ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR REPORT

31 DECEMBER 2020

INTERKAPITAL vrijednosni papiri d.o.o.
Zagreb

CONTENT

Business description and plans for future business development

2020 brought positve changes in terms of liquidity in the Croatian and Slovenian capital markets, and trading on the Zagreb Stock Exchange ended with 5.5% higher share turnover, while trading on the Ljubljana Stock Exchange ended with 31% higher share turnover. The increase in trading volume is primarily due to the COVID-19 crisis, which in the first half of 2020 caused significant volatility in all international markets, which in turn resulted in growth in trading in the region. On the other hand, due to the crisis, both regional indices ended with negative yields of 13.7% (ZSE) and 2.8% (SBITOP). In 2020, we managed to maintain the leading position in terms of market share on the Zagreb Stock Exchange and the Ljubljana Stock Exchange with market shares of 24.2% and 25.8% respectively.

In addition to growing volume in the local market, our results are largely attributable to our efforts to diversify the range of services and, in addiition to brokerage services on regional exchanges, strengthen our presence in the international markets, especially by offering foreign trade in Germany and the US. In addition, a great emphasis was placed on the development of custody services in which we continue to hold a leading position among non-banking institutions with total assets of over HRK 1.7 billion. Furthermore, the importance of the contribution to the financial results arises from the successfully realized mandates in investment banking, especially in the segment of mergers and acquisitions.

In the proprietary trading segment, we are pleased to be the leading market maker (specialist trade) on the Zagreb Stock Exchange with a total of 11 active mandates (shares and ETFs) and on the Ljubljana Stock Exchange with a total of 5 mandates (shares). In addition to specialist trading, bond trading again this year made a positive contribution to the overall financial results.

Recognition for our work was received in the form of Zagreb and Ljubljana Stock Exchange annual reward for the Best Member and the prestigious international awards EMEA Finance, EUROMONEY and Global Banking and Finance Awards for the leading investment company in Croatia. In addition, we are extremely proud of our research department that systematically monitors over 15 issuers and produces high-quality macroeconomic analyses for the regional markets. The quality of our services in this segment has been confirmed by prestigious international awards from Focus Economics and Consensus Economics. All of the mentioned awards are a confirmation of the company's excellence and proof of continuous investment in employee education, and will be an additional incentive for us to further improve our services.

To conclude, in spite of the positive momentum and results, we are entering 2021 with a degree of uncertainty, due to the COVID-19 pandemic, which may consequently affect the turnover and prices of financial instruments. The medium-term perspective of the development of the regional stock market remains worrying due to the relatively small number of active market participants and the lack of interest in the implementation of new capital issues. Consequently, the company's strategy will continue to focus on the diversification of services and products, especially in the segment of brokerage services in the international markets and custody services.

Zagreb, 31 March 2021

INTERKAPITAL
vrijednosni papiri d.o.o.
ZAGREB, Masarykova 1

Matko Maravić	Danijel Delač
President of Management Board	*Member of Management Board*

INTERKAPITAL vrijednosni papiri d.o.o.
Masarykova 1
10 000 Zagreb
Croatia

Responsibility for the financial statements

Pursuant to the Croatian Accounting Act, the Management Board is required to ensure that the financial statements for each financial year are prepared in accordance with International Financial Reporting Standards („IFRS") adopted by the European Union to provide a true and fair view of the financial position and performance of the Company INTERKAPITAL vrijednosni papiri d.o.o. Zagreb, („Company") for this period.

After making enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existance for the foreseeable future. For this reason, the Management Board continues to accept the going concern basis in preparing the financial statements.

In preparing those financial statements, the responsibilities of the Management Board of the Company, include ensuring that:

- Suitable accounting policies are selected and then applied consistently;
- Judgements and estimates are reasonable and prudent;
- Applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- Financial statements are prepared on the going concern basis

The Management Board of the Company is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and must also ensure that the financial statements comply with the Framework. The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Board is responsible for the preparation and content of other information contained in the Management Report in accordance with the provision of the Accounting Act (OG 78/15, 134/15, 120/16, 116/18, 42,20/, 47/20).

Signed on behalf of the management board on 31 March 2021:

INTERKAPITAL vrijednosni papiri d.o.o.
ZAGREB, Masarykova 1

Matko Maravić
President of Management Board

Danijel Delač
Member of Management Board

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working world

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Independent auditor's report

To the shareholders of Interkapital vrijednosni papiri d.o.o.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Interkapital vrijednosni papiri d.o.o. („the Company"), which comprise the statement of financial position as of 31 December 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS as adopted by the EU").

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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How we audited key audit matter
Valuation of financial instruments Most of the Company's asset is carried at fair value through profit or loss in accordance with	We understood and evaluated the design and implementation of key controls, including relevant Information Technology systems and controls to

the International Financial Reporting Standard 9. The fair value of financial instruments is determined through the application of quoted market prices. All of the financial instruments that are carried at fair value in the Fund's statement of financial position as at 31 December qualified as Level 1 financial instruments. These instruments were valued using prices that were observable in the market resulting in a lower valuation risk. Due to the significance of the financial instruments, this is considered a key audit matter.	perform testing of the fair value of financial instruments in the portfolio. We tested the operating effectiveness of key controls relevant to the valuation of financial instruments and accounting for the transactions with financial instruments, including controls over application of appropriate market values of securities quoted in an active market and transfer of these market values to the Company's accounting records. We checked that financial instruments are valued in accordance with the Company's accounting policies and in accordance with the applicable accounting standards for determination of the fair value. For a sample of financial instruments, we checked that the pricing inputs used were externally sourced and accurately used for valuation and we assessed that the market prices are genuinely observable. We also assessed whether the financial statement disclosures appropriately reflect the Company's valuation of financial instruments and are compliant with IFRS as adopted by the EU. Refer to Note 3 Summary of Significant Accounting Policies, section Financial instruments, and Note 24 Financial instruments and Risk Management for further details.

Other information included in The Company's 2020 Annual Report

Management is responsible for the other information. Other information consists of the information included in the 'Annual Report which includes the Management report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the Other information including the Management report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report includes the disclosures required by Article 21 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management report for the 2020 financial year are consistent, in all material respects, with the enclosed financial statements;

2. the enclosed Management report for 2020 financial year is prepared in accordance with requirements of Article 21 of the Accounting Act;

In addition, in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Management Report and Annual report. We have nothing to report in this respect.

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.
Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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 Audit Committee 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, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

Appointment of Auditor and Period of Engagement

We were initially appointed as auditors of the Company on 10 April 2018. Our appointment has been renewed annually by Supervisory Board resolution, with the most recent reappointment on 14 September 2020, representing a total period of uninterrupted engagement appointment of 3 years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Supervisory Board/Audit Committee of the Company, which we issued on XX March 2021 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company and its controlled undertakings within the European Union. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements.

The partner in charge of the audit resulting in this independent auditor's report is Zvonimir Madunić.

Zvonimir Madunić
Member of the Management Board and Certified auditor
31 March 2021
Ernst & Young d.o.o.
Radnička cesta 50, 10000 Zagreb

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	2020. HRK'000	2019. HRK'000
Income from commissions and fees for investment services	5	17,694	12,902
Expenses from commissions and fees for investment services	6	(6,661)	(5,137)
Net income from commissions and fees		**11,033**	**7,765**
Realized gains from financial assets at fair value through profit or loss		4,564	3,716
Realized losses from financial assets at fair value through profit or loss		(5,344)	(643)
Net realized gains		**(780)**	**3,073**
Unrealized gains from financial assets at fair value through profit or loss		122	483
Unrealized losses from financial assets at fair value through profit or loss		(48)	(76)
Net unrealized gains/(losses)		**74**	**407**
Interest income	7	381	538
Interest expenses	8	(439)	(241)
Net interest income		**(58)**	**297**
Foreign exchange gains	9	5,108	1,807
Foreign exchanbge losses	9	(5,499)	(1,770)
Net foreign exchange gains/(losses)		**(391)**	**37**
Income from dividends and other securities		117	195
Other operating income		222	131
Total other income		**339**	**326**
Amortization and depreciation	13,14,15	(499)	(299)
Employee expenses	10	(5,322)	(5,178)
Other expenses	11	(2,707)	(3,391)
Total other expenses		**(8,528)**	**(8,868)**
Total income		**28,208**	**19,772**
Total expenses		**(26,519)**	**(16,735)**
Profit before tax		**1,689**	**3,037**
Income tax	12	11	(462)
Net profit		**1,700**	**2,575**
Other comprehensive income		-	-
Total other comprehensive income		**1,700**	**2,575**

The notes presented on pages 13-51 form an integral part of these financial statements.

Statement of Financial Position
as of 31 December 2020

	Note	2020. HRK'000	2019. HRK'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	2,050	2,072
Right-of-use asset	14	1,957	431
Intangible assets	15	199	247
Other receivables	18	38	37
Deferred tax assets	12	187	176
		4,431	*2,963*
Current assets			
Financial assets at fair value through profit or loss	16	16,659	23,228
Receivables for investment services	17	5,030	2,216
Other receivables	18	16,622	8,151
Cash and cash equivalents	19	2,413	797
		40,724	*34,392*
Prepaid expenses and accrued income		67	141
TOTAL ASSETS		**45,222**	**37,496**
LIABILITIES AND EQUITY			
Capital and reserves			
Share capital	20	8,000	8,000
Retained earnings		-	3,145
Capital reserves	20	1,000	-
Profit for the year	20	1,700	2,575
		10,700	*13,720*
Liabilities			
Liabilities for financial assets trading fees	22	12,469	1,604
Liabilities for loans, borrowings and prepayments	21	18,224	19,635
Trade payables		699	686
Liabilities to employees		810	1,312
Liabilities for taxes and contributions		171	237
Operating lease liabilities		1,880	238
Other payables		218	8
		34,471	*23,720*
Deferred income		*51*	*56*
TOTAL LIABILITIES AND EQUITY		**45,222**	**37,496**

The notes presented on pages 13-51 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital HRK'000	Profit or loss for the year HRK'000	Capital reserves HRK'000	Retained earnings HRK'000	Total capital and reserves HRK'000
Balance on 1 January 2019	8,000	2,578	-	567	11,145
Profit for the period	-	2,575	-	-	2,575
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	2,575	-	-	2,575
Transfer	-	-2,578	-	2,578	-
Dividend payments	-	-	-	-	-
Balance on 1 January 2020	8,000	2,575	-	3,145	13,720
Profit for the period	-	1,700	-	-	1,700
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	1,700	-	-	1,700
Transfer	-	-2,575	-	2,575	-
Formed capital reserves	-	-	1,000	-	1,000
Dividend payments	-	-	-	-5,720	-5,720
Balance on 31 December 2020	8,000	1,700	1,000	-	10,700

The notes presented on pages 13-51 form an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2020

	Note	2020. HRK’000	2019. HRK’000
Net cash flows from operating activities		**8,060**	**12,984**
Profit after tax		1,700	2,575
Amortization and depreciation		499	299
Increase/decrease of receivables from investment services		(2,814)	(41)
Increase/decrease of other receivables		(8,471)	(2,899)
Increase of prepaid expenses		74	(6)
Decrease of financial assets at fair value through profit or loss		6,569	11,842
Decrease of deferred tax assets		(11)	64
Increase of liabilities for financial assets trading fees		10,865	1,056
Increase/decrease in trade payable		13	176
Decrease in other payable		210	-
Increase/decrease in liabilities to employees		(502)	(231)
Increase in deferred income		(5)	56
Increase/decrease of deferred tax assets		(67)	93
Net cash flows from investing activities		**(1,956)**	**(649)**
Increase of investments in intangible assets		-	(15)
Increase/decrease of investments in tangible assets		(1,956)	(634)
Net cash flows from financing activities		**(4,488)**	**(11,891)**
Decrease in loans, borrowings and prepayments		(1,411)	(12,129)
Formed capital reserves		1,000	-
Increase in operating lease liabilities		1,643	238
Dividend and profit payment		(5,720)	-
Net increase in cash and cash equivalents		**1,616**	**444**
Cash and cash equivalents at the beginning of the period		797	353
Cash and cash equivalents at the reporting date	**19**	**2,413**	**797**

The notes presented on pages 13-51 form an integral part of these financial statements.

1. General

History and incorporation

INTERKAPITAL vrijednosni papiri d.o.o., Zagreb (“the Company”) is a limited liability company for securities trading. It was incorporated in Zagreb under the Memorandum of Association on 28 January 2002, and started to operate in mid-April 2002.

The Company was registered at the Commercial Court in Zagreb on 12 February 2002. The securities trading license was issued by the Croatian Securities Commission on 31 January 2002. The registered office of the Company is located in Zagreb, Masarykova 1. The Company is 100%-owned by INTERKAPITAL d.d., Zagreb.

Dated 9 July 2009, the Company has gained the Resolution from Croatian Agency for supervision of financial services in Republic of Croatia (“HANFA”) for providing the financial services, investment activities and related auxiliary services according to the Capital market Law (OG 65/18).

The Company is supervised by the Croatian Agency for supervision of financial services in Republic of Croatia (“HANFA”). The Company is a member of the Zagreb stock exchange, Central Depository & Clearing Company, Ljubljana stock exchange and Eurex i.e. IPO Partner of Warsaw Stock Exchange.

Activities

The Company's core business activities include the purchase and sale of securities on behalf of clients, securities trading for its own account, securities trading for speculative purposes and custody.

Management Board members

Matko Maravić - Chairman of the Board, represents the company together with other members of the management board or procurator of the company from 1 February 2016;

Danijel Delač - Member, represents the company together with other members of the management board or procurator of the company from 1 February 2016

Andrej Erjavec - procurator, represents the company together with another member or chairman of the board

Kristina Pukšec - procurator, represents the company together with another member or chairman of the board

Tonći Korunić - procurator, represents the company together with another member or chairman of the board

Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The financial statements are presented in the official currency of the Republic of Croatia, in Croatian Kunas ("HRK"), rounded to the nearest thousand, unless otherwise indicated. The financial statements have been prepared in accordance with the historical cost principle, except for financial assets and liabilities that are measured at fair value, in accordance with IFRS 9 - Financial Instruments. Accounting policies have been consistently applied, except where otherwise noted.

The financial statements are prepared on going concern basis.

2. Adoption of new and revised International Financial Reporting Standards (the „IFRS“)

Changes in accounting policies and disclosures

The adopted accounting policies are in line with the accounting policies of the previous financial year, except for the amendments listed below as a result of amendments to International Financial Reporting Standards (IFRS), which were adopted by the Company as of January 1, 2020:

- ***Conceptual framework of IFRS***
  The IFRS Board issued a revised Conceptual Framework for Financial Reporting on March 29, 2018. The Conceptual Framework sets out a comprehensive set of principles and concepts for financial reporting, disclosure of standards, guidance for defining consistent accounting policies, and assistance in understanding and interpreting standards. The Committee issued a separate accompanying document, Amendments to the References to the Conceptual Framework for Financial Reporting, which sets out amendments to the relevant standards in order to update the references in the Conceptual Framework for Financial Reporting. The objective of the ccompanying document is to monitor and support the transition to the revised Financial Reporting Concept, for companies that prepare their accounting policies under the Financial Reporting Concept, and when no IFRS standard is applicable to a particular transaction. For companies that prepare their accounting policies according to the Conceptual Framework for Financial Reporting, the accompanying document is effective from January 1, 2020.

- **IFRS 3: *Business Combinations* (Amendments)**
  The IFRS Board has issued amendments to the definition of operations (amendments to IFRS 3) aimed at resolving difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments apply only to business combinations whose acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to acquisitions of assets that occur after the beginning of that period, with earlier application permitted. The Management Board's conclusion is that the adoption does not have a significant impact on the Company's financial statements.

- ***IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'Significance' '(Amendments)***
  The amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. The amendments clarify the definition of significance and how it should be applied. The new definition states: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." In addition, the explanations of the accompanying definitions have been improved. The amendments ensure the consistency of the definition of materiality across all IFRS standards. The Management Board's conclusion is that the adoption does not have a significant impact on the Company's financial statements.

- ***Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)***
  In September 2019, the IFRS Committee issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The published Amendments address issues affecting the manner of financial reporting in the period prior to the replacement of existing reference interest rates with alternative interest rates, and address the implications of specific hedge accounting requirements due to the progressive analysis required by IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable

Adoption of new and revised International Financial Reporting Standards (the „IFRS“) (continued)

Changes in accounting policies and disclosures (continued)

hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. These changes are applicable for annual periods beginning on or after 1 January 2020 and must be applied retroactively. The second phase will focus on issues that could affect financial reporting when the existing reference interest rate is replaced by a risk-free interest rate (RFR). The Management Board's conclusion is that the adoption does not have a significant impact on the Company's financial statements.

Standards issued but not yet effective and not early adopted

- **Amendments in IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures:* Sale or contribution of assets between an investor and its associate or joint venture**

  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by European Union. The Management Board estimates that the adoption will not have a significant impact on the Company's financial statements.

- **IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (amendments)**

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the COVID-19 pandemic, the IFRS Committee deferred the effective date by one year, i.e. 1 January 2023, 3, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position, but do not change the existing requirements for measuring or recognizing assets, liabilities, income or expenses, or the information that the company discloses in the notes related to these positions. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. The amendments have not yet been adopted at European Union level. The Management Board's conclusion is that the adoption does not have a significant impact on the Company's financial statements.

Adoption of new and revised International Financial Reporting Standards (the „IFRS“) (continued)

Changes in accounting policies and disclosures (continued)

- **IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the Annual Improvements Cycle to IFRS 2018-2020 (Amendments)**

  The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted. The IFRS Committee has issued amendments to IFRSs of limited scope as follows:

  - **IFRS 3 *Business Combinations* (Amendments)** includes an updated reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **IAS 16 *Property, Plant and Equipment* (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - **Annual improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

  The amendments have not yet been adopted at European Union level. The Management Board's conclusion is that the adoption does not have a significant impact on the Company's financial statements.

- **IFRS 16 Leases - COVID-19 Related Rent Concessions (Amendments)**
  The amendments shall apply retroactively to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment provides a practical exemption for lessees by allowing them to treat any change in lease payments due to the impact of COVID-19 in the same way as they would record a change in IFRS 16, if the change is not a modification of the lease, but only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  - Any reduction in the lease payment affects only payments that were originally due on or before 30 June 2021.
  - There is no substantive change to other terms and conditions of the lease.

The Management Board's conclusion is that the adoption does not have a significant impact on the Company's financial statements.

Adoption of new and revised International Financial Reporting Standards (the „IFRS“) (continued)

Changes in accounting policies and disclosures (continued)

- **Interest Rate Benchmark Reform- Phase 2 - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

  In August 2020, the IASB published Phase 2 Interest Rate Benchmark Reform – Phase 2, amending IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to the reform of interbank offered rates (IBOR). The amendments provide for temporary relief relating to the effects of financial reporting when the interbank offered rate (IBOR) is replaced by an alternative near-risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest.

  Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

  Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9.

  There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

  The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. Although the application is retroactive, the company is not obliged to revise previous periods. The Management Board's conclusion is that the adoption does not have a significant impact on the Company's financial statements.

3. Summary of significant accounting policies

Income and expenses from commissions and fees for investment services

Fee and commission income from investment services comprise commissions for intermediation in the purchase and sale of securities, fees for managing porfolios and advisory services. Income is recognised in the income statement once the services are provided.

Fee and commission expense from investment services provided comprises mostly commissions for services to the stock exchange, securities depositary and settlement services. The expenses are recognised in the income statement when the services are provided.

Realised and unrealised gains and losses from financial assets

Gains and losses from financial assets include gains and losses on disposal (realized gains and losses), and changes in the fair value of financial assets and liabilities (unrealized gains and losses) held for trading for own account.

Interest income and expense

Interest income and expense on receivables and liabilities from operations accrued on the reporting date are recognized in the income statement when they arise.

Interest income and expense are recognized in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method. Interest income includes coupons earned on fixed income investment and trading securities at fair value through profit or loss.

Dividend income

Dividend income from investment in equity securities is recognized in the income statement when the right to receive payment has been established.

3. Summary of significant accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated into HRK at the exchange rate ruling on the date of the transaction. The Croatian Kuna is the Company's functional currency and the financial statements are presented in Croatian Kunas.

Monetary assets and liabilities denominated in foreign currencies on the reporting date are translated to HRK at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies and stated at historical cost are translated to HRK at foreign exchange rates ruling at the date of transaction.

Foreign exchange differences related to equity instruments measured at fair value through other comprehensive income held in foreign currency are reported together with fair value gains and losses in the equity until the financial asset is sold.

Foreign exchange differences related to debt instruments measured at fair value through other comprehensive income held in foreign currency are reported in the income statement.

The main year-end exchange rates were as follows:

31. December 2020	EUR 1 = HRK 7,536898	USD 1 = HRK 6,139039
31. December 2019	EUR 1 = HRK 7,442580	USD 1 = HRK 6,649911

3. Summary of significant accounting policies (continued)

Leases

Accounting policy for leases which applies from 01 January 2019:

The Company recognize a lease when the contractual terms provide right to control the right to use the identified asset over a period of time in exchange for compesation.

Company as a lessee

The Company applies a unique recognition and measurement approach to all leases, exepct for short-term leases and low-value leases. The Company recognizes lease obligation for the payment of rent and right of use asset that represent the right to use the subject asset. Right of use assets are depreciated on a straight-line basis over the shorter of the leases term and the estimated useful lives of the assets.

Lease obligations

At the inception of the lease, the Company recognizes lease obligations, measured at the present value of the lease payments, need to be settled over the lease term. Lease payments include fixed payments (including payments that are essentially fixed) reduced by rental stimulations received, index- or rate-dependent variable lease payments and amounts expected to be paid under the residual value guarantee.

Retirement benefit costs

The Company does not have pension arrangements other than the state pension system of the Republic of Croatia. This Company, in the role of the employer, is obliged to calculate and pay the percentage of current gross salary payments in retirement insurance. These expenses are charged to the income statement in the period the related compensation is earned by the employee.

The Company has no obligation to pay pensions to employees in the future.

Taxation

The Company charges taxes in accordance with Croatian tax law. Corporate income tax is computed on the basis of taxable profit, calculated by adjusting the statutory result for certain income and expenditure items as required by Croatian law and other applicable legal regulations.

<u>Current tax</u>

The current tax is the amount of the tax to be paid/(returned) on taxable profit (taxable loss) for the year. Taxable profit differs from profit which is reported in the income statement because it excludes items of income or expense that are taxable or deductible in other accounting periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

<u>Deferred tax</u>

Deferred tax is calculated by using the balance sheet liability method which reflects 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 is calculated at the tax rates that are expected to be realized in the period in which settlement of the liability or temporary differences will be settled, based on the tax rates (and tax laws) prescribed by the reporting date.

3. Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and / or long-term liabilities in the statement of financial position. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be sufficient for its use. At each reporting date, the Company re-evaluates unrecognized potential deferred tax assets and recoverable amounts of the recognized deferred tax asset. Extraordinary income tax, resulting from the distribution of dividends, is recognized at the time of recognition of the related obligation to pay dividends.

Deferred tax assets and liabilities are derecognised when there is a legal right to dispose of current tax assets and liabilities.

Property, plant and equipment

Property, plant and equipment are initially recognized, in statement of financial position, at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated cost of bringing the asset to a working condition for its intended use.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacement of assets are capitalized.

Gains or losses on the retirement or disposal of property, plant and equipment are included in the statement of income in the period they occur.

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss.

Depreciation is charged so as to write off the cost or valuation of buildings and equipment, over their estimated useful lives, using the straight-line method. The estimated useful life, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land and assets under construction are not depreciated. The average estimated useful lives are as follows:

	2020.	2019.
Buildings	40 years	40 years
Plant and equipment	4 to 8 years	4 to 8 years
Vehicles	8 to 10 years	8 to 10 years

Depreciation commences from the first day in the month following the month in which an asset has been put in use.

3. Summary of significant accounting policies (continued)

Buildings, plant and property (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Subsequent expenditure relating to an already recognized property and equipment object is capitalized only if it increases the future economic benefits that will affect the Company. Any other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Intangible assets

Intangible assets are initially recognized, in statement of financial position, at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of intangible assets is charged on a straight-line basis over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life of intangible assets is as follows:

	2020.	2019.
Software	8 years	8 years

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Regular maintenance expenditure is directly charged against operating profit. Maintenance expenditure is capitalised in exceptional cases where maintenance results in an enlargement or substantial improvement of the respective assets.

3. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with banks with maturities up to three months. The carrying amount of these assets approximates their fair value.

Financial instruments

The classification of a financial instruments depends on the purpose for which the financial instrument was acquired. Management classifies financial assets at initial recognition.

Financial assets and liabilities at amortized cost

Financial assets are classified at amortized cost if they are meet these conditions:

a) the financial assets are held within a business model whose purpose is to hold a financial asset for the purpose of collecting contractual cash flows and

b) based on contractual terms of financial assets at certain dates, cash flows that serve only as the payment of principal and interest on the unpaid principal amount are generated.

Financial assets at fair value through profit and loss

Financial instruments included in this portfolio are held as trading financial instruments, which were either acquired for generating a profit from short term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short term profit taking exists.

In accordance with the Company's investment policy, any financial asset can be classified as designated at fair value through profit and loss except for investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

These instruments are initially recognized at cost and subsequently stated at fair value which approximates the price quoted on recognized stock exchanges.

All related realized and unrealized gains and losses are included in "Net unrealised and realised gains from financial assets at fair value through profit and loss".

Interest earned whilst holding these instruments is reported as "Net interest income". All purchases and sales of securities held for trading are accounted for at trade date, which is the date that the Company commits to purchase or sell the asset. Transactions that are not accounted for at the trade date are treated as financial derivatives.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets are impaired if there is objective evidence of impairment resulting from one or more events that occurred after the initial recognition of the asset, and when that event or events affect the estimated future cash flows of the financial asset that can be reliably determined.

At the reporting date, an assessment of the Company's assets is performed to determine the existence of objective evidence of impairment. If such evidence exists, the recoverable amount of such assets is estimated.

The amount of the impairment loss for a financial asset carried at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The net book value of financial assets is reduced by impairment directly for all financial assets except for trade receivables where the net book value is reduced by using a separate allowance account. When trade receivables cannot be collected, the impairment is made through an allowance account. Subsequent charges of previously reduced amounts, reduce the allowance account.

Changes in the net carrying amount of the allowance account are charged to the income statement. Except for financial assets classified as available for sale, if the amount of impairment decreases in subsequent periods and the decrease can be objectively related to an event occurring after the impairment, the reversal of the previous impairment is recognized in the income statement up to the amount of amortized cost that would have been had there been no impairment recognition.

The increase in fair value after impairment through other comprehensive income in the case of available-for-sale financial assets is recognized directly in other comprehensive income, except in the case of equity securities.

Repo and reverse repo agreements

The Company is involved in agreements to sell and repurchase securities (“repo agreements”) and agreements to purchase and resell securities (“reverse repo agreements”). The Company is recording these transactions as received and given loans. Securities given as collateral for loans received are recognized in the statement of financial position as securities under repo agreements and are appropriately accounted for in accordance with accounting policy relating to those financial assets at amortized cost or fair value. Securities recieved as collateral for loans given are recognized off-balance.

Fee for repo and reverse repo agreements is deferred through the period of transaction and is recognized in the Income statement in the line “Interest income” or “Interest expense”.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or ‘other financial liabilities’.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

<u>Other financial liabilities</u>

Other financial liabilities, including loans, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

<u>Derecognition of financial liabilities</u>

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

In the normal course of business the Company uses the derivative financial instruments to manage its risks.

The use of financial derivatives is governed by the Company's policies approved by the Management Board which provide written principles on the use of financial derivatives. Derivative financial instruments are initially recognized at cost, including transaction costs, and subsequently are re-measured at their fair value.

Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Gains and losses from transactions with derivative financial instruments and changes in fair value of the stated are recognized in the profit or loss as they arise.

Provisions

Provisions are recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow will be required to settle that obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Execution of orders for and on behalf of third parties

The Company executes orders for and on behalf of legal entities and individuals and charges a fee for these services. Since these funds do not represent the Company's assets, they are excluded from the statement of financial position presented as part of these financial statements (Note 22).

4. Accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in Note 3, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and are recognized in the period in which they incurred.

Key sources of estimation uncertainty in the application of accounting policies that have significant impact on the financial statements are set out in the summary of the underlying accounting policies below.

Key sources of estimation uncertainty

Key assumptions relating to future events and key sources of estimation uncertainty at the reporting date that may cause a risk of significant misstatement of the carrying amounts of assets and liabilities within the next financial year are:

Fair value of derivatives and other financial instruments

The Management of the Company uses judgments for valuation of not quoted securities. The Management uses techniques which are also implemented by other companies and funds on the market. Derivatives valuation includes judgments based on prices from active markets adjusted for the special characteristics of the instrument. Other financial instruments are valued based on discounted cash flow method applying, where possible, assumptions about market interest rates and prices. Fair value estimates for shares not quoted on the market include judgments which do not involve market interest rates or market prices. Details of mentioned judgments and results of sensitivity analysis are presented in notes to the financial statements.

Provisions for impairment of assets

The Management reviews, on a regular basis, assets to assess whether there is an objective evidence for impairment allowance. The Company uses experience method for the adjustment of relevant information to the current circumstances and discounted cash flow method for the assessment of allowance for impairment, if necessary. The Company did not record any impairment of assets as assessed by the Management.

Income tax

Income tax calculations are performed based on the Company's interpretation of current tax laws and regulations. These calculations are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amount reported in the annual financial statements could be changed at a later date upon final determination by the tax authorities.

Useful lifetime of intangible and tangible assets

As described in Note 3, the Management reviews the estimated useful lives of intangible and tangible assets at the end of each annual reporting period.

5. Income from commissions and fees for investment services

	2020. HRK'000	2019. HRK'000
Income from brokerage service fees on foreign market	8,564	5,094
Income from brokerage service fees on domestic market	3,940	5,924
Income from the issuing agent transactions and consultant services	3,850	939
Income from fees for storage and administration	1,340	942
Income from fees based on trading platforms	-	3
	17,694	**12,902**

6. Expenses from commissions and fees for investment services

	2020. HRK'000	2019. HRK'000
Commission to stock exchanges	2,219	1,805
Foreign brokers and related agents commission	2,017	1,238
Commission to the Central Depositary & Clearing Company (SKDD)	957	812
Software access expense	574	506
Bloomberg expense	469	436
Bank charges	218	189
SWIFT expenses	94	90
Other expenses	113	61
	6,661	**5,137**

7. Interest income

	2020. HRK'000	2019. HRK'000
Interest income on financial instruments	246	500
Other interest income	135	38
	381	**538**

8. Interest expenses

	2020. HRK'000	2019. HRK'000
Interest expenses on financial instruments	315	153
Interest expenses on leasing	80	11
Other interest expenses	44	77
	439	**241**

9. Net foreign exchange (losses)/gains

	2020. HRK'000	2019. HRK'000
Foreign exchange gains based on derivative transactions	1,257	212
Other foreign exchange gains	3,851	1,595
	5,108	*1,807*
Foreign exchange losses based on derivative transactions	(1,600)	(191)
Other foreign exchange losses	(3,899)	(1,579)
	(5,499)	*(1,770)*
	(391)	**37**

10. Employee expenses

	2020. HRK'000	2019. HRK'000
Net salaries and salary related allowances	3,360	3,236
Taxes and contributions from and on salaries	1,962	1,942
	5,322	**5,178**

At 31 December 2020 the Company had 25 employees (2019.: 27 employees).

11. Other expenses

	2020. HRK'000	2019. HRK'000
Costs of outsourcing	385	372
Taxes, contributions, fees and other similar charges	271	227
Maintenance costs	234	132
Material costs	185	195
Central Depositary & Clearing Company costs (SKDD)	184	136
Consulting services cost	152	527
Insurance premiums costs	123	94
Post and transportation costs	108	110
Telecommunication costs	88	101
Utility charges	82	78
Representation costs	73	216
Education and literature costs	72	286
Business travel costs	37	340
Donations	-	30
Other expenses	713	547
	2,707	**3,391**

11. Other expenses (continued)

Contracted audit fee for the year 2020 amounts to HRK 55 thousand (2019.: HRK 55 thousand). Apart from the service of financial statements audit, in accordance with applicable laws and regulations, in 2020, an independent auditor also performed services of agreed procedures related to the verification of the measures applications provided by the Capital Market Act and the Ordinance on organizational requirements for providing investment activities and ancillary services issued by HANFA and services of agreed procedures in accordance with the Capital Market Act relating to the calculation of capital adequacy of the Company.

12. Income tax

Income tax has been calculated using statutory tax rate of 18% on the taxable income (2019.: 18%).

Income tax adjustment with accounting profit represented in the Statement of comprehensive income is as follows:

	2020. HRK'000	**2019. HRK'000**
Accounting profit before tax	1,689	3,037
Non deductible expenses	81	263
Non taxable income	(777)	(1,089)
Non taxable income of previous years	(1,488)	-
Profit tax base	**(495)**	**2,211**
Income tax rate	18%	18%
Income tax expense	**-**	**398**
Derecognition /(recognition) of temporary difference on long-term provisions	(11)	64
Income tax expense	*(11)*	*462*
Efective income tax rate	-	15,21%

	2020. HRK'000	**2019. HRK'000**
Income tax expense	**-**	**398**
Deferred tax liabilities		
Derecognition /(recognition) of temporary difference on long-term provisions	(11)	64
Income tax expense	**(11)**	**462**

12. Income tax (continued)

The movement of deferred tax is as follows:

	2020. HRK'000	2019. HRK'000
At 1 January	176	240
Increase	11	-
Decrease	-	(64)
	187	**176**

13. Property, plant and equipment

Movements in property, plant and equipment during 2020:

	Buildings HRK'000	Office equipment HRK'000	Total HRK'000
Costs			
At 1 January 2020	**3,059**	**292**	**3,351**
Additions	**-**	117	117
At 31 December 2020	**3,059**	**409**	**3,468**
Accumulated depreciation			
At 1 January 2020	**1,122**	**158**	**1,280**
Charge for the year	77	62	139
At 31 December 2020	**1,199**	**220**	**1,419**
Book value			
At 1 January 2020	**1,937**	**134**	**2,071**
At 31 December 2020	**1,860**	**189**	**2,050**

13. Property, plant and equipment (continued)

Movements in property, plant and equipment during 2019:

	Buildings	Office equipment	Total
	HRK'000	HRK'000	HRK'000
Costs			
At 1 January 2019	**3,059**	**393**	**3,452**
Additions	-	74	74
Write off and sale	-	(174)	(174)
At 31 December 2019	**3,059**	**292**	**3,351**
Accumulated amortization			
At 1 January 2019	**1,045**	**286**	**1,331**
Charge for the year	77	46	123
Write off and sale	-	(174)	(174)
At 31 December 2019	**1,122**	**158**	**1,280**
Book value			
At 1 January 2019	**2,014**	**107**	**2,121**
At 31 December 2019	**1,937**	**134**	**2,071**

14. Right-of-use asset

Movements in assets in 2020:

	Buildings	Vehicles	Total
	HRK'000	HRK'000	HRK'000
Costs			
At 1 January 2020	**-**	**561**	**561**
Additions	1,839	-	1,839
At 31 December 2020	**1,839**	**561**	**2,400**
Accumulated amortization			
At 1 January 2020	**-**	**129**	**129**
Charge for the year	184	130	314
At 31 December 2020	**184**	**259**	**443**
Book value			
At 1 January 2020	**-**	**432**	**432**
At 31 December 2020	**1,655**	**302**	**1,957**

14. Right-of-use asset (continued)

Movements in assets in 2019:

	Vehicles HRK'000	Total HRK'000
Costs		
At 1 January 2019	**561**	**561**
Additions	-	-
At 31 December 2019	**561**	**561**
Accumulated amortization		
At 1 January 2019	**-**	**-**
Charge for the year	129	129
At 31 December 2019	**129**	**129**
Book value		
At 1 January 2019	**-**	**-**
At 31 December 2019	**432**	**432**

Lease obligations and changes during the period

	2020. HRK'000	2019. HRK'000
At 1 January 2020	**238**	**301**
Additions	1,839	-
Interest increase	80	5
Payments	(277)	(68)
At 31 December 2020	**1,880**	**238**
Short term liabilities	277	67
Long term liabilities (up to 5 years)	1,603	171

IFRS 16 in Profit and Loss statement:

	2020. HRK'000	2019. HRK'000
Depreciation of right-of-use asset	**313**	129
Interest expense on lease liabilities	80	11
Costs related to short-term leases	-	-
Variable parts of rental fees	-	-
	393	**140**

15. Intangible assets

Movement in intangible assets during 2020:

	Intangible assets HRK'000	Total HRK'000
Costs		
At 1 January 2020	**777**	**777**
Additions	-	-
At 31 December 2020	**777**	**777**
Accumulated amortization		
At 1 January 2020	**530**	**530**
Charge for the year	48	48
At 31 December 2020	**578**	**578**
Book value		
At 1 January 2020	**247**	**247**
At 31 December 2020	**199**	**199**

Movement in intangible assets during 2019:

	Intangible assets HRK'000	Total HRK'000
Costs		
At 1 January 2019	**761**	**761**
Additions	16	156
At 31 December 2019	**777**	**777**
Accumulated amortization		
At 1 January 2019	**482**	**482**
Charge for the year	48	48
At 31 December 2019	**530**	**530**
Book value		
At 1 January 2019	**279**	**279**
At 31 December 2019	**247**	**247**

16. Financial assets at fair value through Profit and Loss Statement

	2020. HRK'000	2019. HRK'000
Debt securities of Republic of Croatia	7,322	17,801
Equity securities	9,337	5,427
	16,659	**23,228**

Securities of domestic issuers are listed on the Zagreb Stock Exchange e. The fair value of these securities as at 31 December 2020 and 2019 was determined using the average price weighted with quantity of securities traded on the stock exchange and listed institutional transactions quoted on the Zagreb Stock Exchange.

17. Receivables for investment services

Receivables for investment services in total amount of HRK 5,030 thousand (2019.: HRK 2,216 thousand) relate to receivables based on performed investment advisory services, mediation on the capital markets, i.e. storage of financial assets for the client's account.

18. Other receivables

	2020. HRK'000	2019. HRK'000
Long term receivables		
Receivables for lease prepayments	38	37
	38	**37**
Short term receivables		
Prepayment income tax receivables	956	1,803
Guarantee deposits	1,117	3,739
Receivables from purchase/repurchase of financial instruments	14,224	2,443
Interest receivables for debt securities	12	99
Guarantee funds at the Central Depositary & Clearing Company (SKDD)	254	56
Other receivables	59	11
	16,621	**8,151**

19. Cash and cash equivalents

	2020. HRK'000	2019. HRK'000
Foreign currency account in banks	1,838	291
HRK account in banks	567	504
Cash in hand	8	2
	2,413	**797**

20. Subscribed capital

Ownership structure as at 31 December is as follows:

	2020. HRK'000	2020. % ownership	2019. HRK'000	2019. % ownership
INTERKAPITAL d.d., Zagreb	8,000	100,00	8,000	100,00
	8,000	**100,00**	**8,000**	**100,00**

21. Liabilities for loans, borrowings and advances

	2020. HRK'000	2019. HRK'000
Borrowing obligation Interkapital d.d.	8,800	-
Liabilities under repo agreements	6,960	16,764
Overdraft on account	2,464	2,871
	18,224	**19.635**

Liabilities under repo agreements at 31 December 2020 in the amount of HRK 6,960 thousand (2019.: HRK 16,764 thousand) relate to the loans received from counterparties collateralized by securities disclosed in Note 15.

Overdraft on account at 31 December 2020 in the amount of HRK 2,464 thousand (2019.: HRK 2,871 thousand) relates to overdraft approved by Privredna banka Zagreb d.d., Zagreb in the amount of HRK 7,5 million and with maturity date 31 July 2021.

22. Liabilities for purchased securities

Liabilities for purchased securities relate to purchased securities at the end of the year whose settlement date is the beginning of the following year. Most of the amounts relate to liabilities for the purchase of CROATI 2025, while the rest relate to liabilities to the clearing counterparties in the Republic of Croatia and Slovenia.

23. Funds managed for and on behalf of third parties

The Company provides services for and on behalf of third parties – companies and individuals, in connection with the purchase and sale of various financial instruments as advised by clients. The Company charges a fee for these services. Funds managed on behalf of third parties are presented separately from the Company's assets. Income and expenses are allocated directly to the funds. The Company has no obligations on these transactions in the course of ordinary operations.

Funds managed for and on behalf of third parties are as follows:

	2020. HRK'000	2019. HRK'000
Assets:		
Transactions:		
Investors	1,662,596	855,014
Receivables for completed transactions	28,173	29,832
Cash on giro account	125,686	88,041
TOTAL ASSETS	**1,816,455**	**972,887**
Liabilities:		
Transactions:		
Investors	1,787,630	937,299
Liabilities for completed transactions	28,172	24,320
Commissions	653	11,268
TOTAL LIABILITIES	**1,816,455**	**972,887**

24. Related party transactions

Trading transactions

	2020. HRK'000	2019. HRK'000
Statement of financial position		
Trade receivables – INTERKAPITAL d.d.	12	-
Trade receivables – InterCapital Asset Management d.o.o.	13	4
Receivables from employees for benefits in kind	3	3
Trade payables – INTERKAPITAL d.d.	126	46
Trade payables – InterCapital Asset Management d.o.o.	12	12
Liabilities towards employees	269	252
Statement of comprehensive income		
Custody service income – InterCapital Asset Management d.o.o.	40	63
Custody service income – INTERKAPITAL d.d.	92	43
Other income – ICH d.o.o.	3	-
Other income – INTERKAPITAL d.d	3	-
Interest expense – INTERKAPITAL d.d.	59	-
Interest expense – InterCapital Asset Management d.o.o.	-	2
Service expenses – INTERKAPITAL d.d.	593	477
Service expenses – InterCapital Asset Management d.o.o.	143	150
Service expenses – INTERKAPITAL RIZIK d.o.o.	-	24

All transactions with related parties are contracted under the common market terms and conditions.

Directors and executives' renumeration

Remuneration of directors during the year was as follows:

	2020. HRK'000	2019. HRK'000
Salaries	444	420
Contributions	148	145
Tax and surtax	125	133
Benefits in kind	24	27
Christmas bonus	6	15
	747	**740**

25. Financial instruments and risk management

Capital risk management

The Company manages its capital to ensure that it will be able to continue as an ongoing concern while maximizing the return to stakeholders through the optimization of the debt and equity.

The capital structure of the Company consists of debt, which includes loans disclosed in Note 20, cash and cash equivalents and equity attributable to equity holders comprising subscribed capital and retained earnings.

The Company's Management reviews the capital structure on a regular basis. As part of those reviews the Management considers equity expense and risk connected with each equity type. Based on Management decisions, the Company will balance its overall capital structure through the payment of dividend, new unit issues, as well as analysis of the other forms of funding in accordance with the business plan in compliance with regulatory framework. The Company's overall strategy remains unchanged from the foundation.

In addition the Company reviews the capital gearing in accordance to the Capital market Law regulations.

Financial risk management objectives

The Company's business activities are exposed to various types of financial risks that include market risk (including currency risk, interest rate risk and price risk), liquidity risk and fair value risk.

The Company is exposed to the effects of changes in domestic and international market, and in addition has significant investments in foreign currency. The company's bond portfolio at the end of 2020 consists entirely of H23BA bonds denominated in HRK. The bond is of a shorter term with a maturity of 27.11.2023. and a modified duration of 2.84 years.

Management board carefully monitors and manages the financial risks associated with the Company's operations.

25. Financial instruments and risk management (continued)

Financial risk management objectives (continued)

On the other side, the Company's liabilities consist mostly of liabilities for received loans, advances and other liabilities arising from completed transactions (liabilities based on the purchase and sale of financial instruments) and they are mainly of a short-term nature.

Consequently, the Company is exposed to the risk associated with changes in foreign currency exchange rates and fair value of financial instruments on the world market. Significant risks, along with the methods for risk management, are presented below. The Company uses derivative financial instruments for risk management to a very limited extent.

Market risk

Market risk is risk of possible foreign currency exchange rate changes, interest rate changes and market price changes in the future, that could lead to impairment or harm the financial instruments. The Company manages market risk with diversification of investment portfolio and regularly monitors it with the pre-defined measures. Atleast once a year portfolio resistance is reviewed for significant changes in the basic risk factors that the Company considers to have a low probability event, but potentially significant impact on the portfolio.

The Company did not change exposure and strategy for market risk management.

25. Financial instruments and risk management (continued)

Foreign currency risk

Company's functional currency is Croatian kuna. However, part of the portfolio is denominated in foreign currencies. Also, foreign currency risk is incurred on some items of short term assets and liabilities denominated in foreign currencies and translated in kuna based on exchange rate prevailing at the reporting date.

Foreign exchange differences arising on the translation are recorded as foreign currency gain or loss in profit or loss and do not affect Company's cash flows. Foreign currency risk is controlled by certain approved parameters.

Based on the analysis of exchange rate trends and considering country and worldwide market, the following changes of risk factors are assumed in accordance with changes of each risk factor:

Risk factor	**Assumed increase/decrease 2020.**	**Assumed increase/decrease 2019.**
EUR/HRK	From -0,44% to 1,63%	From -1,28% to 0,63%
USD/HRK	From -7,26% to 3,92%	From -3,22% to 7,57%

Based on assumptions for the possible movements of risk factors the following table represents sensitivity analysis of financial instruments and its change in value.

'000 HRK	**2020.**			**2019.**		
Currency	**Open net position**	**-change**	**+change**	**Open net position**	**-change**	**+change**
EUR	-4.537,73	19,88	-73,81	-773,51	-4,86	9,87
USD	621,39	-45,09	24,35	320,27	24,26	-10,31
Impact on the Company's net assets		-25,21	-49,46	Impact on the Company's net assets	19,40	-0,44

25. Financial instruments and risk management (continued)

Foreign currency risk (continued)

2020.	HRK	EUR	USD	Total
	HRK'000	HRK'000	HRK'000	HRK'000
Assets				
Securities and other financial instruments at fair value through profit and loss	14,779	1,880	-	**16,659**
Receivables from investment services	407	4,623	-	**5,030**
Other receivables	2,172	14,538	-	**16,710**
Cash and cash equivalents	586	1,398	429	**2,413**
Total assets	**17,944**	**22,439**	**429**	**40,812**
Liabilities				
Liabilities for fees related to trading in financial instruments	478	11,991	-	**12,469**
Liabilities for borrowings, loans and prepayments	18,224	-	-	**18,224**
Trade payables	282	417	-	**699**
Liabilities to employees	810	-	-	**810**
Liabilities for taxes and contributions	171	-	-	**171**
Operating lease liabilities	-	1,880	-	**1,880**
Other payables	218	-	-	**218**
Total liabilities	**20,183**	**14,288**	**-**	**34,471**
Currency composition mismatch	**(2,239)**	**8,151**	**429**	**6,341**

25. Financial instruments and risk management (continued)

Foreign currency risk (continued)

2019.	HRK	EUR	USD	Total
	HRK'000	HRK'000	HRK'000	HRK'000
Assets				
Securities and other financial instruments at fair value through profit and loss	4,690	18,538	-	**23,228**
Receivables from investment services	659	1,557	-	**2,216**
Other receivables	4,179	3,972	-	**8,151**
Cash and cash equivalents	484	245	68	**797**
				-
Total assets	**10,012**	**24,312**	**68**	**34,392**
Liabilities				
Liabilities for fees related to trading in financial instruments	679	925	-	**1,604**
Liabilities for borrowings, loans and prepayments	2,871	16,764	-	**19,635**
Trade payables	298	388	-	**686**
Liabilities to employees	1,312	-	-	**1,312**
Liabilities for taxes and contributions	237	-	-	**237**
Operating lease liabilities	238	-	-	**238**
Other payables	8	-	-	**8**
Total liabilities	**5,643**	**18,077**	**-**	**23,720**
Currency composition mismatch	**4,369**	**6,235**	**68**	**10,672**

25. Financial instruments and risk management (continued)

Interest rate risk

The Company is exposed to risks associated with the effect of changes in market interest rates on its financial position and cash flows since it invests in debt securities.

2020.	Interest-free	Intrest rate repricing period Up to 1 month	1-3 months	3-12 months	Over 1 year	Fixed intrest rate	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Assets							
Securities and other financial instruments at fair value through profit and loss	9,337	-	-	-	7,322	-	16,659
Receivables from investment services	5,030	-	-	-	-	-	5,030
Other receivables	16,710	-	-	-	-	-	16,710
Cash and cash equivalents	2,413	-	-	-	-	-	2,413
Total assets	**33,490**	**-**	**-**	**-**	**7,322**	**-**	**40,812**
Liabilities							
Liabilities for fees related to trading in financial instruments	12,469	-	-	-	-	-	12,469
Liabilities for borrowings, loans and prepayments	-	-	9,424	-	-	8,800	18,224
Trade payables	699	-	-	-	-	-	699
Liabilities to employees	810	-	-	-	-	-	810
Liabilities for taxes and contributions	171	-	-	-	-	-	171
Operating lease liabilities	-	-	-	-	-	1,880	1,880
Other payables	218	-	-	-	-	-	218
Total liabilities	**14,367**	**-**	**9,424**	**-**	**-**	**10,680**	**34,471**
Interest rate risk mismatch	**19,123**	**-**	**(9,424)**	**-**	**7,322**	**(10,680)**	**6,341**

24. Financial instruments and risk management (continued)

Interest rate risk (continued)

	Intrest rate repricing period						
2019.	**Interest-free**	**Up to 1 month**	**1-3 months**	**3-12 months**	**Over 1 year**	**Fixed intrest rate**	**Total**
	HRK ’000	**HRK ’000**	**HRK ’000**	**HRK ’000**	**HRK ’000**	**HRK ’000**	**HRK ’000**
Assets							
Securities and other financial instruments at fair value through profit and loss	5,427	-	-	-	-	17,801	23,228
Receivables from investment services	2,216	-	-	-	-	-	2,216
Other receivables	8,151	-	-	-	-	-	8,151
Cash and cash equivalents	797	-	-	-	-	-	797
Total assets	**16,591**	**-**	**-**	**-**	**-**	**17,801**	**34,392**
Liabilities							
Liabilities for fees related to trading in financial instruments	1,604	-	-	-	-	-	1,604
Liabilities for borrowings, loans and advances	-	-	2,871	-	-	16,764	19,635
Trade payables	686	-	-	-	-	-	686
Liabilities to employees	1,312	-	-	-	-	-	1,312
Liabilities for taxes and contributions	237	-	-	-	-	-	237
Operating lease liabilities	-	-	-	-	-	238	238
Other payables	8	-	-	-	-	-	8
Total liabilities	**3,847**	**-**	**2,871**	**-**	**-**	**17,002**	**23,720**
Interest rate risk mismatch	**12,744**	**-**	**(2,871)**	**-**	**-**	**799**	**- 10,672**

25. Financial instruments and risk management (continued)

Interest rate risk (continued)

Based on the analysis of interest rate trends and considering country and worldwide market, and also expectations of future trends, the following changes of risk factors are assumed:

Risk factor	Assumed increase/decrease 2020.	Assumed increase/decrease 2019.
	Yield on Croatian government debt	**Yield on Croatian government debt**
1Y	In interval 0,03% to 0,12%	In interval 0,03% to 0,12%
2Y	In interval -0,56% to -0,14%	In interval 0,027% to 0,108%
10Y	In interval 0,329% to 1,314%	In interval 0,308% to 1,232%
	Repo rates	**Repo rates**
1W	In interval 0,15% to 0,60%	In interval 0,187% to 0,746%

Based on assumptions for the possible changes in risk factors the following table represents the sensitivity analysis of financial instruments and its change in value in accordance with changes of each risk factor.

	2020.			2019		
	Value (HRK)	**- change**	**+change**	**Value (HRK)**	**- change**	**+change**
Assets sensitive to interest-rate changes	7.322,21	-33,65	16,81	17,800.89	- 211.66	89.90
Liabilities sensitive to interest-rate changes	6.960,06	-0,46	0,11	16,764.26	- 1.03	0.26
Impact on the Company's net assets		**34,11**	**16,92**	Impact on the Company's net assets	**- 212.69**	**90.16**

25. Financial instruments and risk management (continued)

Price risk

Price risk relates to risk of instrument value change due to changes of market prices for securities traded on the financial market. Financial instrument price change is subject of daily changes affected by sequence factors. Price risk exposure is decreased by diversification structuring of the instrument portfolio.

The Company uses VaR as a measure of price risk exposure. The VaR is an estimate of the maximum potential loss over a given holding period if investments that carry market risk remain unchanged, with a 99 percent probability.

Based on the VaR estimation, the following table shows the sensitivity of the portfolio to price risk:

2020.		**2019.**	
VaR (%), 99%	Asset impact ('000 HRK)	VaR (%), 99%	Asset impact ('000 HRK)
-2,61	-243,46	-0,97	-55,13

25. Financial instruments and risk management (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Management board, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. Liquidity ratio is monitored daily and it represents the ratio of short-term liquid assets and liabilities and at any time it must be greater than 1.

The table below provides an analysis of assets and liabilities into relevant maturity groupings based on contractual maturity dates, whereas maturity dates are defined shorter of repayment option periods or repayment schedules. Assets and liabilities without due dates are grouped into category "Undefined maturity".

25. Financial instruments and risk management (continued)

Liquidity risk (continued)

2020.	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
	HRK ’000	**HRK ’000**	**HRK ’000**	**HRK ’000**	**HRK ’000**	**HRK ’000**
Assets						
Securities and other financial instruments at fair value through P&L	9,337	-	-	7,322	-	**16,659**
Receivables from investment services	5,030	-	-	-	-	**5,030**
Other receivables	16,710	-	-	-	-	**16,710**
Cash and cash equivalents	2,413	-	-	-	-	**2,413**
Total assets	**33,490**	**-**	**-**	**7,322**	**-**	**40,812**
Liabilities						
Liabilities for fees related to trading	12,469	-	-	-	-	**12,469**
Liabilities for borrowings, loans and advances	-	-	18,224	-	-	**18,224**
Trade payables	699	-	-	-	-	**699**
Liabilities to employees	810	-	-	-	-	**810**
Liabilities for taxes and contributions	171	-	-	-	-	**171**
Operating lease liabilities	19	38	173	1,010	640	**1,880**
Other payables	218	-	-	-	-	**218**
Total liabilities	**14,386**	**38**	**18,397**	**1,010**	**640**	**34,471**
Maturity structure mismatch	**19,104**	**(38)**	**(18,397)**	**6,312**	**(640)**	**6,341**

26. Financial instruments and risk management (continued)

Liquidity risk (continued)

2019.	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
	HRK '000	**HRK '000**	**HRK '000**	**HRK '000**	**HRK '000**	**HRK '000**
Assets						
Securities and other financial instruments at fair value through	5,428	-	-	17,800	-	**23,228**
Receivables from investment services	2,216	-	-	-	-	**2,216**
Other receivables	8,151	-	-	-	-	**8,151**
Cash and cash equivalents	797	-	-	-	-	**797**
Total assets	**16,592**	**-**	**-**	**17,800**	**-**	**34.392**
Liabilities,capital and reserves						
Liabilities for fees related to trading	1,604	-	-	-	-	**1,604**
Liabilities for borrowings, loans and advances	19,635	-	-	-	-	**19,635**
Trade payables	686	-	-	-	-	**686**
Liabilities to employees	1,312	-	-	-	-	**1,312**
Liabilities for taxes and contributions	237	-	-	-	-	**237**
Operating lease liabilities	-	4	12	174	48	**238**
Other payables	8	-	-	-	-	**8**
Total liabilities, capital and reserves	**23,482**	**4**	**12**	**174**	**48**	**23,720**
						-
Maturity structure mismatch	**(6,890)**	**(4)**	**(12)**	**17,626**	**(48)**	**10,672**

25. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered to with the Company in full when due. Credit risk is focused around interest rate and equity instruments as described in market risk management. All transactions with quoted market instruments are paid immediately through authorized brokerage houses. Risk of non-payment is minimal because financial instruments are delivered only when payment is received on account. When buying a security, payment is done after securities are delivered to broker. Process of buying or selling is not done if any of counterparties fail to fulfil their commitment.

Fair value risk

Fair value of financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. As all the securities within the Company's portfolio are listed on a stock exchange, their fair values are based on the prices quoted on the market. In circumstances where the quoted market prices are not readily available, the fair value is estimated using discounted cash flow models or other pricing techniques as appropriate. As at 31 December 2020 there were no financial assets for which the fair value was determined using assessment techniques, as they do not have quoted market price (2019: there were no such investments). Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect the estimates. Therefore, the calculated fair market estimates may not be realized in a current sale of the financial instrument. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Stage 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Stage 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Stage 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. Financial instruments and risk management (continued)

Fair value of financial instruments (continued)

2020.	1. Stage	2. Stage	3. Stage	Total
Financial assets at fair value trough profit or loss	16,659	-	-	16,659
Total	**16,659**	**-**	**-**	**16,659**

2019.	1. Stage	2. Stage	3. Stage	Total
Financial assets at fair value trough profit or loss	23,228	-	-	23,228
Total	**23,228**	**-**	**-**	**23,228**

26. Contingent Liabilities

The Company has no contingent liabilities that would have to be disclosed in financial statements (2019: there were no contingent liabilities to be disclosed)

27. Subsequent events

There have been no events after the date of the financial statements that require reconciliation or disclosure in the financial statements.

28. Approval of financial statements

These financial statements were signed by and authorized for issuing by Management of INTERKAPITAL vrijednosni papiri d.o.o. on 31 March 2021:

INTERKAPITAL
vrijednosni papiri d.o.o.
ZAGREB, Masarykova 1

Matko Maravić
President of Management Board

Danijel Delač
Member of Management Board