# ZAGREB STOCK EXCHANGE IN 2023

ZAGREBAČKA BURZA
Zagreb Stock Exchange

## STATEMENT OF THE MANAGEMENT BOARD

If we were to look at the year 2023 through the prism of one event that marked the domestic economy and the capital market, it would certainly be the introduction of the euro. January mostly marked the first month of trading in the new currency, and by switching to the euro without difficulties for capital market participants, the Zagreb Stock Exchange made its contribution to the successful accession to the eurozone.

Another important event was the listing of the bonds of the Republic of Croatia primarily intended for small investors in March, when in the premises of the Stock Exchange, the Minister of Finance Marko Primorac and the President of the Management Board of the Zagreb Stock Exchange Ivana Gažić signed the contract on the listing of the bonds in question on the Official Market of the Stock Exchange in the presence of the Prime Minister Andrej Plenković. For the first time, this bond was distributed through the network of banks to citizens throughout Croatia, so the success of subscription was immense - about 44,000 citizens signed up for bonds. Already in the fall, the Ministry of Finance continued with issues intended for citizens, offering for the first time a treasury bill as an investment option, in which more than 36,000 citizens invested. On those two occasions, about 27,000 citizens opened investment accounts for the first time, which proves that there are funds available for investment, but there are still too few investment opportunities in our market.

Later in the year, in May, the trading of a new ETF, which tracks the Romanian index BET-TR, began. Already in the first month of trading, it became clear that this is a very interesting product for retail investors, enabling efficient access to the attractive Romanian market. It was joined in October by another ETF, the first money fund in Croatia that can be traded on the stock exchange, and the fourth in total to be listed on the Zagreb Stock Exchange.

In July, an agreement was signed on the listing of bonds of Zagrebački holding d.o.o. on the Official Market of the Zagreb Stock Exchange, related to the sustainable operations of that company, in the presence of Zagreb Mayor Tomislav Tomašević, other such bonds on our market.

This year, the Zagreb Stock Exchange was once again among more than 100 world stock exchanges where the symbolic ringing of the bell signaled the start of trading on International Women's Day. On that occasion, messages were sent about the role that the business sector can play in empowering women as an important global goal of sustainable development.

In March, the Academy of the Zagreb Stock Exchange marked Global and European Money Week with a series of activities, leading a global event to raise awareness of the importance of financial education and financial inclusion for children and young people, and in May it also marked 13 years since its establishment: so far, about 100 different programs have been developed, The Academy organized over 600 educational events, with more than 12,000 participants. The Academy places great emphasis on the education of young people, especially students, more than 5,700 of whom have been educated over the years.

More than 1,000 participants gathered at our numerous other events where we strive to connect capital market participants and provide platforms for the exchange of information, knowledge, and experiences throughout the year. In May, Macedonian Capital Market Days were held in Skopje for the first time, organized by the Macedonian Stock Exchange and co-organized by the Zagreb Stock Exchange. The aim of the event is to familiarize the participants of the Croatian capital market with the Macedonian market to facilitate Croatian investors' access to that market and explore the possibilities of cooperation and exchange of knowledge and experience. More than 50 representatives of Croatian and Macedonian investment companies, pension and investment funds, companies listed on both stock exchanges, regulators, depositories, and other infrastructure organizations of the financial market of both countries gathered in Skopje.

In June and December, the investment conferences of the Zagreb and Ljubljana stock exchanges "CEE Investment Opportunities" were traditionally held, with the aim of enabling immediate contact between companies and investors in one place in a short period of time. In addition to Croatian and Slovenian companies, companies listed on the Macedonian Stock Exchange participated in this year's event, and for the first time several Romanian companies from the Bucharest Stock Exchange, as well as several companies listed on the Bulgarian Stock Exchange. More than 400 meetings were held at both events.

The Croatian Financial Services Supervisory Agency, the Central Clearing Depository Company and the Zagreb Stock Exchange held the 14th annual training for companies whose securities are listed on the regulated market of the Zagreb Stock Exchange. More than 100 representatives of issuers took part, and this year they were also presented with novelties related to the regulation of the capital market and other related topics. In addition, the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency also implemented an educational program on corporate governance called "Governance and ESG Development", implemented with the support of the European Bank for Reconstruction and Development, which gathered around 300 representatives of listed companies in five modules and also other individuals and organizations interested in issues of corporate governance and related topics from Croatia and the region.

This year's "Challenge of Change" conference, the most important financial conference in Croatia and the region, which has been co-organized by the Zagreb Stock Exchange and the Association of Pension Fund Management and Pension Insurance Companies since 2012, gathered a record 550 participants this year.

In May, the Zagreb Stock Exchange founded the associated company Adria Digital Exchange d.o.o., with the intention of researching and developing the potential for trading and management of virtual assets, in which the Stock Exchange has a 24% share.

The LEI service of the Zagreb Stock Exchange ended the year with more than 2,000 codes under management, while the quality of the service, according to the assessment of the Global LEI Foundation, was rated extremely successful.

In the middle of the year, a project led by the CFA Croatia association began, which mobilized a wide range of market participants from all branches of the financial industry with the aim of creating a foundation for a capital market development strategy. Namely, Croatia has clearly expressed its

intention to join the OECD, the community of the most developed countries in the world, for which the process of numerous adjustments and improvements has already begun, one of which will be the adoption of a capital market development strategy by the Government of the Republic of Croatia. The project, of which we are an active participant, aims to propose a series of measures that can result in a more developed market to the benefit of the entire economy and all market participants.

The Zagreb Stock Exchange became a partner in the Interreg MESTRI-CE project aimed at testing a new financing model for more climate-sustainable buildings. Participation in such projects is part of the development strategy of the Stock Exchange, which strengthens the capacities of the capital market and its participants in accordance with the modern goals of the green transition and sustainability of the EU member states.

At the very end of the year, the Zagreb Stock Exchange, Mazars and Poslovna inteligencija signed a contract that marks the beginning of the creation of an advanced solution for the automated valuation of companies based on machine learning: the Artificial Intelligence Research Project. The project is financed by the EBRD, with the support of the Taiwan Business EBRD Technical Cooperation fund, and the goal of the project in the first phase of development is to produce a solution that will enable the preparation of automated reports on the valuation of shares for listed companies, while the solution in question in the second phase would connect with AI technology.

December is traditionally also the month of the Zagreb Stock Exchange Awards, which the Stock Exchange has been awarding for the twelfth year in a row. The event gathered about a hundred guests, and prizes were awarded in a total of seven categories, considering objective, statistical criteria, as well as the overall contribution to education and the development of the domestic capital market.

Excellent cooperation with the regulator, members, issuers, infrastructural institutions of the capital market and other stakeholders was crucial again this year for the Zagreb Stock Exchange to justify its position as a regional leader and continue to provide a high level of quality of its services.

The year ahead will undoubtedly bring new challenges, but the ZSE will continue the development of its projects with the aim of creating a supportive environment in which local companies will have room for growth and development, thus raising the overall value of our economy, using the opportunity to strengthen its key function as one of the drivers inviting economic changes and a regional stock market player.

## TRADING IN 2023

The year started with modest trade statistics, but in its continuation the market "revived" a bit, so the overall result is more than satisfactory: the orderbook share turnover grew by +17.5%, bonds by as much as +136%, and ETFs + 58%. Lower block turnover in shares resulted in a correction of the total turnover of -5%, but looking at the orderbook turnover, it was an excellent +27% better than last year.

Market capitalization followed the vibrancy of the market with a +27% increase in the case of shares, +18% in the case of ETFs, while the value of bonds expressed by this measure was even 1,170.5% higher.

All indexes, apart from CROBEXkonstrukt (-5.6%), grew significantly in double digits, and the excellent result was led by the sector index CROBEXindustrija, while the lowest increase was achieved by CROBEXturist, still excellent +16.7%. All other indices achieved a growth of more than +20%, and from the narrower CROBEX indexes "family" we can highlight the +41% of CROBEXprime, the index of the Prime Market.

The Podravka share was the most traded share in the past year, accounting for more than a quarter of share turnover, followed by Span, Valamar Riviera, Zagrebačka banka and HT.