



ZAGREBAČKA  
BURZA

*Zagreb Stock Exchange*

# Zagreb Stock Exchange, Inc.

Unconsolidated unaudited financial results for

01/01/2017 – 31/12/2017

26 February 2018

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# 1 INTERIM MANAGEMENT REPORT FOR THE PERIOD BETWEEN 01/01/2017 AND 31/12/2017

## 1.1 Significant business events of the Zagreb Stock Exchange, Inc. in the period between 01/01/2017 and 31/12/2017

In 2017, the Zagreb Stock Exchange, Inc. (hereinafter: Company or Exchange) recorded the following significant business events:

- After using the Nasdaq X-stream trading system for 10 years, the Zagreb Stock Exchange has completed the migration of its business to the new Xetra trading system. The decision to switch to a new trading system was motivated by cost cutting in view of the need to reduce dependence on the provider for system upgrades, lower costs of upgrades related to compliance with regulatory requirements, harmonisation of the method of trading with other European markets, greater probability of remote membership and entry of new investors in the market, as well as by the wish for both markets managed by the Zagreb Stock Exchange (Croatian and Slovenian) to trade on the same system. The first day of trading on the new system was 7 July 2017.
- The first international SEE Link Conference was held in Belgrade in April, with more than 70 participants from Croatia, Bulgaria, Macedonia, Serbia, Slovenia, Montenegro, and Bosnia and Herzegovina.
- In May, the 4<sup>th</sup> Investment Days of the Zagreb and the Ljubljana Stock Exchange enlisted the participation of eight Slovenian and seven Croatian issuers, holding 198 one-on-one and group meetings with investors from seven countries in two days.
- In June, the 8<sup>th</sup> course of annual education for the companies whose financial instruments are listed on the Zagreb Stock Exchange's regulated market was held under the auspices of the Croatian Financial Services Supervisory Agency, the Central Depository and Clearing Company and the Zagreb Stock Exchange.
- The Croatian Financial Services Supervisory Agency approved the new Exchange Rules and Service Price List related to the introduction of a new trading system – Xetra and the new Exchange Rules and Service Price List compliant with Directive MIFID II.
- The ZSE Trading Monitor application has enabled its users insight into trading and data for the Ljubljana Stock Exchange in addition to those for the Zagreb Stock Exchange.
- A joint Zagreb Stock Exchange and fund industry conference entitled "Challenge of change: New Challenges" was held in Rovinj late in October. As the central event of the Croatian and regional financial community, this year's conference attracted 20-odd speakers and more than 450 participants from all branches of the financial industry from Croatia, its region and the world.

- The Xetra Classic v. 17.0 software, which is necessary for ensuring compliance of the trading system with MiFID II Directive, was implemented successfully on 20 November 2017. The upgrade in question went into production smoothly with no problems for either member firms or trading. The upgrade has been in full operational use since 2 January 2018, completing successfully the process of trade harmonisation at the Zagreb Stock Exchange with the new European regulation MiFID II and MAR.
- After a joint presentation for the public was held in June to launch the Zagreb Stock Exchange's new market – the Progress Market, envisaged for SMEs, in November the website of the Progress multilateral trading facility was launched, at which all legal acts forming the legal framework of the market (<http://progress.market>) have been published. At the same time, Zagreb Stock Exchange published a call for applications for the grant of adviser status at the Progress Market. Nine Progress Market advisers were licensed by the end of 2017.
- During 2017, four fund-raising campaigns via the Funderbeam SEE platform have been completed for Include, Sense Consulting, Aspida and Pivovara Medvedgrad. These four rank among the 10 largest start-up financing campaigns in Croatia ever, raising a total of EUR 2.1 million in fresh capital.
- In December 2017, the Exchange was accredited by the Global Legal Entity Identifier Foundation (GLEIF) as the Local Operating Unit (LOU) for Legal Entity Identifiers (LEIs). The Zagreb Stock Exchange was granted a Pre-LOU status in April 2015 by the international Regulatory Oversight Committee, which authorised its assigning and administering of LEIs in the transitional period. The Exchange was successfully accredited following a comprehensive accreditation procedure necessary for the transition to the LOU status, becoming the 17<sup>th</sup> organisation in the world to have been granted this status by GLEIF. It is now authorised to assign LEIs to entities registered in 11 countries. The close of 2017 saw the Zagreb Stock Exchange administering 668 LEIs.

## 1.2 Zagreb Stock Exchange in 2017

The year 2017 got off to an optimistic start, with growth in all key trading indicators, as early as in Q1 uncertainties related to further developments of the shares issued by members of the Agrokor concern clouded the prospects for the remaining part of the year.

Finally, order book share turnover stood 37.4 % higher than in 2016, with total order book trading up 24.6 % on the year earlier. While trading in Agrokor members was blocked for six months, substantial turnover in these shares were recorded the periods in which they were traded.

While market capitalisation in shares weakened 3.4 %, growth in bond market capitalisation led to total market capitalisation growth at a rate of 1.6 %.

Indices had a mixed close: while CROBEX and CROBEX10 saw a correction by about -7 % and CROBEXtr by -5 %, CROBEXnutris suffered a substantial, 45.1 % loss. Meanwhile, CROBEXkonstrukt rose 3.4 %, while CROBEXturist added 10.75 % and CROBEXtransport as much as 18.9 %. The Zagreb

Stock Exchange was the only exchange in the region to have recorded a decline in index values in an otherwise optimistic trade atmosphere marking most global markets.

Valamar Riviera d.d. shares were the most actively traded, while Atlantska Plovidba d.d. recorded the strongest share price increase by advancing more than 126 %.

| Index            | 2016     | 2017     | %       |
|------------------|----------|----------|---------|
| CROBEX           | 1,994.84 | 1,842.87 | -7.62%  |
| CROBEXtr         | 1,222.89 | 1,161.71 | -5.00%  |
| CROBEX10         | 1,158.18 | 1,076.86 | -7.02%  |
| CROBEXplus       | 1,181.83 | 1,082.17 | -8.43%  |
| CROBEXindustrija | 1,192.90 | 1,130.91 | -5.20%  |
| CROBEXkonstrukt  | 517.70   | 535.23   | 3.39%   |
| CROBEXnutris     | 856.31   | 470.10   | -45.10% |
| CROBEXtransport  | 1,077.12 | 1,280.65 | 18.90%  |
| CROBEXturist     | 3,271.93 | 3,623.65 | 10.75%  |
| CROBIS           | 108.82   | 110.98   | 1.98%   |
| CROBIStr         | 157.08   | 167.25   | 6.47%   |

### **1.3 Expected future development of the Company**

In 2017, the Company will press on with previously initiated projects, placing the greatest emphasis on the project of regional SME capital market development, project of further development of the platform aimed at fund-raising and investment into start-ups (Funderbeam SEE), as well as further development of the approved publication arrangement (APA) and further development of the SEE Link regional trading platform.

Activities related to MiFID II implementation on the Zagreb Stock Exchange, as well as a harmonisation of business with the General Data Protection Regulation (GDPR), will be undertaken in H1 2018.

### **1.4 Research & Development activities**

The Company invests constant efforts into developing and improving business processes and associated external services.

### **1.5 Information on repurchase of own shares**

As at 31 December 2017, the Company held no own shares.

It did not acquire own shares between 1 January 2017 and 31 December 2017.

## **1.6 Subsidiaries of the Company**

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

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

Funderbeam SEE d.o.o., a company domiciled in Zagreb. The issued share capital of Funderbeam SEE is EUR 20,000, and the Zagreb Stock Exchange, Inc. participates with 20 %.

## **1.7 Financial instruments used by the Company**

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

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

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

The Company manages risks, including financial risks, particularly through two mutually independent control functions: monitoring of compliance with relevant regulations and internal audit function.

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

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

The Company places its excess cash on deposit and invests in open-end money market and bond investment funds. Its investments are carried at fair value. The Company mitigates the price risk by diversifying its portfolio of open-end investment funds it by investing in different types of funds managed by different fund management companies, and by investing in low-risk funds.

The Company has no loans received, rather its cash and financial assets exceed substantially the liabilities of the Company, consequently, the Company's liquidity position is satisfactory.

## **1.10 Statement of transactions and transfers between the Company and its subsidiaries and shareholders**

The Company confirms that there were not transactions between the Company and its subsidiaries and shareholders in excess of EUR 100,000 in the year 2017.

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

The event which had a relatively unfavourable impact on the Exchange business in terms of its impact on the total share turnover, and consequently reduced commissions income, was the suspension of trading in shares of the companies which are part of the Agrokor concern (Ledo, Belje, Jamnica, Vupik, Zvijezda, Tisak, PIK-Vinkovci and Žitnjak) as of 2 May 2017 until 2 November 2017. In April 2017, turnover in those shares totalled HRK 180,878,881.23, accounting for 41 % of the total share turnover. A comparison of the turnover for April 2017 with May and June 2017 reveals a decline in regular turnover by 64.9 % and 57.7 %, respectively.

## **1.12 Business results for 01/01/2017 – 31/12/2017**

The Zagreb Stock Exchange had operating revenue of 14,179 thousand HRK in 2017, up +2.5 % compared to the same year-ago period. Following the increase of turnover and implemented increase of prices, revenues from trading fees increased by +20%. Other categories increased: revenues from LEI assignment and maintenance fees (+97%), revenues from exchange data dissemination fees (+8%), revenues from OTC data disclosure fees (+39%), revenues from maintenance of quotations fees (+1%), educational services revenue (+14%) and other operating revenues (+138%). Growth in other operating income is largely attributable to technical assistance funding of the European Bank for Reconstruction and Development for the project of starting multilateral platform for small and medium-sized enterprises: Progress. Highest decrease in observed time was recorded in revenues from API membership (-35%) and lease of equipment (-50%) due to transition to the new trading system and different way of charging to members. Decrease of revenues was also recorded in revenues from listing fees (-18%) and revenues from conference (-36%).

Operating expenses in 2017 amounted to -18,417 thousand HRK, down -1.2% compared to the same period of 2016. Staff costs, increasing 11 % in observed period, had the largest share in total expenses (34%). Other categories increased: software costs (+2%), administrative fees (+19%) and other operating expenses (+1%). Following costs decreased: depreciation charge by -30 % and lease costs by -6 %. An increase in software costs was as expected because of the Nasdaq and Xetra trading system overlap for a part of the year, resulting in the payment of double costs.

| (000 HRK)                        | 2016      | 2017      |
|----------------------------------|-----------|-----------|
| Issued share capital             | 46,357    | 46,357    |
| Total equity                     | 42,116    | 38,449    |
| Total assets                     | 50,777    | 42,476    |
| Operating revenues               | 13,828    | 14,179    |
| <i>-sales revenue</i>            | 12,811    | 12,781    |
| <i>-operating income</i>         | 1,016     | 1,397     |
| Expenses                         | 18,646    | 18,417    |
| <i>-staff costs</i>              | 5,671     | 6,272     |
| <i>-other operating expenses</i> | 12,975    | 12,145    |
| EBITDA                           | -3,048    | -2,993    |
| EBIT                             | -4,818    | -4,238    |
| (Loss) before tax                | -4,404    | -3,666    |
| Income tax expense               | 0         | 0         |
| (Loss) for the year              | -4,404    | -3,666    |
| Number of shares issued          | 4,635.700 | 4,635,700 |
| Nominal value on December 31st   | 10,00     | 10        |
| Cash dividend                    | 0         | 0         |
| Number of employees              | 22        | 24        |

The total result of the Exchange in 2017 stood at -3,666 thousand HRK, which is a 17 % better result compared to the previous year. Operating profit before depreciation and amortization in the period under observation was negative, amounting to HRK -2,993 thousand.

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

Unconsolidated unaudited financial statements of the Zagreb Stock Exchange, Inc. prepared for the period between 01/01/2017 and 31/12/2017 give a fair and true account of facts in accordance with the International Standards of Financial Reporting and the Croatian Accounting Act.

Unconsolidated financial statements for the period between 01/01/2017 and 31/12/2017 give an objective, complete and true statement of assets and liabilities, financial position and operations of the Company.

The management report for the year 2017 contains a true and fair view of the development and results of operations, with a description of the principal risks and uncertainties to which the Company is exposed.

We make note of the fact that this is an unaudited result, so any changes in the final statement to be published by the Exchange in the statutory time limit will reflect audit findings. However, we expect no major discrepancies in relation to the current statement.

Ivana Gažić  
President of the Management Board



Tomislav Gračan  
Member of the Management Board

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**Unconsolidated unaudited financial statements of the  
Company for 01/01/2017 – 31/12/2017**



| Balance Sheet<br>as of 31.12.2017   |     |                   |                   |  |
|---|-----|-------------------|-------------------|--|
| Company: ZAGREBAČKA BURZA d.d.  |     |                   |                   |  |
| Position  | AOP | Previous period   | Current period    |  |
| 1   | 2   | 3                 | 4                 |  |
| <b>ASSETS</b>   |     |                   |                   |  |
| <b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>                                   | 001 |                   |                   |  |
| <b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>                                      | 002 | <b>22.708.416</b> | <b>21.375.694</b> |  |
| <b>I. INTANGIBLE ASSETS (004 do 009)</b>  | 003 | <b>2.245.825</b>  | <b>1.009.764</b>  |  |
| 1. Expenditure for development  | 004 |                   |                   |  |
| 2. Concessions, patents, licenses, trademarks, service marks, software and other rights | 005 | 2.245.825         | 1.009.764         |  |
| 3. Goodwill   | 006 |                   |                   |  |
| 4. Advances for purchase of intangible assets   | 007 |                   |                   |  |
| 5. Intangible assets in progress  | 008 |                   |                   |  |
| 6. Other intangible assets  | 009 |                   |                   |  |
| <b>II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)</b>                                   | 010 | <b>517.361</b>    | <b>371.034</b>    |  |
| 1. Land   | 011 |                   |                   |  |
| 2. Buildings  | 012 |                   |                   |  |
| 3. Plant and equipment  | 013 | 493.036           | 371.034           |  |
| 4. Tools, working inventory and transportation assets                                   | 014 |                   |                   |  |
| 5. Biological assets  | 015 |                   |                   |  |
| 6. Advances for purchase of tangible assets   | 016 |                   |                   |  |
| 7. Tangible assets in progress  | 017 |                   |                   |  |
| 8. Other tangible assets  | 018 | 24.325            |                   |  |
| 9. Investment in real-estate  | 019 |                   |                   |  |
| <b>III. NON-CURRENT FINANCIAL ASSETS (021 do 028)</b>                                   | 020 | <b>19.817.555</b> | <b>19.994.896</b> |  |
| 1. Share in related parties   | 021 | 19.125.436        | 19.125.436        |  |
| 2. Loans to related parties   | 022 |                   |                   |  |
| 3. Participating interests (shares)   | 023 |                   |                   |  |
| 4. Loans to companies with participating interest                                       | 024 |                   | 172.541           |  |
| 5. Investments in securities  | 025 | 196.861           | 201.925           |  |
| 6. Loans, deposits, etc.  | 026 | 249.890           | 249.890           |  |
| 7. Other non-current financial assets   | 027 | 43.636            | 39.372            |  |
| 8. Equity-accounted investments   | 028 | 201.732           | 205.732           |  |
| <b>IV. RECEIVABLES (030 do 032)</b>   | 029 | <b>127.675</b>    | <b>0</b>          |  |
| 1. Receivables from related parties   | 030 |                   |                   |  |
| 2. Receivables arising from sales on credit   | 031 |                   |                   |  |
| 3. Other receivables  | 032 | 127.675           |                   |  |
| <b>V. DEFERRED TAX ASSET</b>  | 033 |                   |                   |  |
| <b>C) CURRENT ASSETS (035+043+050+058)</b>  | 034 | <b>24.635.486</b> | <b>20.536.335</b> |  |
| <b>I. INVENTORIES (036 do 042)</b>  | 035 | <b>13.810</b>     | <b>10.455</b>     |  |
| 1. Raw materials and supplies   | 036 |                   |                   |  |
| 2. Production in progress   | 037 |                   |                   |  |
| 3. Finished products  | 038 |                   |                   |  |
| 4. Merchandise  | 039 | 13.810            | 10.455            |  |
| 5. Advances for inventories   | 040 |                   |                   |  |
| 6. Long term assets held for sale   | 041 |                   |                   |  |
| 7. Biological assets  | 042 |                   |                   |  |
| <b>II. RECEIVABLES (044 do 049)</b>   | 043 | <b>2.547.338</b>  | <b>1.425.811</b>  |  |
| 1. Receivables from related parties   | 044 |                   |                   |  |

|   |            |                    |                    |
|---|------------|--------------------|--------------------|
| 2. Receivables from end-customers                                   | 045        | 1.448.469          | 1.359.677          |
| 3. Receivables from participating parties                           | 046        |                    |                    |
| 4. Receivables from employees and members of the company            | 047        | 5.744              | 14.792             |
| 5. Receivables from government and other institutions               | 048        | 1.041.200          | 8.199              |
| 6. Other receivables  | 049        | 51.925             | 43.143             |
| <b>III. CURRENT FINANCIAL ASSETS (051 do 057)</b>                   | <b>050</b> | <b>10.083.600</b>  | <b>18.217.311</b>  |
| 1. Share in related parties   | 051        |                    |                    |
| 2. Loans to related parties   | 052        |                    |                    |
| 3. Participating interests (shares)                                 | 053        |                    |                    |
| 4. Loans to companies with participating interest                   | 054        |                    |                    |
| 5. Investments in securities  | 055        |                    |                    |
| 6. Loans, deposits, etc.  | 056        | 2.000.000          |                    |
| 7. Other financial assets   | 057        | 8.083.600          | 18.217.311         |
| <b>IV. CASH AND CASH EQUIVALENTS</b>                                | <b>058</b> | <b>11.990.738</b>  | <b>882.758</b>     |
| <b>D) PREPAYMENTS AND ACCRUED INCOME</b>                            | <b>059</b> | <b>3.433.506</b>   | <b>562.618</b>     |
| <b>E) TOTAL ASSETS (001+002+034+059)</b>                            | <b>060</b> | <b>50.777.408</b>  | <b>42.474.647</b>  |
| <b>F) OFF BALANCE SHEET ITEMS</b>                                   | <b>061</b> |                    |                    |
| <b>EQUITY AND LIABILITIES</b>                                       |            |                    |                    |
| <b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b> | <b>062</b> | <b>42.116.041</b>  | <b>38.449.080</b>  |
| <b>I. SUBSCRIBED SHARE CAPITAL</b>                                  | <b>063</b> | <b>46.357.000</b>  | <b>46.357.000</b>  |
| <b>II. CAPITAL RESERVES</b>   | <b>064</b> | <b>13.860.181</b>  | <b>13.860.181</b>  |
| <b>III. RESERVES FROM PROFIT (066+067-068+069+070)</b>              | <b>065</b> | <b>141.000</b>     | <b>141.000</b>     |
| 1. Legal reserves   | 066        | 141.000            | 141.000            |
| 2. Reserve for own shares   | 067        | 0                  | 0                  |
| 3. Treasury shares and shares (deductible items)                    | 068        |                    |                    |
| 4. Statutory reserves   | 069        |                    |                    |
| 5. Other reserves   | 070        |                    |                    |
| <b>IV. REVALUATION RESERVES</b>                                     | <b>071</b> |                    |                    |
| <b>V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)</b>       | <b>072</b> | <b>-13.837.569</b> | <b>-18.242.141</b> |
| 1. Retained earnings  | 073        |                    |                    |
| 2. Loss carried forward   | 074        | 13.837.569         | 18.242.141         |
| <b>VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)</b>              | <b>075</b> | <b>-4.404.571</b>  | <b>-3.666.960</b>  |
| 1. Net profit for the period  | 076        |                    |                    |
| 2. Net loss for the period  | 077        | 4.404.571          | 3.666.960          |
| <b>VII. MINORITY INTEREST</b>                                       | <b>078</b> |                    |                    |
| <b>B) PROVISIONS (080 do 082)</b>                                   | <b>079</b> | <b>0</b>           | <b>0</b>           |
| 1. Provisions for pensions, severance pay and similar liabilities   | 080        |                    |                    |
| 2. Provisions for tax liabilities                                   | 081        |                    |                    |
| 3. Other provisions   | 082        |                    |                    |
| <b>C) NON-CURRENT LIABILITIES (084 do 092)</b>                      | <b>083</b> | <b>0</b>           | <b>0</b>           |
| 1. Liabilities to related parties                                   | 084        |                    |                    |
| 2. Liabilities for loans, deposits, etc.                            | 085        |                    |                    |
| 3. Liabilities to banks and other financial institutions            | 086        |                    |                    |
| 4. Liabilities for advances   | 087        |                    |                    |
| 5. Trade payables   | 088        |                    |                    |
| 6. Commitments on securities  | 089        |                    |                    |
| 7. Liabilities to companies with participating interest             | 090        |                    |                    |
| 8. Other non-current liabilities                                    | 091        |                    |                    |
| 9. Deferred tax liabilities   | 092        |                    |                    |
| <b>D) CURRENT LIABILITIES (094 do 105)</b>                          | <b>093</b> | <b>4.609.351</b>   | <b>838.775</b>     |
| 1. Liabilities to related parties                                   | 094        | 0                  |                    |
| 2. Liabilities for loans, deposits, etc.                            | 095        | 0                  |                    |

|   |            |                   |                   |
|---|------------|-------------------|-------------------|
| 3. Liabilities to banks and other financial institutions                      | 096        | 0                 |                   |
| 4. Liabilities for advances   | 097        | 37.259            | 6.475             |
| 5. Trade payables   | 098        | 3.622.510         | 275.907           |
| 6. Commitments on securities  | 099        | 0                 |                   |
| 7. Liabilities to companies with participating interest                       | 100        | 0                 |                   |
| 8. Liabilities to employees   | 101        | 254.168           | 288.084           |
| 9. Taxes, contributions and similar liabilities                               | 102        | 695.414           | 268.309           |
| 10. Liabilities arising from share in the result                              | 103        | 0                 |                   |
| 11. Liabilities arising from non-current assets held for sale                 | 104        | 0                 |                   |
| 12. Other current liabilities   | 105        | 0                 |                   |
| <b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>                                | <b>106</b> | <b>4.052.016</b>  | <b>3.186.792</b>  |
| <b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>                  | <b>107</b> | <b>50.777.408</b> | <b>42.474.647</b> |
| <b>G) OFF BALANCE SHEET ITEMS</b>   | <b>108</b> |                   |                   |
| <b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b> |            |                   |                   |
| <b>ISSUED CAPITAL AND RESERVES</b>  |            |                   |                   |
| 1. Attributable to majority owners  | 109        | 0                 | 0                 |
| 2. Attributable to minority interest  | 110        | 0                 | 0                 |

| Income statement<br>period 01.01.2017 to 31.12.2017  |     |                   |                   |                   |                   |          |
|--|-----|-------------------|-------------------|-------------------|-------------------|----------|
| Company: ZAGREBAČKA BURZA d.d.   |     |                   |                   |                   |                   |          |
| Position   | AOP | Previous period   | Previous period   | Current period    | Current period    |          |
|  |     | Cumulative        | Quarter           | Cumulative        | Quarter           |          |
| 1  | 2   | 3                 | 4                 | 5                 | 6                 |          |
| <b>I. OPERATING INCOME (112 do 113)</b>  | 111 | <b>13.828.539</b> | <b>4.349.271</b>  | <b>14.179.239</b> | <b>3.463.741</b>  |          |
| 1. Rendering of services   | 112 | 12.811.952        | 3.735.684         | 12.781.314        | 3.420.331         |          |
| 2. Other operating income  | 113 | 1.016.587         | 613.587           | 1.397.925         | 43.410            |          |
| <b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>                                 | 114 | <b>18.646.639</b> | <b>6.041.942</b>  | <b>18.417.836</b> | <b>5.426.691</b>  |          |
| 1. Change in inventories of work in progress   | 115 |                   |                   |                   |                   |          |
| 2. Material expenses (117 do 119)  | 116 | <b>8.745.608</b>  | <b>2.675.741</b>  | <b>8.462.399</b>  | <b>2.141.468</b>  |          |
| a) Costs of raw materials  | 117 | 584.897           | 273.060           | 502.924           | 83.288            |          |
| b) Cost of goods sold  | 118 | 5.695             | 195               | 3.355             | 585               |          |
| c) Other material expenses   | 119 | 8.155.016         | 2.402.486         | 7.956.120         | 2.057.595         |          |
| 3. Employee benefits expenses (121 do 123)   | 120 | <b>5.671.288</b>  | <b>1.418.042</b>  | <b>6.272.122</b>  | <b>1.898.016</b>  |          |
| a) Net salaries  | 121 | 2.961.650         | 751.703           | 3.384.674         | 1.008.182         |          |
| b) Tax and contributions from salary expenses  | 122 | 1.897.594         | 464.702           | 2.008.619         | 621.720           |          |
| c) Contributions on salary   | 123 | 812.044           | 201.637           | 878.829           | 268.114           |          |
| 4. Depreciation and amortisation   | 124 | 1.769.212         | 447.533           | 1.245.185         | 214.116           |          |
| 5. Other expenses  | 125 | 1.257.984         | 410.771           | 1.285.082         | 216.965           |          |
| 6. Write down of assets (127+128)  | 126 | <b>660.028</b>    | <b>581.316</b>    | <b>339.107</b>    | <b>323.469</b>    |          |
| a) non-current assets (except financial assets)  | 127 |                   |                   |                   |                   |          |
| b) current assets (except financial assets)  | 128 | 660.028           | 581.316           | 339.107           | 323.469           |          |
| 7. Provisions  | 129 | 231.672           | 231.672           |                   |                   |          |
| 8. Other operating costs   | 130 | 310.847           | 276.867           | 813.941           | 632.657           |          |
| <b>III. FINANCIAL INCOME (132 do 136)</b>  | 131 | <b>490.163</b>    | <b>-101.903</b>   | <b>628.153</b>    | <b>-225.011</b>   |          |
| 1. Interest, foreign exchange differences, dividends and similar income from related parties | 132 | 40.335            | -183.210          |                   |                   | -3.526   |
| 2. Interest, foreign exchange differences, dividends and similar income from third parties   | 133 | 359.633           | 69.073            | 50.450            |                   | -288.491 |
| 3. Income from investments in associates and joint ventures                                  | 134 | 49.215            | 0                 |                   |                   |          |
| 4. Unrealised gains (income) from financial assets   | 135 | 36.135            | 12.231            | 543.091           |                   | 32.397   |
| 5. Other financial income  | 136 | 4.845             | 3                 | 34.612            |                   | 34.609   |
| <b>IV. FINANCIAL EXPENSES (138 do 141)</b>   | 137 | <b>76.634</b>     | <b>-521.935</b>   | <b>56.516</b>     | <b>-350.116</b>   |          |
| 1. Interest, foreign exchange differences, dividends and similar income from related parties | 138 | 6.064             | -539.129          |                   |                   | -5.145   |
| 2. Interest, foreign exchange differences, dividends and similar income from third parties   | 139 | 70.501            | 17.125            | 1.065             |                   | -324.232 |
| 3. Unrealised losses (expenses) from financial assets  | 140 | 0                 | 0                 | 54.870            |                   | 54.870   |
| 4. Other financial expenses  | 141 | 69                | 69                | 581               |                   | -75.609  |
| <b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>  | 142 | 0                 | 0                 |                   |                   |          |
| <b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>   | 143 | 0                 | 0                 |                   |                   |          |
| <b>VII. EXTRAORDINARY - OTHER INCOME</b>   | 144 | 0                 | -788              |                   |                   | -215     |
| <b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>  | 145 |                   |                   |                   |                   |          |
| <b>IX. TOTAL INCOME (111+131+144)</b>  | 146 | <b>14.318.702</b> | <b>4.246.580</b>  | <b>14.807.392</b> | <b>3.238.515</b>  |          |
| <b>X. TOTAL EXPENSES (114+137+143+145)</b>   | 147 | <b>18.723.273</b> | <b>5.520.007</b>  | <b>18.474.352</b> | <b>5.076.575</b>  |          |
| <b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>   | 148 | <b>-4.404.571</b> | <b>-1.273.427</b> | <b>-3.666.960</b> | <b>-1.838.060</b> |          |
| 1. Profit before taxes (146-147)   | 149 | 0                 | 0                 | 0                 | 0                 |          |
| 2. Loss before taxes (147-146)   | 150 | 4.404.571         | 1.273.427         | 3.666.960         | 1.838.060         |          |
| <b>XII. TAXATION</b>   | 151 |                   |                   |                   |                   |          |
| <b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>  | 152 | <b>-4.404.571</b> | <b>-1.273.427</b> | <b>-3.666.960</b> | <b>-1.838.060</b> |          |

|   |     |           |           |           |           |
|---|-----|-----------|-----------|-----------|-----------|
| 1. Profit for the period (149-151)  | 153 | 0         | 0         | 0         | 0         |
| 2. Loss for the period (151-148)  | 154 | 4.404.571 | 1.273.427 | 3.666.960 | 1.838.060 |
| <b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>                 |     |           |           |           |           |
| <b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>   |     |           |           |           |           |
| 1. Attributable to majority owners  | 155 | 0         | 0         | 0         | 0         |
| 2. Attributable to minority interest  | 156 | 0         | 0         | 0         | 0         |
| <b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>                                 |     |           |           |           |           |
| I. PROFIT OR LOSS FOR THE PERIOD (=152)   | 157 | 0         | 0         | 0         | 0         |
| II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)   | 158 | 0         | 0         | 0         | 0         |
| 1. Exchange differences from international settlement   | 159 | 0         | 0         | 0         | 0         |
| 2. Changes in revaluation reserves of long-term tangible and intangible assets                          | 160 | 0         | 0         | 0         | 0         |
| 3. Profit or loss from re-evaluation of financial assets held for sale                                  | 161 | 0         | 0         | 0         | 0         |
| 4. Profit or loss from cash flow hedging  | 162 | 0         | 0         | 0         | 0         |
| 5. Profit or loss from hedging of foreign investments   | 163 | 0         | 0         | 0         | 0         |
| 6. Share of other comprehensive income/loss from associated companies                                   | 164 | 0         | 0         | 0         | 0         |
| 7. Actuarial gains/losses from defined benefit plans  | 165 | 0         | 0         | 0         | 0         |
| III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD  | 166 | 0         | 0         | 0         | 0         |
| IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)  | 167 | 0         | 0         | 0         | 0         |
| V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)  | 168 | 0         | 0         | 0         | 0         |
| <b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b> |     |           |           |           |           |
| <b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>  |     |           |           |           |           |
| 1. Attributable to majority owners  | 169 | 0         | 0         | 0         | 0         |
| 2. Attributable to minority interest  | 170 | 0         | 0         | 0         | 0         |

| <b>Cash flow statement - indirect method</b><br>period 01.01.2017 to 31.12.2017. |            |                   |                   |
|--|------------|-------------------|-------------------|
| Company: ZAGREBČKA BURZA d.d.  |            |                   |                   |
| Position   | AOP        | Previous period   | Current period    |
| 1  | 2          | 3                 | 4                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |            |                   |                   |
| 1. Profit before tax   | 001        | -4.404.571        | -3.666.960        |
| 2. Depreciation and amortisation   | 002        | 1.769.212         | 1.245.185         |
| 3. Decrease of current liabilities   | 003        | 154.897           |                   |
| 4. Decrease of current receivables   | 004        |                   | 732.772           |
| 5. Decrease of inventories   | 005        |                   | 3.355             |
| 6. Other cash flow increases   | 006        | 610.384           | 2.540.484         |
| <b>I. Total increase of cash flow from operating activities</b>                  | <b>007</b> | <b>-1.870.078</b> | <b>854.836</b>    |
| 1. Decrease of current liabilities   | 008        |                   | 3.770.576         |
| 2. Increase of current receivables   | 009        | 749.547           |                   |
| 3. Increase of inventories   | 010        | 13.810            |                   |
| 4. Other cash flow decreases   | 011        |                   |                   |
| <b>II. Total decrease of cash flow from operating activities</b>                 | <b>012</b> | <b>763.357</b>    | <b>3.770.576</b>  |
| <b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>                   | <b>013</b> |                   |                   |
| <b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>                   | <b>014</b> | <b>2.633.435</b>  | <b>2.915.740</b>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                       |            |                   |                   |
| 1. Proceeds from sale of non-current assets                                      | 015        | 788               | 140               |
| 2. Proceeds from sale of non-current financial assets                            | 016        |                   |                   |
| 3. Interest received   | 017        | 288.228           | 10.496            |
| 4. Dividend received   | 018        | 49.215            |                   |
| 5. Other proceeds from investing activities                                      | 019        | 11.944.134        | 1.994.737         |
| <b>III. Total cash inflows from investing activities</b>                         | <b>020</b> | <b>12.282.365</b> | <b>2.005.373</b>  |
| 1. Purchase of non-current assets  | 021        | 641.880           | 499.964           |
| 2. Purchase of non-current financial assets                                      | 022        | 38.270            |                   |
| 3. Other cash outflows from investing activities                                 | 023        |                   | 9.697.649         |
| <b>IV. Total cash outflows from investing activities</b>                         | <b>024</b> | <b>680.150</b>    | <b>10.197.613</b> |
| <b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>                   | <b>025</b> | <b>11.602.215</b> | <b>0</b>          |
| <b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>                   | <b>026</b> | <b>0</b>          | <b>8.192.240</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                       |            |                   |                   |
| 1. Proceeds from issue of equity securities and debt securities                  | 027        |                   |                   |
| 2. Proceeds from loans and borrowings  | 028        |                   |                   |
| 3. Other proceeds from financing activities                                      | 029        |                   |                   |
| <b>V. Total cash inflows from financing activities</b>                           | <b>030</b> |                   |                   |
| 1. Repayment of loans and bonds  | 031        |                   |                   |
| 2. Dividends paid  | 032        |                   |                   |
| 3. Repayment of finance lease  | 033        |                   |                   |
| 4. Purchase of treasury shares   | 034        |                   |                   |
| 5. Other cash outflows from financing activities                                 | 035        |                   |                   |
| <b>VI. Total cash outflows from financing activities</b>                         | <b>036</b> |                   |                   |
| <b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>                   | <b>037</b> |                   |                   |
| <b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>                   | <b>038</b> |                   |                   |
| Total increases of cash flows  | 039        | 8.968.780         | 0                 |
| Total decreases of cash flows  | 040        |                   | 11.107.980        |

|  |            |            |             |
|--|------------|------------|-------------|
| Cash and cash equivalents at the beginning of period | <b>041</b> | 3.021.958  | 11.990.738  |
| Increase of cash and cash equivalents                | <b>042</b> | 8.968.780  | -11.107.980 |
| Decrease of cash and cash equivalents                | <b>043</b> |            |             |
| Cash and cash equivalents at the end of period       | <b>044</b> | 11.990.738 | 882.758     |

**STATEMENT OF CHANGES IN EQUITY**

period 1.1.2017 to 31.12.2017

| Position   | AOP        | Previous year     | Current year      |
|--|------------|-------------------|-------------------|
| 1  | 2          | 3                 | 4                 |
| 1. Subscribed share capital                                      | 001        | 46.357.000        | 46.357.000        |
| 2. Capital reserves  | 002        | 13.860.181        | 13.860.181        |
| 3. Reserves from profit  | 003        | 141.000           | 141.000           |
| 4. Retained earnings or loss carried forward                     | 004        | -18.242.140       | -21.909.101       |
| 5. Net profit or loss for the period                             | 005        |                   |                   |
| 6. Revaluation of tangible assets                                | 006        |                   |                   |
| 7. Revaluation of intangible assets                              | 007        |                   |                   |
| 8. Revaluation of available for sale assets                      | 008        |                   |                   |
| 9. Other revaluation   | 009        |                   |                   |
| <b>10. Total equity and reserves (AOP 001 to 009)</b>            | <b>010</b> | <b>42.116.041</b> | <b>38.449.080</b> |
| 11. Foreign exchange differences from foreign investments        | 011        |                   |                   |
| 12. Current and deferred taxes                                   | 012        |                   |                   |
| 13. Cash flow hedge  | 013        |                   |                   |
| 14. Change of accounting policies                                | 014        |                   |                   |
| 15. Correction of significant mistakes of prior period           | 015        |                   |                   |
| 16. Other changes  | 016        |                   |                   |
| <b>17. Total increase or decrease of equity (AOP 011 to 016)</b> | <b>017</b> | <b>0</b>          | <b>0</b>          |
| 17 a. Attributable to majority owners                            | 018        | 0                 | 0                 |
| 17 b. Attributable to minority interest                          | 019        | 0                 | 0                 |