

OTP Invest za upravljanje fondovima d.o.o., Zagreb

Annual report for the year ended on 31 December 2023

This version of the report is a translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our financial reports and the accompanying audit report takes precedence over this translation.

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Management Report of the Company OTP Invest d.o.o. za upravljanje investicijskim fondovima for 2023

Review of business results

As at 31 December 2023, OTP invest društvo za upravljanje fondovima d.o.o. (hereinafter: the Company) manages eight (8) open-end investment funds with a public offering (UCITS) and one alternative investment fund with a public offering, which is undergoing liquidation. Open-end investment funds with a public offering under management of the Company are: OTP ABSOLUTE Fund, OTP INDEX Fund, OTP MERIDIAN 20 Fund, OTP MULTI USD 2 Fund, OTP start fund, OTP Balanced Fund, OTP MULTI EUR 2025 Fund, and OTP MULTI EUR 2025 II Fund. OTP GLOBAL fund – in liquidation is the alternative investment fund under management of the Company.

In 2023, the Company operated with a profit of EUR 363,534.23. In 2023, a 45.48% increase in income from management fees, compared to 2022, was realized, while the Company's total income in 2023 is 49.53% higher than the Company's total income in 2022. Realization of income from the investment consulting and portfolio management activities had a positive effect on the Company's operations in 2023. The Company's operating expenses were slightly higher compared to the expenses in 2022 due to inflationary pressures. Capital adequacy and liquidity levels of the Company are stable.

In 2023, a decrease in assets under management of the Company was recorded, from EUR 181,576,232.45, which was the amount of assets under management at the end of 2022, to EUR 157,134,303.26 as at 31 December 2023, as a result of the maturity of FOND ZA STABILNOST. Excluding the STABILITY FUND, in 2023 the Company recorded an increase in assets under management of 39.26% compared to 2022. The period of high inflation continued in 2023, and central banks continued tightening monetary policies, as well as raising base interest rates. During 2023, the Company recorded increased payments to maturity funds. In addition to maturity funds, the OTP INDEX fund also recorded positive net sales. The Company's market share at the end of 2023 was 6.8% (5.25% at the end of 2022, if the FOND ZA STABILNOST is excluded).

In May 2023, the Company established the OTP MULTI EUR 2025 open-end investment fund with a public offering, which resulted in new payments and improvement of both the income and the market share. The fund was established for a definite period of time, its maturity is two (2) years from the date of establishment, and the currency of the fund is the euro (EUR). The goal of the fund is to offer investors who hold assets in the fund from its inception until the end of its term to preserve the value of the initial investment without loss at the end of the investment period, as well as to achieve the target yield of 5.20% with payout at the end of the fund's term (2.57% on the annual level). In accordance with the established goals and investment strategy, the fund is primarily intended for: investors who are ready to invest for a period of 2 (two) years, investors who wish to significantly reduce the possibility of losing a part of the invested principal.

Also, in November 2023, the Company established the OTP MULTI EUR 2025 II open-end investment fund with a public offering, which resulted in an additional increase in assets under management and an improvement of both the income and the market share. The fund was established for a definite period of time, its maturity is 25 (twenty-five) months from the date of establishment, and the currency of the fund is the euro (EUR). The goal of the fund is to offer investors who hold assets in the fund from its inception until the end of its term to

Management Report of the Company OTP Invest d.o.o. za upravljanje investicijskim fondovima for 2023 (continued)

Review of business results (continued)

preserve the value of the initial investment without loss at the end of the investment period, as well as to achieve the target yield of 5.43% with payout at the end of the fund's term (2.57% on the annual level). In accordance with the established goals and investment strategy, the fund is primarily intended for: investors who are ready to invest for a period of 25 (twenty-five) months, investors who wish to significantly reduce the possibility of losing a part of the invested principal.

The Company successfully completed the project of introducing the euro as the official currency in the Republic of Croatia and implemented all the necessary actions in order that its operations and funds under management are harmonized with the currency change. Moreover, given the fact that in early 2023 the Company managed three funds the denomination of which was the Croatian kuna (FOND ZA STABILNOST , OTP INDEX Fund and OTP start fund), the denomination of the funds was changed on the day of the introduction of the euro and the funds are denominated in the euro as of 1 January 2023.

In accordance with the prospectus and predefined maturity, the FOND ZA STABILNOST matured in April 2023. The company merged the OTP e-start fund with the OTP start fund on 17 April 2023. The main reason for the merger is the change in the currency of the OTP start fund from kuna to euro, which means that the fundamental difference between these funds no longer exists.

Future development of the Company – development plan

The Company's operations in 2023, as well as the Company's financial position, were significantly improved due to the increase in income from management fees and investment consulting fees. The Company is expected to achieve better sales of funds in the branches of OTP banka d.d. in 2024, and a number of sales efforts are planned that will enable easier distribution of funds through digital channels (web, m-banking and the like).

In 2024, the Company's Management Board expects the continuation of the Company's operations in a positive environment and the retention of the Company's positive financial position. The main driver of positive changes in trends related to the Company's business should come from the expected better sale of funds under management of the Company by OTP banka d.d., as the main distribution channel, and the establishment of new funds.

In addition, during 2024, it is planned to make additional efforts not only to increase the number of licensed employees in OTP banka d.d. who can sell funds, but also in terms of general education related to investment. Sales activities in 2024 will continue to be focused on the sale of all types of funds under management of the Company. Investing in funds through a standing order will be encouraged for the purpose of attracting a younger population to this type of investment, even before the life stage in which they have excess funds in cash accounts or deposits. Accordingly, the Plan for 2024 has been drawn up, in which a significant increase in assets under management is expected.

Opportunities for possible establishing of funds in some additional market segments are analyzed, but the development thereof will depend on the demand for funds under management of the Company. In the coming period,

Management Report of the Company OTP Invest d.o.o. za upravljanje investicijskim fondovima for 2023

Review of business results (continued)

the Company shall pay more attention to quality management of funds, their successful sale and the establishment of new ones.

Future development of the Company – development plan (continued)

On 10 November 2023, the company decided to liquidate the OTP Global fund. On 14 February 2024, the company submitted to the Croatian Financial Services Supervisory Agency the final liquidation reports prescribed by law and the report on the completed liquidation of the fund, and the Croatian Financial Services Supervisory Agency ex officio entered the end of the fund liquidation process and deleted it from the register of funds .

Research and development activities

The Company had no significant research and development activities in 2023.

Purchase of own shares

There were no purchases of own shares.

Subsidiaries of the Company

The company has no subsidiaries.

Risk exposure and management

In the course of its business activities, the Company pays due attention to risk management. The most significant types of financial risks to which the Company is exposed include credit risk, liquidity risk and market risk. Market risk includes foreign exchange risk, interest rate risk and price risk.

Market risk

When it comes to market risk, it should be noted that there are three types of risk: currency, interest rate and price risk.

Currency risk

Currency risk is the risk that the market value of a foreign currency may decrease or increase in the future. The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to the risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the portion of the Company's assets and liabilities denominated in a particular foreign currency.

At the reporting date, the Company was not exposed to a significant currency risk.

Interest rate risk

Except for cash held with OTP banka d.d., the Company does not hold any interest-bearing financial assets. However, interest is calculated for the Company's financial liabilities. Although financial liabilities had a floating interest rate, due to the short-term nature of the financial liabilities and the fact they had been approved within the OTP Group, the Company was not exposed to significant interest rate risk at the reporting date.

Management Report of the Company OTP Invest d.o.o. za upravljanje investicijskim fondovima for 2023

Risk exposure and management (continued)

Price risk

Price risk is the risk of losses due to changes in the price of goods and financial instruments. At the reporting date, the Company was not significantly exposed to price risk arising from changes in the prices of financial instruments or changes in currency pairs. However, the Company is exposed to changes in the prices of goods and services it is provided by its suppliers, in connection with inflation in 2023 and expectations of inflation trends in 2024.

Credit risk

Credit risk is the risk of default on a liability or contingent liability of the counterparty with whom the Company performed a transaction. The Company's exposure to credit risk at the reporting date arises from instruments' fair value reported in the balance sheet at positive fair value at the reporting date. The risk of default, which exists with individual counter parties in transactions with financial instruments with changes in fair value through profit or loss, is monitored continuously. When monitoring credit risk, trading instruments with positive fair value and the volatility of their fair value are taken into account.

At the reporting date, the Company's credit risk arises from its exposure to OTP banka d.d., which is the majority owner of the Company, with respect to cash on its transaction accounts with the bank and to a lesser extent with respect to cash on accounts with other banks.

Liquidity (cash flow) risk

Liquidity risk is the risk that the Company will have difficulties in finding funds for the settlement of its obligations as they fall due. At the reporting date, the Company's current assets exceeded its current liabilities, and the Company considers that there is no risk of it not being able to settle its short-term liabilities.

Corporate governance

Corporate governance is carried out by the governing bodies of the Company, in particular, its Assembly, the Supervisory Board and Management Board.

The Assembly of the Company consists of OTP banka d.d., with official seat in Split, Ulica Domovinskog rata 61, Croatia and OTP FUND MANAGEMENT Private Company Limited by shares, with official seat in Budapest 1134, Riadó utca 1, Hungary.

Management Report of the Company OTP Invest d.o.o. za upravljanje investicijskim fondovima for 2023

Risk exposure and management (continued)

The Supervisory Board consists of five members, each elected by a decision made by the Assembly of the Company. The Supervisory Board is in charge of overseeing the management of the Company's affairs and controlling the correctness of its financial operations, adopting business policies and business plans of the Company and overseeing the Company's compliance with applicable laws, general acts and decisions adopted by the Assembly.

The affairs of the Company, the overall business policy of the Company, overall operations and representation are managed by the Company's Management Board consisting of three members appointed by the Supervisory Board.

Responsibilities of the Management Board for the preparation of annual financial statements

The Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with applicable reporting standards, so as to give a true and fair view of the financial position at the reporting day, financial performance and cash flows of the Company for each period presented.

The Management Board expects that the Company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing the financial statements, the responsibilities of the Company's Management Board include the following:

- selection and consistent implementation of suitable accounting policies;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are applied; and
- preparation of financial statements 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 financial statements comply with the Accounting Act. 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 of the Company is also responsible for the Management Report in accordance with the Accounting Act and for the Appendices to the Company's financial statements in accordance with the Ordinance on the structure and contents of financial statements and other reports of UCITS fund management companies and in accordance with the Ordinance on the structure and contents of annual and semi-annual reports and other reports of alternative investment funds management companies.

Financial statements, as well as forms presented in the Appendix to the financial statements, together with the accompanying adjustments, were authorised by the Management Board for submission to the Supervisory Board. In witness whereof, the financial statements have been signed by authorized persons, as follows.

Signed for and on behalf of the Company on 08 March 2024 by:

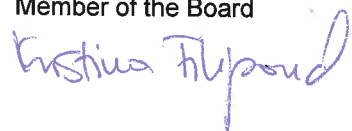
Zorislav Vidović
President of the Board



Marinko-Šanto Miletić
Member of the Board



Kristina Filipović
Member of the Board



 **otp Invest d.o.o.**
Zagreb

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of OTP Invest d.o.o.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OTP Invest d.o.o. (the Company), which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 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 European Union (IFRS).

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), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, 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 addressed Key Audit Matter
<p>Recognition of income and expenses from funds' and portfolio management</p> <p>Revenue, which comprises management fees and upfront fees, is the result of business activities of investment funds managed by the Company and portfolio management. Commissions, management fee rebates and other expenses are recorded as a funds' management expense. Refer to Note 2 Material accounting policy information - Revenue and expense recognition, Note 3.1 Management fee and Note 4 Expenses for funds management for further details.</p> <p>Management fees are significant to the users of the financial statements, so that they can evaluate financial performance of the Company. We focused</p>	<p>We understood and evaluated the design and implementation of segregation of duties, the adequacy of the policies and key controls, including relevant Information Technology systems and controls that are in place around valuation of financial instruments included in net assets of the investment funds and portfolios managed by the Company.</p> <p>We tested the operating effectiveness of key controls relevant to the revenue and expenses calculations, including the valuation of assets under management,</p>



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on this area also because of the number of transactions which should be considered and the impact on the net asset value which is used as a basis for calculation.

The Company's management fees, which make up the majority of the revenue balance, are calculated as a percentage of the total assets less liabilities from investments in financial instruments of the funds or as a percentage of net asset value of portfolios managed by the Company. The fee is calculated daily automatically within the IT system of the Company based on the fee percentage contracted between each individual investment fund.

Assessing the value of total assets and total liabilities of these funds and portfolios managed by the Company involves judgement as it is correlated to the market value of a range of financial instruments held by these funds. Various valuation methodologies of varying complexity and degree of judgment are used to value those instruments, which affects the management fee.

The expenses from the funds' and portfolios management are also based on the funds' asset valuation, which involves inherent uncertainty.

Due to the significance of funds' and portfolios management income and expenses for the Company's result and the inherent estimation uncertainty, this is considered a key audit matter.

set up and maintenance of contractual terms and fee billing systems and commission payment systems as well as overall effectiveness of IT environment for the Company's accounting system.

Considering most of the funds' and portfolios investments are actively traded with, the market value used for valuation of funds' assets is daily automatically transferred to the Company's systems from Bloomberg, Zagreb Stock Exchange and other relevant platforms and used for daily valuation of funds' assets as well as managed portfolios' assets.

We tested the operating effectiveness of process of automatic withdrawal of market values and transfer of these market values to daily funds' net asset value calculations.

We compared the data on the net asset value of all investment funds with the data obtained from the depository bank.

We checked the existence of manual postings on revenues and in case of their existence, we compared the journal entries to the supporting documentation.

For a sample of the funds' financial instruments, we evaluated whether the pricing inputs used were externally sourced and accurately used for valuation. Where appropriate, we assessed if the valuation models for these financial instruments are reasonable and if judgments made by management are adequate.

Where the calculations are automated, we recalculated revenue, management fee rebates and commissions. On a sample basis, we agreed key inputs into the systems back to contracts and re-performed calculations. We reconciled the management fee rates to the funds' prospectuses and contracts for portfolio management or other supporting documentation.

We also reconciled management fees either calculated by the Company or recalculated by us to amounts included in the Company's financial statements.

We also assessed whether the financial statement disclosures appropriately reflect the Company's income and expenses from funds' management and are compliant with IFRS as adopted by EU. Refer to Note 2 Material accounting policy information - Revenue and expense recognition, Note 3.1 Management fee and Note 4 Expenses for funds management for further details.

Other information

Management is responsible for the other information. Other information comprises the Management Report included in the Annual Report, but does not include financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

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 is prepared in accordance with the requirements of 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 is consistent, in all material respects, with the enclosed financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Article 21 of the Accounting Act; and

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit of financial statements, we are also required to report if we have identified material misstatements in the Management 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, 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 25 March 2021. Our appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 30 November 2023, 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 Audit Committee of the Company, which we issued on 8 March 2024 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. In addition, there are no other non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements.

Report on Regulatory requirements

In accordance with the Bylaw on the structure and content of the financial statements and other reports of UCITS' management companies (Official Gazette no 105/17 and 155/22) and the Bylaw on the structure and content of the annual and bi-annuals financial statements the Company's management (Official Gazette no 105/17, 98/20 and 155/22) has prepared forms which are presented on pages 39 to 45, and which contain a balance sheet as at 31 December 2023, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended together with reconciliation with the financial statements of the Company ("financial information"). This financial information is the responsibility of the Company's management and is, pursuant to IFRS as adopted by EU, not a required part of the financial statements, but is required by the Bylaws.

Our responsibility with respect to this financial information is to perform the procedures we consider appropriate to conclude whether this financial information have been properly derived from the audited financial statements. In our opinion based on the procedures performed the financial information presented in the forms has been properly derived, in all material respects, from the audited financial statements of the Company which were prepared in accordance with IFRS as adopted by EU as presented on pages 6 to 38 and are based on underlying accounting records of the Company.

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



Filip Hitrec
Certified auditor

ERNST & YOUNG
d.o.o.
Zagreb, Radnička cesta 50



Ivana Krajinović
Management Board member

08. ožujka 2024. godine

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb, Republic of Croatia

Statement of comprehensive income
for the year ended on 31 December 2023
(All amounts are in thousands of EUR)

	Note	2023	2022
Management fee	3.1.	1,341	911
Exit fee	3.2.	16	14
Entry fee	3.3.	2	1
Investment consulting and portfolio management	3.4.	277	161
Other income	3.5.	18	22
Total operating income		<u>1,654</u>	<u>1,109</u>
Expenses for Fund management	4	(129)	(69)
Staff expenses	5	(710)	(726)
Operating expenses	6	(448)	(389)
Total operating expenses		<u>(1,287)</u>	<u>(1,185)</u>
Profit from regular course of business		<u>367</u>	<u>(76)</u>
Financial expenses, netted	7	(3)	(4)
Financial result		<u>(3)</u>	<u>(4)</u>
Profit/loss before tax		<u>364</u>	<u>(80)</u>
Income tax	8	-	-
Profit/loss for the year		<u>364</u>	<u>(80)</u>
Other comprehensive income		-	-
Total comprehensive profit/loss for the year		<u>364</u>	<u>(80)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of financial position

as at 31 December 2023

(All amounts are in thousands of EUR)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, vehicles and equipment	9	45	68
Intangible assets	10	16	25
Total non-current assets		61	93
Current assets			
Receivables	11	147	98
Cash and cash equivalents	12	868	504
Total current assets		1,015	601
Total assets		1,076	694
EQUITY, RESERVES AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	13	2,417	2,417
Capital reserves	13	1	1
Accumulated loss	13	(1,548)	(1,912)
Total equity and reserves		870	506
LIABILITIES			
Current liabilities			
Trade payables	14	22	50
Liabilities to employees	15	59	59
Current provisions	16	36	29
Current lease liabilities	17	12	14
Other liabilities		50	3
Total current liabilities		179	155
Non-current provisions	16	7	7
Non-current lease liabilities	17	20	28
Total non-current liabilities		27	35
Total liabilities		206	190
Total equity, reserves and liabilities		1,076	694

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of changes in shareholder's equity
for the year ended 31 December 2023

(All amounts are in thousands of EUR)

	Share capital	Capital reserves	Accumulated loss	Total
Balance at 1 January 2022	2,417	-	(1,832)	585
Increase in capital reserves		1	-	1
Loss for the year	-	-	(80)	(80)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(80)	(80)
Balance at 31 December 2022	2,417	1	(1,912)	506
Balance at 1 January 2023	2,417	1	(1,912)	506
Increase in capital reserves	-	-	-	-
Profit for the year	-	-	364	364
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	-	-
Balance at 31 December 2023	2,417	1	1,548	870

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash flow statement
for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

	Note	2023	2022
Operating activities			
Profit (Loss)		364	(80)
<i>Adjustments to profit for net cash generated by operating activities</i>			
Provisions	16	90	32
Depreciation	9, 10	47	50
Interest expense		2	2
		<u>503</u>	<u>4</u>
<i>Changes in working capital</i>			
(Increase) in short-term receivables		(49)	-
Decrease/increase in short-term liabilities		(52)	31
Net cash used in operating activities		<u>402</u>	<u>35</u>
Investment activities			
Expenditures for purchase of vehicles and equipment		(14)	(5)
Expenditures for purchase of intangible assets		(2)	(2)
Income from the sale of non-current assets		1	1
Net cash (used in) / generated from investment activities		<u>(15)</u>	<u>(6)</u>
Financial activities			
Capital reserves		-	1
Expenditures for repayment of interest related to lease		(2)	(2)
Expenditures for repayment of principal related to lease		(21)	(13)
Net cash used in financial activities		<u>(23)</u>	<u>(14)</u>
Net increase in cash and cash equivalents		<u>364</u>	<u>15</u>
Cash and cash equivalents at beginning of year	13	<u>504</u>	<u>489</u>
Cash and cash equivalents at end of year	13	<u>868</u>	<u>504</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

1. GENERAL INFORMATION

Primary business activities

The Company OTP invest d.o.o. za upravljanje fondovima, Zagreb ("the Company") was founded on 17 December 1997 as a limited liability company and is regulated by the Croatian Financial Services Supervisory Agency ("CFSSA"). The Company's headquarters are in Zagreb, Divka Budaka 1 D, and the Company's activities include the establishment and management of UCITS and alternative investment funds in Croatia, investment consulting and portfolio management.

The company is a controlled member of the OTP Bank Nyrt group, Budapest, Hungary, the parent company which prepares the annual consolidated reports of the largest group of entrepreneurs. The annual reports prepared by the parent company of the largest group of entrepreneurs can be found at the following link: <https://www.otpgroup.info/investor-relations/reports/annual>. The company is a controlled member of the OTP banka d.d. group, Split, Republic of Croatia, the parent company that prepares the annual consolidated reports of the smallest group of entrepreneurs. Annual reports prepared by the parent company of the smallest group of entrepreneurs can be found at the following link: <https://www.otpbanka.hr/o-nama/godisnja-izvjesca>.

The ultimate parent company is OTP Bank Nyrt, registered in Hungary. On 2 December 1997, the Croatian Securities Commission granted the Company a license to conduct business.

On 15 December 2005, the Croatian Securities Commission granted the Company the license to establish and manage open-end investment funds OTP Balanced Fund, OTP Money Fund and OTP Euro Bond Fund. On 20 December 2007, the Croatian Securities Commission granted the Company the license to establish and manage the open-end investment fund OTP Index Fund.

On 15 May 2015, the CFSSA issued the approval for the establishment and operation of OTP OPTIMUM Fund, an open-end alternative investment fund with a public offering.

On 16 October 2015, the CFSSA issued the approval for the establishment and operation of OTP MULTI Fund, an open-end investment fund with a public offering.

On 12 August 2016, the CFSSA issued the approval for the establishment and operation of OTP MULTI 2 Fund, an open-end investment fund with a public offering.

On 30 September 2016, the CFSSA issued the approval for the establishment and operation of OTP ABSOLUTE Fund, an open-end investment fund with a public offering.

On 14 April 2018, the CFSSA issued the approval for the establishment and operation of OTP Short Term Fund, an open-end investment fund with a public offering.

On 8 November 2018, the CFSSA issued the approval for the establishment and operation of OTP Multi USD Fund, an open-end investment fund with a public offering.

As of 31 December 2018, the Company was managing the following open-end investment funds with a public offering: OTP Balanced Fund, OTP Money Fund, OTP Index Fund, OTP Euro Money Fund, OTP Meridian 20 Fund, OTP Multi Fund, OTP Multi 2 Fund, OTP Absolute Fund, OTP Short Term Fund, OTP Multi USD Fund and alternative investment funds OTP Favorit Fund and OTP Optimum Fund.

Notes to the financial statements
for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

1. GENERAL INFORMATION (continued)

On 9 January 2018, an alternative investment fund OTP FAVORIT was closed due to the expiration of the time period for which it was established. During 2018, the Company took over the management of the closed-end alternative investment fund for investments in real estate Zaif Proprius d.d., which was liquidated in 2019. Furthermore, on 9 January 2018, alternative investment fund OTP OPTIMUM was closed due to the expiration of the time period for which it was established.

On 2 April 2020, CFSSA issued a decision for the establishment and operation of an open-end investment fund with a public offering, FND ZA STABILNOST, and on 29 October 2020, for an open-ended alternative investment fund with a public offering, OTP GLOBAL.

29. On 29 December 2020, the OTP Multi Fund was closed as the time period for which it was established (5 years) expired.

On 10 June 2021, the OTP Short Term Bond Fund was merged with the OTP e-start fund.

19. On 12 November 2021, the OTP Multi 2 Fund was closed as the time period for which it was established (5 years) expired.

As at 31 December 2021, the Company was managing the following open-end investment funds with a public offering: OTP Balanced Fund, OTP START fund, OTP index fund, OTP E-START fund, OTP Meridian 20 Fund, OTP Absolute Fund, OTP Multi USD Fund, STABILITY FUND, and alternative investment fund OTP GLOBAL.

On 29 December 2022, the OTP Multi USD Fund was closed as the time period for which it was established (5 years) expired. Furthermore, OTP Multi USD 2 Fund, an open-end investment fund with a public offering, was established on 23 November 2022.

As at 31 December 2022, the Company was managing the following open-end investment funds with a public offering: OTP Balanced Fund, OTP START fund, OTP index fund, OTP E-START fund, OTP Meridian 20 Fund, OTP Absolute Fund, OTP Multi USD 2 Fund, STABILITY FUND, and alternative investment fund OTP GLOBAL.

During 2023, the Company established the following open-end investment funds with a public offering: OTP MULTI EUR 2025 Fund and OTP MULTI EUR 2025 II Fund. Furthermore, on 17 April 2023 the OTP e-start fund was merged with the OTP start fund. On 19 April 2023 the STABILITY FUND was closed as the period for which it was established expired.

Notes to the financial statements
for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

1. GENERAL INFORMATION (continued)

As at 31 December 2023, the Company was managing the following open-end investment funds with a public offering: OTP Balanced Fund, OTP START fund, OTP MULTI EUR 2025, OTP index fund, OTP Meridian 20 Fund, OTP Absolute Fund, OTP Multi USD 2 Fund, OTP MULTI EUR 2025 II Fund, and the alternative investment fund OTP GLOBAL-in liquidation.

Management Board:

Zorislav Vidović – President of the Management Board as of 1 September 2021

Marinko-Šanto Miletić – member of the Management Board as of 1 May 2022

Kristina Filipović- member of the Management Board as of 4 march 2024

Supervisory Board:

Slaven Celić – Chairman of the Supervisory Board as of 22 December 2021 (previously member of the Supervisory Board)

Michael Meyer – member of the Supervisory Board as of 15 April 2022

Tibor Turner - Deputy Chairman of the Supervisory Board as of 13 December 2023

Nikola Mikša – member of the Supervisory Board as of 31 December 2020

Tamas Bozsogi - member of the Supervisory Board as of 31 December 2020

Notes to the financial statements for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

2. MATERIAL ACCOUNTING POLICIES INFORMATION

Statement of compliance

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

The financial statements were authorized by the Management Board on 08 March 2024 and submitted for approval to the Supervisory Board.

Basis of presentation

The financial statements have been prepared on the basis of historical or amortized cost, except for certain financial instruments that are carried at fair value.

Functional and presentation currency

The functional currency of the Company is EUR. The Company's financial statements are prepared in EUR.

The items included in the Company's financial statement are expressed in the currency of the primary economic environment in which the Company operates (functional currency).

Since the Republic of Croatia introduced the euro as the official currency on January 1, 2023, in accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the Company changed the presentation currency for the purposes of preparing financial statements for the year ended 31 December 2023 from kuna to euros, and the financial statements for the year ended 31 December 2023 were first prepared in euros. From 1 January 2023, the euro is also the functional currency of the Company (until 1 January 2023, it was HRK).

Although the change in the presentation currency in the financial statements represents a change in accounting policy that requires retroactive application, the Company did not publish the third balance sheet in the financial statements for the year ended 31 December 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policies, Changes in Accounting Estimates and Errors, given that it has determined that the change in the presentation currency has no significant impact on the Company's financial statements, due to the stable HRK/EUR exchange rate over the past few years.

Recognition of income and expenses from investment funds management

The Company recognises management fee as income on a daily basis during the period of service provision. When preparing financial statements, all realized fees based on management, exit and entry fees are reduced by the amount of approved discounts on this basis. The fee is charged once a month, at the beginning of the month for the previous month. Income from exit and entry fees are recognized as a percentage of the value of the sold shares at the moment the shares were sold.

Expenses from investment funds management are recognized through profit or loss as incurred. Certain investment funds management and operational expenses incurred by the investment funds are borne by the Company, pursuant to the Act on Open-Ended Investment Funds with a Public Offering (the Act) and the regulations disclosed by the Agency. The Company charges management fees to OTP investment funds as a percentage of the funds' total assets decreased by the liabilities on transactions with the fund financial assets.

Notes to the financial statements
for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Recognition of income and expenses from investment funds management (continued)

The breakdown of fees charged by the Company to the OTP investment funds is as follows:

	Management fee	Exit fee	Entry fee
	%	%	%
OTP Index Fund	0.85	0 - 2	0 - 1
OTP MULTI EUR 2025 II Fund	0.79	3	3
OTP Start Fund	1.00	-	-
OTP Meridian 20 Fund	2.00	0 - 2	0 - 1
OTP Balanced Fund	2.00	0 - 1	-
OTP Absolute Fund	1.10	0-1	0-1
OTP MULTI EUR 2025 Fund	0.79	3	3
OTP Multi USD 2 Fund	1.10	3	3
OTP Global Fund - in liquidation	1.10	0-1	1

Entry and exit fees

The Company is entitled to entry and exit fees in the range from 0% to 7% of the value of an investor's purchases and sales of units in investment funds, as prescribed by the Statute and the Prospectus of an individual fund. The exit fee is charged based on the duration of the investment period.

Employee benefits

Pension insurance contributions

The Company pays contributions to mandatory pension funds on an obligatory, contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense in profit or loss as they accrue.

Leases

The Company records leases, in which it appears as a lessee, as non-current tangible assets (right of use) and as long-term liabilities from future lease payments, since the lease agreements meet the criteria for recognition under IFRS 16. Assets with the right of use and liabilities are recognized by application of the discounted amount of future cash payments.

After initial recognition, used assets are depreciated monthly (using the straight-line method) over the term of the lease and recorded in the income statement. Also, for each period (monthly) the Company calculates interest (which was discounted at initial recognition), in accordance with the calculation table. The monthly depreciation cost for the Company represents a linear cost, while the long-term lease liability is increased to unwind the discount recognized as an interest expense over the term of the lease. Interest costs decrease during the period in accordance with the repayment of the lease instalment (and according to the developed repayment plan for each individual Agreement).

The Company does not use the exemption for non-recognition of low-value leases and those leases with a term of less than one year.

Notes to the financial statements
for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Exchange rate differences

Monetary assets and liabilities denominated in foreign currencies are converted to EUR by applying the middle exchange rate of the Croatian National Bank in effect at the reporting date. Income and expenses in foreign currencies are converted at rates effective on the transaction date. Realized profit and loss arising from conversion of foreign currency balance sheet items and liabilities in accordance with the exchange rate are included in profit or loss.

Income tax

The Company calculates and pays taxes pursuant to the provisions under the Croatian Income Tax Act. Income tax expense, which is calculated based on the profit for the year, comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Deferred tax is calculated by applying the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax assets and liabilities is based on the assumed manner of realization or settlement of the carrying amount of assets and liabilities, based on tax rates valid at the date temporary difference will be realized. Deferred tax assets are recognized when it is probable that future taxable profits will be sufficient to allow the utilization of the related benefit. Deferred tax assets and carrying values of deferred tax assets are reviewed at each reporting date. At each reporting date, the Company reviews the unrecognized deferred tax assets and carrying amounts of the deferred tax assets. The measurement of deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects to, at the reporting date, recover the carrying amount of its assets.

Property, equipment and vehicles

The equipment is stated at cost less accumulated depreciation and accumulated losses from impairment. Depreciation is provided on a straight-line basis over the estimated useful life of an asset ranging from 2 to 5 years. Gains and losses on the sale or retirement of a fixed asset are measured as the difference between sales proceeds and the carrying amount of the asset and are recognized in the profit or loss.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated losses from impairment of assets. Amortization is provided on a straight-line basis over the estimated useful life of an asset, which ranges from three to ten years.

Gains and losses on the sale or retirement of an asset are measured as the difference between sales proceeds and the carrying amount of the asset and are recognized in the profit or loss.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Impairment of equipment, vehicles and intangible assets

At each reporting date, the Company reviews the carrying amounts of its non-current tangible and intangible assets to determine whether there is any indication that the assets may be impaired. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of any possible impairment loss. Recoverable amount is the higher of the fair value less costs of sale and value of the assets in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be lower than the asset's carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Upon subsequent reversal of an impairment loss, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately as income.

Financial instruments

The company classifies financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

This category refers to financial assets that are managed and whose performance is measured on the basis of fair value. Only those assets that have a quoted market price in an active market and whose fair value can be measured reliably can be classified in this group of financial assets. The effects of changes in the fair value of instruments carried at fair value through profit or loss are recognized as income/expense in the reporting period. These instruments are initially measured at cost and subsequently re-measured at fair value based on quoted purchase prices in an active market.

Other financial liabilities

Other financial liabilities include all financial liabilities that are not classified at fair value through profit or loss.

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Financial instruments (continued)

Recognition and Derecognition

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost, and they are recognized when the financial assets are provided to the borrowers or when the financial liabilities are received from the lenders.

The Company derecognizes a financial asset (completely or a part thereof) when the contractual rights to the cash flows from the financial asset expire or when it loses control over the contractual rights that comprise the said financial asset. The aforementioned occurs when the Company transfers substantially all the risks and rewards from ownership of the financial asset to another business entity, or when the rights are discharged, transferred or expired. The Company derecognizes financial liabilities only if they cease to exist, i.e. if they are discharged, cancelled or expired. If the terms associated with a particular financial liability change, the Company will derecognize that liability and at the same time recognize a new financial liability with new terms.

Financial assets

Initial and Subsequent Measurement

Financial assets and liabilities are initially recognized at fair value increased, in the case of financial assets and liabilities which are not recognized at fair value through profit or loss, by the transaction costs directly connected with the acquisition or issuance of such financial assets or liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise current accounts with banks.

Trade and other payables

Trade payables and other liabilities are recognized at amortized cost using the effective interest method.

Share capital and reserves

The share capital is denominated in euro and stated at the nominal amount. Profit for the year is used to cover losses carried forward.

Receivables

Receivables are initially recognized at fair value, and are subsequently measured at amortized cost, reduced by expected losses.

Notes to the financial statements
for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Provisions

Provisions are recognized when the Company has a present obligation (legal or derived) as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and if the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. When the amount of impairment is significant, the amount of the provision is the present value of the expenses expected to be incurred to settle the obligation, determined using the estimated risk-free interest rate as the discount rate. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties in connection with the obligation. If a provision is measured using an estimate of the cash flows required to settle the present obligation, the carrying amount of the obligation is the present value of those cash flows.

Changes in accounting policy and disclosures

The standards/amendments that are effective and have been endorsed by the European Union

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS and amendments to IFRS which have been adopted by the Company as of 1 January 2023:

- IFRS 17 insurance contracts,
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments),
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments),
- IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

The newly adopted IFRS and amendments to IFRS did not have a material impact on the Group's/Company's accounting policies.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

- The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Company assessed its accounting policies disclosure and identified materially significant ones.

Notes to the financial statements
for the year ended on 31 December 2023

(All amounts are in thousands of EUR)

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Standards issued but not yet effective and not early adopted

The standards/amendments that are not yet effective, but they have been endorsed by the European Union

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, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8.

IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments).

- The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.

The management expects that the adoption of the aforementioned standards will not have a significant impact on the Company's financial statements.

The standards/amendments that are not yet effective and they have not yet been endorsed by the European Union

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments).

- The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.

IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments).

- The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted.

Amendment 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.

- 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 management expects that the adoption of the aforementioned standards will not have a significant impact on the Company's financial statements.

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

2. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

Accounting judgments and estimates

In applying the accounting policies, management is required to make judgements, 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 past experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions on the basis of which the estimates are made are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Income tax

The Company is subject to corporate income tax in the Republic of Croatia. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences shall have impact on the income tax provisions and deferred tax in the period in which such determination is made. These calculations that support the tax return may be subject to review and approval by local tax authorities.

Useful life of vehicles and equipment

The Company reassesses the estimated lifetime of equipment and vehicles at the end of each reporting period. The determination of the useful life of the assets is based on past experience involving similar assets, as well as on forecast changes in the economic environment and industry specific factors in which the Company operates. The suitability of the estimated useful life is considered annually, or whenever there are indications of significant changes in assumptions.

Provisions for severance payments, pensions and jubilee awards

Severance pay obligations are recognized when the Company terminates the employment of an employee before the regular retirement date. The Company recognizes severance pay obligations when it has demonstrably assumed an obligation to terminate the employment of current employees on the basis of a detailed formal plan without the possibility to waive it or provide severance pay as a result of an offer to encourage voluntary termination of employment.

The amount of the liability for pensions and jubilee awards is estimated annually by an independent qualified appraiser. Severance payments that fall due more than 12 months after the reporting date are discounted to their present value. Past service cost is recognized in profit or loss.

Deferred tax assets

Deferred tax assets arising from deductible temporary differences and losses carried forward are reported only to the extent of the probable amount of taxable profit that will allow the use of relief on the basis of deductible temporary differences and if their reversal is expected in the foreseeable future.

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

3.1. MANAGEMENT FEE

	2023	2022
OTP start fund	453	151
OTP Index Fund	231	180
OTP Balanced Fund	140	158
OTP MULTI EUR 2025 Fund	135	-
OTP Multi USD 2 Fund	112	9
OTP Absolute Fund	80	97
OTP e-start fund	77	157
OTP Meridian 20 Fund	66	64
Fon za stabilnost	18	63
OTP Global Fund	18	19
OTP MULTI EUR 2025 II Fund	11	-
OTP Multi USD Fund	-	13
	<u>1,341</u>	<u>911</u>

3.2. EXIT FEE

	2023	2022
OTP Absolute Fund	9	4
OTP Index Fund	3	1
OTP Multi USD 2 Fund	2	-
OTP Balanced Fund	1	3
OTP Meridian 20 Fund	1	3
OTP e-start fund	-	2
OTP Multi USD Fund	-	1
	<u>16</u>	<u>14</u>

3.3. ENTRY FEE

	2023	2022
OTP Index Fund	-	1
OTP MULTI EUR 2025 II Fund	1	-
OTP Multi USD 2 Fund	1	-
	<u>2</u>	<u>1</u>

3.4. INVESTMENT CONSULTING AND PORTFOLIO MANAGEMENT

	2023	2022
Investment consulting	270	154
Portfolio management	7	7
	<u>277</u>	<u>161</u>

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

3.5. OTHER INCOME

Other income includes net income from reversal of provisions for jubilee awards, severance payments and annual leave, income from previous years, income arising from the liquidation of the OTP GLOBAL Fund and other extraordinary income.

4. EXPENSES FOR FUNDS MANAGEMENT

	2023	2022
Acquisition fees	<u>129</u>	<u>69</u>
	<u>129</u>	<u>69</u>

In accordance with the contract concluded between the Company and OTP banka d.d., OTP banka d.d. is entitled to charge an intermediation fee for the shares sold through its sales network. The fee is calculated as a contractually determined percentage of the management fee for individual funds. In 2023, OTP banka issued the invoice to the Company for a fee for the sale of shares in the amount of EUR 128 thousand (2022: EUR 68 thousand).

In accordance with the contract concluded between the Company and Hrportfolio d.o.o. (founders of the financial news portal „hrportfolio.hr“), Hrportfolio d.o.o. can charge an intermediation fee for the shares sold through the financial portal. The fee is calculated as a contractually determined percentage of the management fee for individual funds. During 2023, Hrportfolio d.o.o. issued the invoice to the Company for the sale of shares in the amount of EUR 1 thousand (2022: EUR 1 thousand).

5. STAFF EXPENSES

	2023	2022
Net salaries	382	393
Taxes and contributions from and on salaries	281	287
Manager bonus	<u>47</u>	<u>46</u>
	<u>710</u>	<u>726</u>

As at 31 December 2023, the Company had 19 employees (as at 31 December 2022: 19 employees). During 2022, a bonus in the amount of EUR 46 thousand was calculated and paid. During 2023, a bonus in the amount of EUR 47 thousand was calculated.

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

6. OPERATING EXPENSES

	2023	2022
Service expenses	211	166
Other staff expenses	53	59
Vehicle costs	33	23
Depreciation	27	37
Depreciation of right of use assets	21	13
Provision expenses	18	12
Rent costs	16	26
Marketing expenses	16	9
Material costs	4	5
Other operating expenses	49	39
	448	389

Service costs comprise the following significant cost items: attorney and notary public service costs of EUR 1 thousand (2022: EUR 1 thousand), maintenance and repairs costs of EUR 37 thousand (2022: EUR 55 thousand), audit services of EUR 34 thousand (2022: EUR 32 thousand), Bloomberg terminal services of EUR 33 thousand (2022: EUR 38 thousand) and other intellectual services amounting to EUR 7 thousand (2022: EUR 7 thousand). Of the total audit cost of EUR 34 thousand (2022: EUR 32 thousand), EUR 26 thousand (2022: EUR 15 thousand) was paid for services provided by external auditor, while EUR 8 thousand (2022: EUR 17 thousand) was paid for internal audit services.

Other operating expenses include the following significant cost items: utilities EUR 14 thousand (2022: EUR 14 thousand), administrative fees EUR 9 thousand (2022: EUR 6 thousand), value added tax EUR 8 thousand (2022: EUR 9 thousand), expense for education and literature EUR 6 thousand (2022: EUR 2 thousand), hardware rental services EUR 2 thousand (2022: EUR 1 thousand), membership fees to associations and societies EUR 1 thousand (2022: EUR 0 thousand) and other smaller operating expenses in the amount of HRK 9 thousand (2022: EUR 7 thousand).

The external auditor provided the Company with an audit service during the year. The fee for the audit service provided during 2023 referred to the following: audit of the company's financial statements and the related parties report for 2023.

7. FINANCIAL EXPENSES, NET

	2023	2022
Expense from interest and loan fees	(2)	(3)
Net foreign exchange losses	(1)	(1)
	(3)	(4)

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

8. INCOME TAX

In 2023, the corporate income tax in the Republic of Croatia was calculated by applying the rate of 18% to the taxable income for the current year (2022: 18%).

Accounting profit and income tax adjustment:

	2023	2022
Accounting profit before tax	<u>364</u>	<u>(79)</u>
Income tax at the rate of 18% (2021: 18%)	65.43	(14.33)
Effect of non-taxable income	(3.13)	(0.92)
Effect of non-deductible expenses	<u>15.23</u>	<u>3.31</u>
Items for which deferred tax assets were not recognized	<u>-</u>	<u>-</u>
Income tax	<u>77.53</u>	<u>(11.94)</u>
Used tax loss	<u>(77.53)</u>	<u>(11.94)</u>
Tax payable	<u>-</u>	<u>-</u>

The Company OTP Invest d.o.o. has determined in the Income Tax Return for 2023 a tax gain in the amount of EUR 431 thousand which, decreased by the tax loss carried forward from 2022 in the amount of EUR 691 thousand, constitutes a tax loss for carry-forward to the following period (year 2024) in the amount of EUR 260 thousand. Tax loss carried forward to 2022 consists of the tax losses carried forward from previous periods (2019-2022).

These tax losses can be carried forward for a maximum of 5 years, ending in 2028, after which they can no longer be used to reduce the tax base.

With regard to the aforementioned, EUR 36 thousand (loss in 2018) expires in 2023, EUR 388 thousand (loss realized in 2019) expires in 2024, EUR 223 thousand (loss realized in 2020) expires in 2025, EUR 13 thousand expires in 2026 (loss realized in 2021), and EUR 67 thousand (loss realized in 2022) expires in 2027.

Thus, the total loss carried forward of OTP Invest d.o.o. for carry-forward to the next period (2024) amounts to EUR 260 thousand. The Company has not recognized deferred tax assets due to the uncertainty of taxable profit in the future.

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

9. PROPERTY, EQUIPMENT AND VEHICLES

	Vehicles	Office equipment	Right of use assets	Total tangible assets
Cost				
Balance as at 1 January 2022	82	98	10	190
Increases	-	5	46	51
Decreases	-	(7)	-	(7)
Balance as at 31 December 2022	82	96	56	234
Balance as at 1 January 2023	82	96	56	234
Increases	-	5	11	16
Decreases	-	(24)	-	(24)
Balance as at 31 December 2023	82	77	67	226
Accumulated depreciation				
Balance as at 1 January 2022	61	76	1	138
Charge for the year	6	16	13	35
Decrease	-	(7)	-	(7)
Balance as at 31 December 2022	67	85	14	166
Balance as at 1 January 2023	67	85	15	167
Charge for the year	6	9	21	36
Decrease	-	(22)	-	(22)
Balance as at 31 December 2023	73	72	36	181
Net carrying value as at 1 January 2022	21	22	9	52
Net carrying value as at 31 December 2022	15	11	42	68
Net carrying value as at 31 December 2023	9	5	31	45

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

10. INTANGIBLE ASSETS

	Leasehold improvements	Software	Other intangible assets	Total
Cost				
Balance as at 1 January 2022	3	149	31	183
Increases	-	1	-	1
Balance as at 31 December 2022	3	150	31	184
Balance as at 1 January 2023	3	151	31	185
Increases	-	2	-	2
Decreases	-	(4)	-	(4)
Balance as at 31 December 2023	3	149	31	183
Accumulated depreciation				
Balance as at 1 January 2022	-	117	26	143
Charge for the year	-	13	3	16
Balance as at 31 December 2022	-	130	31	159
Balance as at 1 January 2023	-	129	29	158
Charge for the year	-	10	2	12
Decrease	-	(3)	-	(3)
Balance as at 31 December 2023	-	136	31	167
Net carrying value as at 1 January 2022	3	32	5	40
Net carrying value as at 31 December 2022	3	20	2	25
Net carrying value as at 31 December 2023	3	13	-	16

During 2022 and 2023 no part of long-term tangible and intangible assets was pledged.

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

11. RECEIVABLES

	31 December 2023	31 December 2022
Management fee receivables	129	93
Exit fee receivables	7	-
Portfolio management fee receivables	1	1
Other assets	10	4
	<u>147</u>	<u>98</u>

The Management Board has assessed all receivables and identified no impairment. The company did not impair receivables, given that the uncertainty of collection is very low.

Other assets include receivables from interest a vista, receivables on given advances, receivables for paid advance payments for business trips and receivables from the Tax Administration for tax and surtax refunds on annual employee income tax returns, as well as receivables for paid advance payments of income tax and prepaid expenditures.

12. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
<i>Balance on EUR giro account</i>		
OTP banka d.d.	868	499
	<u>868</u>	<u>499</u>
<i>Balance on foreign currency giro account</i>		
OTP banka d.d.	-	5
Total cash and cash equivalents	<u>868</u>	<u>504</u>

13. SHARE CAPITAL AND ACCUMULATED LOSSES

As at 31 December 2023, equity consisted of subscribed and paid up share capital in the amount of EUR 2,417 thousand (2022: EUR 2,417 thousand), loss carried forward from the previous periods amounted to HRK 1,549 thousand including the profit for the current financial year in the amount of EUR 364 thousand (2022: EUR 1,912 thousand) and loss (2022: loss in the amount of EUR 80 thousand). During 2023, there was no increase in the subscribed share capital.

In 2023, capital reserves in the amount of EUR 2 thousand (2022: EUR 1 thousand) were formed from actuarial gains for severance pay to retired employees.

As at 31 December 2023, equity and reserves amount to EUR 870 thousand (2022: EUR 506 thousand).

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

13. SHARE CAPITAL AND ACCUMULATED LOSSES (continued)

The ownership structure is as follows:

	31 December 2023	31 December 2022
OTP banka d.d., Croatia	81.70%	81.70%
OTP Alapkezelő Zrt., Hungary	18.30%	18.30%
	<u>100.00%</u>	<u>100.00%</u>

Capital management

The Company manages the level of its capital actively and maintains it at the level appropriate to cover the operations. Capital management is also subject to supervisory regulations of the Croatian Financial Services Supervisory Agency, which requires the management company's capital be always higher or equal to which is higher of the following: (a) EUR 133 thousand (the minimum capital requirement under the Act on Investment Funds with a Public Offering and the Alternative Investment Funds Act); and (b) EUR 275 thousand (one-fourth of the prior-year general expenses) as at 31 December 2023. The amount of the management company's capital, including the profit for the year and capital reserves in the amount of EUR 2 thousand, and excluding accumulated prior-year losses, amounts to EUR 870 thousand (2022: EUR 506 thousand). Capital adequacy as at 31 December 2023 according to CFSSA regulations amounts to a surplus of own funds in the amount of EUR 580 thousand and a surplus of liquid assets in the amount of EUR 592 thousand.

14. TRADE PAYABLES

Trade payables are classified as current liabilities with a maturity date within one year. As at 31 December 2023, trade payables amount to EUR 22 thousand (2022: EUR 50 thousand) and mostly relate to outstanding invoices issued by service providers based on contractual relationships with the Company. The decrease in trade payables compared to the previous year is the result of a higher number of settled invoices for services.

15. PAYABLES TO EMPLOYEES

	31 December 2023	31 December 2022
Payables to employees	35	34
Taxes and contributions payables	24	25
	<u>59</u>	<u>59</u>

As at 31 December 2023, the Company had 19 employees (as at 31 December 2022: 19 employees).

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

16. LONG-TERM AND SHORT-TERM PROVISIONS

	31 December 2023	31 December 2022
Long-term provisions		
Provisions for severance payments	5	5
Provisions for jubilee awards	2	2
Short-term provisions		
Provisions for rewarding OTP banka d.d. sales personnel	18	12
Provision for audit expenses	11	9
Provisions for unused annual leave	7	8
	<u>43</u>	<u>36</u>

Deferred tax assets have not been calculated because the company expects to operate at a loss.

The trend of short-term and long-term provisions during 2023 is presented below:

	Balance as at 31 Dec 2022	Provision cancellation	Provisions for 2023	Balance as at 31 Dec 2023
Long-term provisions				
Provisions for jubilee awards	2	(1)	1	2
Provisions for severance payments	5	(1)	1	5
Short-term provisions				
Provisions for annual leave	8	(8)	7	7
Provision for audit expenses	8	(13)	15	10
Provisions for rewarding sales personnel	13	(12)	18	19
	<u>36</u>	<u>(35)</u>	<u>42</u>	<u>43</u>

The trend of short-term and long-term provisions during 2022 is presented below:

	Balance as at 31 Dec 2021	Provision cancellation	Provisions for 2022	Balance as at 31 Dec 2022
Long-term provisions				
Provisions for jubilee awards	3	(2)	1	2
Provisions for severance payments	4	(1)	2	5
Short-term provisions				
Provisions for annual leave	5	(5)	8	8
Provision for audit expenses	-	-	8	8
Provisions for rewarding sales personnel	-	-	13	13
	<u>12</u>	<u>(8)</u>	<u>32</u>	<u>36</u>

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

17. CURRENT AND NON-CURRENT LEASE LIABILITIES (continued)

As at 31 December 2023, the Company's liabilities include 4 lease agreements the value of which is determined in accordance with IFRS 16, of which 2 lease agreements relate to operating leasing of personal vehicles (EUR 27 thousand), and the remaining two agreements relate to the long-term lease of two apartments for the needs of Management Board members (EUR 5 thousand).

As at 31 December 2022, the Company's liabilities include 4 lease agreements the value of which is determined in accordance with IFRS 16, of which 2 lease agreements relate to operating leasing of personal vehicles (EUR 33 thousand), and the remaining two agreements relate to the long-term lease of two apartments for the needs of Management Board members (EUR 9 thousand). The trend of liabilities on the basis of lease in 2022 is presented in the table below.

	Balance as at 31 Dec 2022	Liability increase during the year	Interest expense	Lease Liability repayment	Balance as at 31 Dec 2023
Apartment lease	9	8	1	(13)	5
Vehicle lease	33	-	1	(7)	27
	42	8	2	(20)	32

The trend of liabilities on the basis of lease in 2022 is presented in the table below.

	Balance as at 31 Dec 2021	Liability increase during the year	Interest expense	Lease Liability repayment	Balance as at 31 Dec 2022
Apartment lease	9	11	1	(12)	9
Vehicle lease	-	36	1	(4)	33
	9	47	2	(16)	42

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

This note provides details of the Company's exposure to risks and describes the methods implemented by the Management Board to manage those risks. The most significant types of financial risks to which the Company is exposed include credit risk, liquidity risk and market risk. Market risk includes foreign exchange risk, interest rate risk and price risk.

Credit risk

Credit risk is the risk of default on a liability or contingent liability of the counterparty with whom the Company performed a transaction. At the end of the reporting period, the Company's exposure to credit risk arises from deposits with banks, whose positive values at that date are presented in the statement of financial position. The risk of default, which exists with individual counter parties in transactions with financial instruments with changes in fair value through profit or loss, is monitored continuously. In monitoring credit risk, trading instruments with positive fair value and the volatility of their fair value are considered.

At the reporting date, the Company's credit risk arises from its exposure to OTP banka d.d., which is the majority owner of the Company, and to OTP Funds managed by the Company.

At the reporting date, the maximum exposure to credit risk arises from receivables in the amount of EUR 147 thousand (2022: EUR 98 thousand) and cash in the amount of EUR 868 thousand (2022: EUR 504 thousand).

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in finding funds for the settlement of its obligations as they fall due. At the reporting date, the current assets of the Company exceed its current liabilities. The Company maintains the level of liquid assets partly by holding funds on its giro accounts with OTP banka, Zagrebačka banka and Privredna banka Zagreb and by investing in cash funds (no such investment was made in 2023).

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

The undiscounted financial assets and liabilities (cash outflows) that the Company expects to have are as follows:

	Due	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Over 5 years	Total
31 December 2023							
Management and exit fees receivables	-	136	-	-	-	-	136
Receivables - other assets	11	-	-	-	-	-	11
Cash	868	-	-	-	-	-	868
	879	136	-	-	-	-	1,015

	Due	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Over 5 years	Total
31 December 2022							
Management and exit fees receivables	-	93	-	-	-	-	93
Receivables - other assets	5	-	-	-	-	-	5
Cash	504	-	-	-	-	-	504
	509	93	-	-	-	-	601

Cash belongs to assets category with no defined maturity.

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Remaining maturity of liabilities of the Company is shown below:

	Due	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Over 5 years	Total
31 December 2023							
Trade payables	-	22	-	-	-	-	22
Lease liabilities	-	-	-	12	20	-	32
Other liabilities	-	-	-	50	-	-	50
Liabilities to employees	-	59	-	-	-	-	59
Provision liabilities	-	-	-	36	7	-	43
Total liabilities	-	81	-	98	27	-	206

	Due	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Over 5 years	Total
31 December 2022							
Trade payables	-	50	-	-	-	-	50
Lease liabilities	-	-	-	14	28	-	42
Other liabilities	-	-	-	3	-	-	3
Liabilities to employees	-	59	-	-	-	-	59
Provision liabilities	-	-	-	28	7	-	35
Total liabilities	-	109	-	45	35	-	189

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the values of financial instruments will change due to adverse market interest rate changes in relation to the interest rate applied to financial instruments. Except for cash held with OTP banka d.d. and Zagrebačka banka d.d., the Company does not hold any interest-bearing financial assets. The Company has a relatively low level of liabilities that accrue interest. Management Board considers the exposure to interest costs to be insignificant.

Currency risk

The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to the risk that the relative ratio of its functional currency and other foreign currencies may change, which will have an inverse effect on the value of that part of the Company's assets and liabilities denominated in foreign currency.

At the balance sheet date, 100% of the Company's assets and liabilities are denominated in EUR. With the introduction of the euro on 1 January 2023, the currency risk the Company is exposed to was reduced to a minimum.

	2023	2022
Assets		
EUR	1,076	695
	-----	-----
Total assets	1,076	695
	=====	=====
Equity, reserves and payables		
HRK	1,076	695
	-----	-----
Total equity, reserves and liabilities	1,076	695
	=====	=====

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Price risk

Price risk is the risk that the value of an instrument would change due to changes in market prices, either caused by the factors specific to a particular investment, its issuer or factors affecting all instruments traded in the market.

As at 31 December 2023, the Company is not exposed to price risk as it does not own assets subject to price risk. In 2022, the Company was also not exposed to price risk as it did not own assets subject to price risk.

Fair value

Fair value is the price that would be received in the process of selling an asset or paying to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The carrying amount of trade receivables, trade payables and deposits with banks is approximate to fair value due to the current or short-term nature of those financial instruments. The carrying amount of cash and cash equivalents, borrowings and receivables is equivalent to their amortized cost. The fair value of financial assets and financial liabilities under standard trading conditions in active liquid markets is determined by quoted market prices (there were no such assets and liabilities in 2023 and 2022).

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

19. TRANSACTIONS WITH RELATED PARTIES

The Company is majority owned by OTP banka d.d., the parent company of the OTP Group in Croatia, and the ultimate parent company is OTP Bank Nyrt, registered in Hungary. The Company considers to be immediately related with its owner and the investment funds under its management, the Supervisory and Management Board members (jointly referred to as: “key management personnel”), close family members of its key management personnel, entities jointly controlled or significantly influenced by the members of the Management Board and their close family members, in accordance with the definition from International Accounting Standard 24 “Related Party Disclosures” (“IAS 24”). The Company has entered into transactions with: OTP banka d.d. Croatia and other members of the OTP Group. Transactions between the funds managed by the Company are presented in the individual financial statements of the funds. The key management personnel includes the Chairman and the member of the Management Board. Remuneration of the key management personnel comprises the total gross remuneration, including short-term and long-term benefits, such as basic pay and bonuses, pension contributions, Christmas bonuses and transportation allowances, as presented below.

	Assets		Liabilities	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
OTP Banka d.d.	868	507	16	11
OTP nekretnine d.o.o.	-	-	-	-
OTP Leasing d.d.	-	-	21	-
OTP Osiguranje d.d.	-	-	-	-
OTP Balanced Fund	11	13	-	-
OTP start fund	41	10	-	-
OTP e-start fund	-	27	-	-
OTP Index Fund	24	16	-	-
OTP Meridian 20 Fund	6	5	-	-
OTP Absolute Fund	11	8	-	-
OTP Multi USD Fund	-	1	-	-
OTP MULTI EUR 2025 Fund	19	-	-	-
OTP Global Fund – in liquidation	-	2	-	-
OTP MULTI EUR 2025 II Fund	10	-	-	-
Stability Fund	-	5	-	-
OTP Multi USD 2 Fund	14	7	-	-
	1,004	601	37	45

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

19. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	Income		Expenses	
	2023	2022	2023	2022
OTP Banka d.d.	270	180	185	94
OTP Leasing d.o.o.	-	-	10	5
OTP Nekretnine	-	-	18	24
OTP Osiguranje d.d.	-	-	-	-
OTP Balanced Fund	140	161	-	-
OTP start fund	453	151	-	-
OTP e-start fund	77	158	-	-
OTP Index Fund	234	181	-	-
OTP Meridian 20 Fund	67	67	-	-
OTP Absolute Fund	89	101	-	-
OTP Multi USD Fund	-	14	-	-
OTP MULTI EUR 2025 Fund	135	-	--	--
OTP MULTI EUR 2025 II Fund	12	-	-	-
Stability Fund	18	63	-	-
OTP Global Fund	18	19	-	-
OTP Multi USD 2 Fund	115	13	-	-
	1,628	1,108	213	123

The Company considers its Management and Supervisory Board as the key management. Management remuneration is included in the gross salary, pension contribution and bonus expenses. The total remuneration paid to all Management Board members in 2023 amounts to EUR 151 thousand (2022: EUR 190 thousand). The Supervisory Board does not receive compensation for its work.

Notes to the financial statements (continued)
for the year ended on 31 December 2023

(All amounts in thousands of EUR)

20. EVENTS SUBSEQUENT TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On November 10, 2023, the company decided to liquidate the OTP Global fund. On February 14, 2024, the company submitted to the Croatian Financial Services Supervisory Agency the final liquidation reports prescribed by law and the report on the completed liquidation of the fund, and the Croatian Financial Services Supervisory Agency ex officio entered the end of the fund liquidation process and deleted it from the register of funds .

In the second quarter of 2024, the Company intends to establish a new UCITS fund with a limited period of operations – OTP MULTI EUR 2026 Fund.

21. APPROVAL OF FINANCIAL STATEMENTS

Signed for and on behalf of the Company on 08 March 2024 by:

Zorislav Vidović
President of the Board

Marinko Šanto-Miletić
Member of the Board

Kristina Filipović
Member of the Board

 **otp Invest d.o.o.**
Zagreb

Appendix to the financial statements (continued) - unaudited

Statement of comprehensive income

for the year ended 31 December 2023

(All amounts in EUR)

	31 December 2022	31 December 2023
1. assets		
2. cash	503,778.48	867,600.51
3. financial assets at fair value	0.00	297.30
4. financial assets at amortised cost	0.00	0.00
5. funds and portfolio management receivables	92,611.07	135,827.83
6. other receivables	5,160.28	11,163.67
7. property, plant and equipment	68,134.00	46,014.50
8. intangible assets	25,266.78	14,816.15
9. deferred tax assets	0.00	0.00
10. other assets	0.00	0.00
11. Total assets (sum from EDP 2 to EDP 10)	694,950.61	1,075,719.96
12. off balance sheet items	1,475,894.94	1,510,254.65
13. equity and liabilities		
14. equity and reserves (sum from EDP 15 to EDP 20)	505,716.76	869,695.59
15. share capital	2,417,054.89	2,417,030.00
16. capital reserves	0.00	0.00
17. fair value reserves	0.00	0.00
18. other revaluation reserves	924.32	1,368.77
19. retained earnings or loss carried forward	-1,832,593.29	-1,912,237.41
20. profit or loss for the year	-79,669.00	363,534.23
21. liabilities (sum from EDP 22 to EDP 25)	189,233.72	206,024.37
22. funds and portfolio management liabilities	0.00	0.00
23. financial liabilities	42,243.13	31,960.64
24. other liabilities	146,990.59	174,063.73
25. deferred tax liabilities	0.00	0.00
26. total equity and liabilities (EDP 14 + EDP 21)	694,950.61	1,075,719.96
27. off balance sheet items	1,475,894.94	1,510,254.65

Appendix to the financial statements (continued) - unaudited

Statement of comprehensive income

for the year ended 31 December 2023

(All amounts in EUR)

	31 December 2022	31 December 2023
28. funds management income (EDP 29 +EDP 32 + EDP 35 + EDP 38)	924,900.08	1,358,124.11
29. management fee (EDP 30 + EDP 31)	910,811.24	1,340,628.17
30. UCITS fund	891,545.35	1,322,579.15
31. alternative investment fund	19,265.89	18,049.02
32. entry fee income (EDP 33 + EDP 34)	470.13	1,433.67
33. UCITS fund	403.74	1,428.67
34. alternative investment fund	66.39	5.00
35. exit fee income (EDP 36 + EDP 37)	13,618.71	16,062.27
36. UCITS fund	13,618.71	16,062.27
37. alternative investment fund	0.00	0.00
38. other income	0.00	0.00
39. fund management expenditure (EDP 40 + EDP 41)	-68,626.81	-129,026.19
40. costs for unit sale mediation	-68,626.81	-129,026.19
41. other expenses	0.00	0.00
42. fund management result, net (EDP 28 + EDP 39)	856,273.27	1,229,097.92
43. portfolio management net income	6,766.47	6,827.93
44. investment consulting income	154,249.43	269,795.04
45. general and administrative operating expenses	-1,116,006.91	-1,157,428.78
46. net financial result (sum of EDP 47 to EDP 50)	-3,268.61	-3,068.61
47. net interest income	-2,226.46	-2,164.89
48. net exchange rate differences	-1,042.14	-903.72
49. net impairment from expected credit losses	0.00	0.00
50. other income and expenses from financial instruments	0.00	0.00
51. other income and expenses	22,317.36	18,310.73
52. total income	1,141,312.28	1,677,891.50
53. total expenses	-1,221,011.96	-1,314,357.27
54. profit or loss before tax (EDP 42 + EDP 43 + EDP 44 + EDP 45 + EDP 46 + EDP 51)	-79,669.00	363,534.23
55. income tax	0.00	0.00
56. profit or loss (EDP 54-EDP 55)	-79,669.00	363,534.23
57. other comprehensive income (EDP 58 + EDP 63)	0.00	0.00
58. items not to be reclassified to the profit or loss statement (sum of EDP 59 to EDP 62)	0.00	0.00
59. changes in revaluation reserves: property, plant, equipment and intangible assets	0.00	0.00
60. changes in fair value of equity instruments	0.00	0.00
61. changes in other items not to be reclassified to the profit or loss statement	0.00	0.00
62. income tax for items not to be reclassified	0.00	0.00
63. items that may be reclassified to the profit or loss statement (EDP 64 +EDP 67 + EDP 70)	0.00	0.00
64. changes in revaluation reserves: debt securities (EDP 65 + EDP 66)	0.00	0.00
65. – unrealised profit/loss	0.00	0.00
66. transferred to profit or loss statement (reclassification adjustments)	0.00	0.00
67. changes in other items that may be reclassified to profit or loss statement (EDP 68 + EDP 69)	0.00	0.00
68. profit/loss	0.00	0.00
69. transferred to profit or loss statement (reclassification adjustments)	0.00	0.00
70. income tax for items that may be reclassified to profit or loss statement	0.00	0.00
71. total comprehensive income (EDP 56 + EDP 57)	-79,669.00	363,534.23

Appendix to the financial statements (continued) - unaudited

Cash flow statement (indirect method)

for the year ended 31 December 2023

(All amounts in EUR)

	31 December 2022	31 December 2023
108. net cash flows from operating activities (sum of EDP 109 to EDP 123)	32,516.51	399,348.90
109. profit/loss before tax for the current year or period	-79,669.00	363,534.23
110. depreciation of property, plant, equipment and intangible assets	49,382.14	47,573.27
111. allowance for receivables etc. write-offs	0.00	0.00
112. provisions	31,900.80	89,079.42
113. interest income	-1.25	-0.71
114. interest expense	2,227.72	2,165.60
115. profit/loss from investment in financial instruments	0.00	0.00
116. net impairment of expected credit losses	0.00	0.00
117. increase/decrease in funds and portfolio management receivables	-14,326.72	-43,216.76
118. increase/decrease in other receivables	13,897.33	-6,003.39
119. interest expense	-2,126.76	-2,165.60
120. increase/decrease in other asset items	0.00	-297.30
121. increase/decrease in funds and portfolio management liabilities	0.00	0.00
122. increase/decrease in other liabilities	31,232.27	-51,319.86
123. income tax paid	0.00	0.00
124. net cash flows from investing activities (sum of EDP 125 to EDP 134)	-5,528.29	-15,002.41
125. proceeds from sale of financial instruments	0.00	0.00
126. expenditures for purchase of financial instruments	0.00	0.00
127. interest income	1.25	0.70
128. dividend income	0.00	0.00
129. expenditures for placements in given loans and other financial instruments	0.00	0.00
130. proceeds from collection of given loans and other financial instruments	0.00	0.00
131. expenditures for purchase of property, plant, equipment and intangible assets	-6,690.80	-15,748.35
132. proceeds from sale of property, plant, equipment and intangible assets	1,161.25	745.24
133. other proceeds from investing activities	0.00	0.00
134. other expenditures from investing activities	0.00	0.00
135. net cash flows from financing activities (sum of EDP 136 to EDP 144)	-11,915.92	-20,524.45
136. payments of owners of the management company	0.00	0.00
137. expenditures for purchase of own shares/repurchase of interest	0.00	0.00
138. payment of dividends or share in profit	0.00	0.00
139. proceeds from loans	0.00	0.00
140. expenditures for repayment of loans received	0.00	0.00
141. proceeds from issued financial instruments	0.00	0.00
142. expenditures from issued financial instruments	0.00	0.00
143. other proceeds from financial activities	924.32	444.25
144. other expenditures from financing activities	-12,840.24	-20,968.90
145. net increases/decreases in cash (EDP 108 + EDP 124+ EDP 135)	15,072.30	363,822.04
146. cash at the beginning of the period	488,706.19	503,778.47
147. cash at the end of the period (EDP 145 + EDP 146)	503,778.48	867,600.51

Appendix to the financial statements (continued) - unaudited

Statement of changes in shareholder's equity

for the year ended 31 December 2023

(All amounts in EUR)

	attributable to owners of parent company						attributable to owners of non-controlling interests	total equity and reserves
	share capital	capital reserves	fair value reserves	other revaluation reserves	retained earnings or loss carried forward	profit or loss for the current year (period)		
opening balance for the prior business year	2,417,054.88	0.00	0.00	0.00	-1,825,739.64	-6,853.66	0.00	584,461.58
changes in accounting policies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
restatement from prior periods	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
opening balance for the prior business year (adjusted)	2,417,054.88	0.00	0.00	0.00	-1,825,739.64	-6,853.66	0.00	584,461.58
profit or loss for the period	0.00	0.00	0.00	0.00	0.00	-79,669.00	0.00	-79,669.00
changes in fair value of financial instrument	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
other profit/loss from investment in financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
changes in other revaluation reserves (property, plant, equipment and intangible assets)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
other non-equity changes	0.00	924.41	0.00	0.00	0.00	0.00	0.00	924.41
tax for items recognised directly or transferred from equity and reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
total prior year (prior year period) income and expenses recognised directly	0.00	924.41	0.00	0.00	0.00	-79,669.00	0.00	-78,744.59
increase/decrease in share capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
other amounts attributable to owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
payments of shares in profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
other amounts attributable to owners	0.00	0.00	0.00	0.00	-6,853.67	6,853.67	0.00	0.00
closing balance in the reporting period for the prior business year	2,417,054.88	924.32	0.00	0.00	-1,832,593.30	-79,669.00	0.00	505,716.90
opening balance for the current year	2,417,054.88	924.32	0.00	0.00	-1,832,593.30	-79,669.00	0.00	505,716.90
changes in accounting policies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
restatement from prior periods	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
opening balance for the current business year (adjusted)	2,417,054.88	924.32	0.00	0.00	-1,832,593.30	-79,669.00	0.00	505,716.90
profit or loss for the period	0.00	0.00	0.00	0.00	0.00	363,534.23	0.00	363,534.23
changes in fair value of financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
other profit and loss from investment in financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
changes of other revaluation reserves (property, plant, equipment and intangible assets)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
other non-equity changes	0.00	444.45	0.00	0.00	24.89	0.00	0.00	444.45
tax for items recognised directly or transferred from equity and reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
total current year (current period) income and expenses recognised directly	0.00	1,368.77	0.00	0.00	0.00	363,534.23	0.00	363,534.23
increase/decrease in subscribed capital	-24.88	0.00	0.00	0.00	0.00	0.00	0.00	-24.88
other payments of owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
payments of shares in profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
other amounts attributable to owners	0.00	0.00	0.00	0.00	-79,669.00	79,669.00	0.00	0.00
closing balance in the reporting period for the current year	2,417,030.00	1,368.77	0.00	0.00	-1,912,237.41	363,534.23	0.00	869,695.59

Appendix to the financial statements (continued) - unaudited

Reconciliation between the regulatory framework and International Financial Reporting Standards adopted by the European Union

As at 31 December 2023

(All amounts in thousands of EUR)

Financial statements in accordance with IFRS			Financial statements under the Ordinance on the structure and contents of financial reports and other reports of investment fund management companies			Difference	Note
Statement of financial position	Notes	31 December 2023 HRK '000	Statement of financial position	EDP	31 December 2023 HRK '000		
Property, plant and equipment	9	45	Property, plants and equipment	7	45		
Intangible assets	10	16	Intangible assets	8	16		
Total non-current assets		61	TOTAL EDP 7 and 8		61		
Receivables	11	147	Funds management receivables	5	136		Note 1
			Other receivables	6	11		
Financial assets at fair value through profit or loss	-	-	Financial assets at fair value through profit or loss	3	-		
Cash and cash equivalents	13	868	Cash	2	868		
Total current assets		1,015	Total EDP 2,3,5 and 6		1,015		
Total assets		1,076	Total assets	11	1,076		
Share capital	14	2,417	Subscribed capital	15	2,417		
Accumulated loss	14	(1,549)	Retained earnings or loss carried forward	19	(1,912)	364	Note 2
			Profit or loss for the year	20	364	364	Note 2
Total equity and reserves		870	Equity and reserves	14			
Trade payables	14	22				(22)	Note 4
Payables to employees	15	59				(59)	Note 4
Provisions	16	36				(36)	Note 4
Other liabilities	-	50	Financial liabilities	23	32	(32)	Note 3
Lease liabilities	17	12	Other liabilities	24	174	124	Note 4
Total current liabilities		179					
Long-term provisions		7				(7)	Note 4
Other liabilities	17	20				(20)	Note 3
Total non-current liabilities		27					
Total liabilities		206	Liabilities (sum from EDP 22 to EDP 25)	21	206		
Total equity, reserves and payables		1,076	Total equity and payables	26	1,076		

Appendix to the financial statements (continued) - unaudited

Reconciliation between the regulatory framework and International Financial

Reporting Standards adopted by the European Union

for the year ended 31 December 2023

(All amounts in thousands of EUR)

Note 1: Receivables per IFRS include Management Fee Receivables, Exit and Entry Fee Receivables and all Other receivables. In accordance with the Ordinance, other Receivables are placed under Other receivables (EDP 6).

Note 2: Accumulated loss according to IFRS has already been increased by the loss of the current year which amounts to HRK 364 thousand, while according to the Ordinance it is shown in Profit or loss for the current year (EDP 20).

Note 3: Total liabilities under Ordinance are grouped in Financial liabilities and Other liabilities. Financial liabilities include short term and long term part of liability for IFRS 16 leases that are shown in Other liabilities (long term, 27 thousand) and Other liabilities (short term, 179 thousand).

Note 4: Other liabilities under Ordinance include all other liabilities that, under IFRS report, are shown in: Payables to employees, Trade payables, Provisions and Other liabilities (part that is not IFRS 16 liability)

Financial statements in accordance with IFRS			Financial statements under the Ordinance on the Structure and Contents of Financial and other Reports of Investment Fund Management Companies			Difference	Note
Statement of comprehensive income	Notes	2023	Statement of comprehensive income	EDP	2023		
Management fee	3.1.	1,341	Management fee	29	1,341		
Exit fee	3.2.	16	Exit fee income	35	16		-
Entry fee	3.3.	2	Entry fee income	32	2		
Other income	3.5.	18	Other income and expenses	51	18	-	
Fund management expenditure	4	(129)	Costs for unit sale mediation	40	(129)		-
Investment consulting and portfolio	3.4.	277	Net income from portfolio management	43	7		
			Investment consulting income	44	269		
			General and administrative operating expenses	45	(1,157)	1,157	Note 1
Staff expenses	5	(710)			(710)		
Operating expenses	6	(448)			(448)		
			Net interest income	47	(2)	2	Note 2
			Net exchange rate differences	48	(1)	1	
Financial expense, net	8	(3)			(3)		
Profit before tax		364	Profit or loss before tax	54	364		-
Income tax	9	-	Income tax	55	-		-
Total comprehensive income		364	Total comprehensive income	71	364		-

Note 1: Staff expenses and Operating expenses according to the IFRS financial statements comprise the General and administrative expenses under Ordinance (EDP 45).

Note 2: Financial expenses (net) according to IFRS consist of the following items in the report according to the Ordinance: Net interest income and Net exchange rate differences

Appendix to the financial statements (continued) - unaudited
Reconciliation between the regulatory framework and International Financial
Reporting Standards adopted by the European Union
for the year ended 31 December 2023
(All amounts in thousands of EUR)

Statement of cash flows

The Statement of Cash Flows prepared in accordance with and pursuant to the Ordinance on the Structure and Contents of Financial and other Reports of UCITS Management Companies (Official Gazette No. 105/17 and 155/2022), and the Ordinance on the Structure and Content of Annual and Semi-annual Financial and other Reports of Alternative Investment Fund Management Companies (Official Gazette No. 13/19 and 150/2022) differs in terms of presentation from the Statement of Cash Flows prepared in accordance with the IFRS Standards.

Differences in increases or decreases in assets and liabilities in corresponding cash flows are due to presentation differences in the asset and liability items in financial statements prepared in accordance with the IFRS Standards and those prepared in accordance with the Ordinance.