

THE ZAGREB STOCK EXCHANGE IN THE FIRST HALF OF 2021



STATEMENT OF THE MANAGEMENT BOARD

As the year 2020 drew to its end, the world expected reduced uncertainties and an increasing number of pandemic-related solutions. While those were implemented partially and not in full, one might say that there was a glimpse of light at the end of the tunnel, bringing mostly positive sentiment to global markets. It was felt somewhat in the local market as well, both through growth of certain market indicators and through a series of events, projects and initiatives which marked the first half of the year.

In March, the Securities Commission of the Republic of North Macedonia issued an approval decision to the Zagreb Stock Exchange for further acquisition of Macedonian Stock Exchange shares. After the Zagreb Stock Exchange acquired 5.3% of the equity in the Macedonian Stock Exchange late in 2019, the Macedonian regulator provided a positive opinion of detailed documentation provided by the Zagreb Stock Exchange and approved further acquisition of shares up to a cumulative total not exceeding 20% of the total number of voting shares outstanding. Earlier that same month, the Macedonian and the Zagreb Stock Exchange entered into a Cooperation Agreement aimed at improving the expertise and professional development of the participants of Macedonia's capital market through ZSE Academy training.

In order to provide an insight into financial topics to wider audiences, the Exchange launched a series of short-form videos entitled the ZSE Stock Talk, in which our prominent figures address current finance, economics, capital market and other topics.

As part of its ESG strategy, the Exchange joined the UN Sustainable Stock Exchanges initiative, aimed at promoting sustainability in capital markets. As part of the SSE initiative, the Exchange will take active part in a dialogue with the UN and other SEE members to jointly promote business practices related to environmental, social and corporate governance issues, in accordance with sustainable development goals of the initiative. The Zagreb Stock Exchange was again among more than 100 exchanges around the world to mark the International Women's Day by symbolically ringing the bell for the start of trading to emphasise the role that the business and financial sector may have in empowering women in key positions, as an important global sustainable development goal.

Joint Zagreb and Ljubljana Stock Exchange Investment Days were held in May, as part of continued activities undertaken since 2014 to promote the regional capital market. It was the first time that the companies trading on the Macedonian Stock Exchange joined Slovenian and Croatian companies at the event. A total of 18 companies presented their business operations and results to a record 230+ analysts and investors from more than 20 countries, including Great Britain, the United States, Austria, Germany, Finland, Russia, Estonia, Turkey, the Czech Republic, Switzerland and others.

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In addition, the Croatian Financial Services Supervisory Agency, the Central Depository and Clearing Company and the Zagreb Stock Exchange held their 12th round of annual education for companies whose securities are traded on the regulated market, with hundred-odd representatives attending to learn about the novelties concerning capital market regulation and other related topics. This round focused on non-financial reporting, corporate governance and the SRD II Directive.

April saw the listing of City of Varaždin bonds – the first municipal bonds to be admitted to trading since 2008 – and the restart of the CROBEXtransport index calculation, with the listing of Villa Dubrovnik d.d. shares closing H1.

TRADING IN H1 2021

Following a fairly good start to the year and growth in trading indicators in the first two months of 2021, investor sentiment was changeable in the remaining months.

Eventually, order book trading turnover was almost 5% higher than in H2 2020, matched by approximately the same growth in total turnover. However, share market capitalisation saw a correction by close to -5%, primarily as a result of the regular market correction. Meanwhile, Prime Market capitalisation strengthened 7%, with the Official Market growing 12.6% and ETF as much as 93.3%.

Indices, with the exception of CROBEXkonstrukt which lost 32.34% of its value, generally grew at two-digit rates: CROBEXnutris led the way at 16.12% and CROBEXtr at 15%, with most other indices growing at a rate of more than 11%. Single-digit growth was recorded by CROBEXplus (6.18%) and CROBEXtunist (4.21%).

The most actively traded shares were those of hotelier Valamar Riviera d.d., while telecom company HT d.d., shipper Atlantska Plovidba d.d., Podravka d.d. food processor and Adris Grupa d.d. shares followed suit with turnovers in excess of HRK 65 million.