POD Balance sheet and consolidated balance from audited financial statements for the year 2022 (continued)

Balance sheet item (IFRS)	Note	Amount ('000 kn)	Balance sheet item (GFI)	A O P	Amount ('000 kn)
		10,548	II. Short-term financial assets	20	10,548
Short-term deposits	16	1,571	1 Financial assets at amortised cost	21	1,571
Financial assets at fair value through profit or loss	14	8,977	3 Financial assets at fair value through statement of profit or loss	23	8,977
		10,548			10,548
Cash and cash equivalents		13,731	III Cash and cash equivalents	24	13,731
Prepaid expenses		783	C PREPAID EXPENSES AND ACCRUED INCOME	25	782
Accrued expenses		282	C PREPAID EXPENSES AND ACCRUED INCOME	25	782
Contract assets		501		25	
		783			782
Total assets		54,245	D Total assets	26	54,243
CAPITAL AND LIABILITIES					
Capital and reserves		44,114	A Capital and reserves	28	44,113
Issued share capital		23,179	I INITIAL CAPITAL	29	23,179
Share premium		13,860	II CAPITAL RESERVES	30	13,860
		6,546	III PROFIT RESERVES	31	7,243
Legal reserves		141	1 Legal reserves	32	141
Own shares		(139)	2 Reserves for own shares	33	(139)
Fair value reserves		6,147	3 Fair value reserves	34	529
Other reserves		(171)	4 Other reserves	35	6,712
Revaluation reserves		764			
Actuarial gains / losses		(29)			
Translation reserves		(167)			
Accumulated profit (losses)		529	IV Retained profit or loss brought forward	36	(813)
			V Profit or loss for the year	37	644
		44,114			44,113

Reconciliation of the GFI-POD Balance sheet and consolidated balance from audited financial statements for the year 2022 (continued)

Balance sheet item (IFRS)	Note	Amount ('000 kn)	Balance sheet item (GFI)	AOP	Amount ('000 kn)
Non-current liabilities		2,313	Long term liabilities and provisions	47	2,313
Lease liabilities		1,894	B Provisions	39	274
Obligations for employee benefits		96	D Long term liabilities	47	1,894
Long term contract liabilities		178	E Deferred tax liabilities	48	145
Deferred tax liabilities		145			
		2,313			2,313
Current liabilities		3,222	C Current liabilities	40	3,077
Trade and other payables		2,492	1 Liabilities for advance payments	41	13
Lease liabilities		730	2 Trade payables	42	869
			3 Liabilities to employees	43	792
			4 Taxes, contributions and similar liabilities	44	382
Contract liabilities			5 Liabilities to related parties	45	2
Accrued expenses			6 Other current liabilities	46	1,019
		3,222			3,077
Contract liabilities		4,596	F Deferred payment of costs and future period income		4,741
Contract liabilities		3,845			
Accrued expenses		751			
		4,596			4,741
Total liabilities		54,245	Total liabilities	50	54,244

Reconciliation of the GFI-POD Profit and loss account and consolidated other comprehensive income from audited financial statements for the year 2022

P&L item (IFRS)	Note	Amount ('000 kn)	P&L item (GFI)		Amount ('000 kn)
Operating revenues		28,219	A OPERATING INCOME	1	28,219
Sales revenue	4	18,944	I Sales revenue	2	18,944
Other operating income	5	9,275	II Other operating income	9	9,275
		28,219			28,219
Operating expenses		26,786	B OPERATING EXPENSES	13	26,786
Staff costs	6	13,965	II Staff costs	17	13,095
Other employee costs (GFI AOP 22)	6	(870)			
		13,095			13,095
		10,908			11,778
Other operating expenses		10,908	I Material costs	14	7,860
Expenses reported under Staff costs		870	IV Other costs	22	3,865
		0	V Value adjustment 024+025	23	11
		11,778	VII Other operating expenses	27	42
		1,913			11,778
Depreciation and amortization		1,913	III Depreciation	21	1,913
Net finance income		(728)	Net finance income		(726)
Financial income		17	C FINANCIAL INCOME	28	178
Financial expense		(99)	D FINANCIAL EXPENSES	35	(904)
Dividend income		101			
Net losses from changes in fair value of financial assets through profit and loss		(718)			
Net foreign exchange gain/(loss)		(29)			
Share in profit (loss) in joint venture and associates		(59)	G Share in profit/loss of associates and subsidiaries		(59)
		(59)			(59)
Profit before tax		646	H PRE-TAX PROFIT OR LOSS	44	648
Income tax expense		2	I INCOME TAX	45	2
Profit for the year		644	J PROFIT OR LOSS FOR THE PERIOD	46	646
Total other comprehensive profit		338	K OTHER COMPREHENSIVE INCOME	53	382
Total comprehensive profit for the year		982	TOTAL COMPREHENSIVE INCOME	54	1,028



ZAGREBAČKA
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Zagreb Stock Exchange

Pursuant to Articles 300.a, 300.b, 300.c and 300.d of the Companies Act (Official Gazette, Nos. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19 and 34/22), the Management Board of the Zagreb Stock Exchange, Inc. with its registered office in Zagreb, Ivana Lučića 2a/22 (hereinafter: the Exchange), on 26 April 2023, passed the following

DECISION

1. Separated and consolidated financial statements for the year ended 31 December 2022 are determined, and the Reports by the certified auditor PWC Ltd., Zagreb for the year ended 31 December 2022 are accepted.
2. The documents referred to in item 1 of this Decision together with the report on the state of the Exchange shall be submitted to the Supervisory Board of the Exchange for approval and, upon approval, shall be deemed determined by the Management Board and the Supervisory Board of the Exchange and sent to the General Assembly of the Exchange.
3. This Decision shall be published as an integral part of the 2022 Annual Report.
4. This Decision comes into force as of the day of its passing.

Mark: OU/2023 – 043

Ivana Gažić

President of the Management Board



ZAGREBAČKA BURZA d.d.
Zagreb

Tomislav Gračan

Member of the Management Board



ZAGREBAČKA
BURZA

Zagreb Stock Exchange

Pursuant to Articles 220., 222., 222.a and 300.b of the Companies Act (Official Gazette, Nos. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19 and 34/22), the Management Board of the Zagreb Stock Exchange, Inc. with its registered office in Zagreb, Ivana Lučića 2a/22 (hereinafter: the Exchange), on 26 April 2023, 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 2022

I.

It is established that in the financial year ending 31/12/2022, the Exchange made a net profit of HRK 127,276.19 or EUR 16,892.45 (fixed conversion rate of 1 euro = 7.53450 HRK).

II.

The amount of net profit referred to in point I of this Decision shall be allocated to retained earnings.

III.

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

2. This Proposal shall be referred for the approval to Supervisory Board of the Exchange and referral to the General Assembly of the Exchange as a joint proposal of the Management Board and the Supervisory Board of the Exchange.
3. This Decision shall be published as an integral part of the 2022 Annual Report.
4. This Decision shall enter into force on the day of its adoption.

Mark: OU/2023 – 044

Ivana Gažić

President of the Management Board



ZAGREBAČKA BURZA d.d.
Zagreb

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Tomislav Gračan

Member of the Management Board