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*Zagreb Stock Exchange*

**ZAGREB STOCK EXCHANGE, INC.  
SUPERVISORY BOARD REPORT  
ON SUPERVISION OF COMPANY OPERATIONS UNDERTAKEN IN 2023**

Zagreb, April 2024



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## 1. INTRODUCTION

The Supervisory Board submits the following to shareholders:

- Report on supervision of the management of Zagreb Stock Exchange affairs in 2022, in accordance with the provision of Article 263(3) of the Companies Act;
- Report on examination of the Zagreb Stock Exchange financial statements for 2022, in accordance with the provision of Article 300c of the Companies Act;
- Report on examination of the Management Report on the Zagreb Stock Exchange condition in 2022, in accordance with the provision of Article 300c of the Companies Act;
- Report on the Supervisory Board stance with regard to the 2022 Zagreb Stock Exchange audit report and examination of the proposal for a resolution on the 2022 profit distribution.

## 2. SUPERVISORY BOARD COMPOSITION AND CHANGES

As at 31 December 2023, the Supervisory Board consisted of six (6) members, namely:

- Matko Maravić, Chairman of the Supervisory Board
- Tomislav Jakšić, Deputy Chairman of the Supervisory Board
- Bente Avnung Landsnes
- Silvije Orsag
- Dražen Čović
- Ivan Sardelić.

Dependent members of the Supervisory Board are: Matko Maravić and Dražen Čović.

Independent members of the Supervisory Board are: Tomislav Jakšić, Silvije Orsag and Bente Avnung Landsnes

Employee representative on the Supervisory Board: Ivan Sardelić.

Representative of the European Bank for Reconstruction and Development Bente Avnung Landsnes was appointed on 26 April 2023.

## 3. MANAGEMENT BOARD COMPOSITION AND CHANGES

As at 31 December 2023, the Management Board consisted of two (2) members:

Ivana Gažić, President of the Management Board,  
Tomislav Gračan, Member of the Management Board.

There were no changes to the composition of the Zagreb Stock Exchange Management Board in 2023.



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#### **4. REPORT ON SUPERVISION OF THE MANAGEMENT OF EXCHANGE AFFAIRS IN 2023**

During 2023 the Supervisory Board of Zagreb Stock Exchange, Inc. (hereinafter: the Exchange and/or the Company) held a total of six (6) meetings on the following dates: 22 February, 26 April, 25 July, 12 September, 24 October, 4 December and 8 December 2023.

The Supervisory Board meetings were attended by:

- Matko Maravić, Chairman of the Supervisory Board (100%)
- Tomislav Jakšić, Deputy Chairman of the Supervisory Board (100%)
- Dražen Čović (50%)
- Bente Avnung Landsnes (100%)
- Silvije Orsag (100%)
- Ivan Sardelić (100%)

Members of the Management Board Ivana Gažić and Tomislav Gračan participated on all Supervisory Board meetings, presenting particular business areas and providing clarifications necessary to the Supervisory Board. In that respect, the Supervisory Board finds its cooperation with the Management Board to be very successful.

At the meetings, the Supervisory Board discussed the overall business operations of the Company, including current and preventive supervision.

During supervision, the Supervisory Board paid particular attention to examining the legality of business, both with regard to compliance with the applicable legal framework and in relation to compliance with the provisions of the Company's Articles of Association.

The Supervisory Board has accepted all the Management reports submitted in the course of 2023, concluding that the results achieved were within expectations and in line with the current economic environment.

#### **5. CONSISTENCY OF FINANCIAL STATEMENTS WITH ACCOUNT BALANCES**

The Supervisory Board emphasises that, to its best knowledge and based on the data provided to it, the financial statements correspond to the balances stated in the Exchange accounts and that they give a complete, fair and true view of the assets and liabilities of the Company.

The Company has Management Board remuneration policy. The Company's Management Board earns regular employment income and exercises the right to remuneration in accordance with employment contracts and remuneration policy.

#### **6. SUPERVISORY BOARD COMMITTEES AND COMMISSIONS IN 2023**

Several committees/commissions of the Supervisory Board operate in the Company and provide professional support to the Supervisory Board and the Management Board. Members of these committees/commissions are appointed and dismissed by the Supervisory Board.



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The Supervisory Board has established an Audit Committee consisting of three members:

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

The work of the Audit Committee in 2023, in addition to regular reporting and support to the Supervisory Board, included:

- analysis of consolidated and non-consolidated quarterly, half-yearly and annual financial statements of the Company,
- control of the Company's expenses,
- insight into the audit of the company's annual financial statements for 2022,
- making recommendations to the Supervisory Board for the selection of auditors
- passing an opinion on the Strategic and Annual Plan of the Company's internal audit.

The Supervisory Board has established a Remuneration Committee, which during 2023 was composed of two members:

- Matko Maravić,
- Tomislav Jakšić.

The work of the Remuneration Committee in 2023 included:

- providing support to the Supervisory Board in the process of proposing the remuneration policy of the Company's Management Board;
- proposing objective criteria for assessing business success, which are the basis for rewarding the Company's Management;
- making a proposal to the Supervisory Board on the amount of the annual reward (bonus) for the Company's Management upon acceptance of the audited annual financial statements of the Company;
- providing an opinion to the Supervisory Board on the Management Board's proposal on the payment of annual awards to the Company's employees.

During 2023, one session of the Remuneration Committee was held, which was attended by all members of the Remuneration Committee.

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

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

The work of the Strategy Committee in 2023 included:

- providing support to the Management Board in the development, implementation and realization of strategic goals and the strategy of the Company as a whole,
- assessment, consideration and revision of the Company's key strategic determinants,
- preparing proposals for decisions of the Supervisory Board for the approval of the Company's strategic goals,





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- monitoring the implementation or achievement of the set strategic goals of the Company and regular reporting to the Company's Management Board and Supervisory Board.

During 2023, one session of the Strategy Committee was held, attended by the following members: Bente Avnung Landsnes and Matko Maravić.

The Supervisory Board has established a Nomination Committee consisting of three members:

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

The work of the Nomination Committee in 2023 included:

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

During 2023, three sessions of the Nomination Committee were held, attended by:

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

## **7. REPORT ON THE RESULTS OF EXAMINATION OF THE COMPANY'S FINANCIAL STATEMENTS**

Within the legal time limit, the Company's Management Board prepared the annual financial statement, which was audited by independent auditors PwC Croatia Ltd., Zagreb, Heinzelova ulica 70.

The audited annual financial statement and the consolidated financial statement were submitted to and accepted by the Supervisory Board, which has issued its approval, in accordance with the provisions of the Articles of Association and the Companies Act.



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The Supervisory Board has no particular comments on the auditor's report.

The Supervisory Board accepts fully and without reservations the conclusion of the Management Board that the preparation of the financial statements under the going concern assumption is appropriate.

## **8. SUPERVISORY BOARD OPINION ON THE AUDITOR'S REPORT**

At its meeting held on 29 April 2024, the Supervisory Board issued its approval of the Management Board resolution to adopt the audited annual financial statement and the consolidated financial statement for the year 2021.

An examination was made of the Independent Auditor's Report, which includes the following in its opinion:

"In our opinion, the financial statements, in all material respects, give a true and fair view of the Company's financial position as at 31 December 2023, its financial performance and cash flows for the year then ended, in accordance with International Standards of Financial Reporting adopted in the European Union."

According to the audited annual financial statement, the Zagreb Stock Exchange posted a net profit after taxation in the amount of EUR 136,203.00 in the financial year ended 31 December 2023.

The Supervisory Board has no objection to the Management Board's proposed profit distribution resolution, that is, it accepts the proposal to use the net profit generated by the Exchange after tax as follows:

- a part of net profit in the amount of EUR 115,892.05 shall be paid out as the dividend to the shareholders, in the amount of EUR 0.05 per share,
- a remaining part of net profit shall be allocated to retained earnings.

## **9. CONCLUSION**

In accordance with its obligations, the Supervisory Board has conducted supervision of the Exchange overall business operations.

It emphasises that an examination of the annual financial statement, consolidated financial statement, Report on the condition of the Company as well as regular supervision undertaken in the course of 2023 has found the Management Board to have acted in compliance with applicable regulations, the Articles of Association of the Company, its AGM resolutions, and by adhering to Supervisory Board guidelines and instructions. Therefore, the Supervisory Board proposes to the Annual General Meeting to grant discharge to the Management Board.

A review by the Supervisory Board has determined that the annual financial statements and consolidated financial statements were prepared in accordance with the balances in the accounts of the Exchange and that they give a correct view of the financial and business condition of the Company. Therefore, the Supervisory Board has issued its approval of the annual financial statement and the consolidated financial statement of



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the Exchange for the year ended 31 December 2023 which, in accordance with the provision of Article 300d of the Companies Act, may be considered determined.

The 2023 financial statements of the Exchange were audited by PwC Croatia Ltd. auditing company. The Supervisory Board agrees with the Auditor's Report on the audit of the 2023 annual financial statements and has accepted it.

The Supervisory Board has no objection to the proposal for a Management Board resolution on the 2023 profit distribution.

The Supervisory Board submits this report to the Annual General Meeting and proposes that the proposal of Management Board resolution on the 2023 profit distribution be adopted.

Matko Maravić  
Chairman of the Supervisory Board

A handwritten signature in blue ink, appearing to read 'M. Maravić', positioned over the printed name and title.