



**ZAGREBAČKA
BURZA**

Zagreb Stock Exchange

Pursuant to the provision of Article 277 of the Companies Act (*Narodne Novine* (Official Gazette of the Republic of Croatia), NN Nos 111/93, 34/99, 118/03, 107/07, 146/08, 137/09, 152/11, 111/12, 68/13, 110/15 and 40/19) and the provision of Article 7 of the Articles of Association of the Zagreb Stock Exchange, Inc., with its registered office in Ivana Lučića 2a/22, Zagreb, the Company's Management Board issued a decision on 25 May 2020 to convoke the Annual General Meeting of the Zagreb Stock Exchange, Inc., and thereunder as well as under the provision of Article 16 of the Company's Articles of Association has published this

**INVITATION TO THE GENERAL MEETING
of the Zagreb Stock Exchange, Inc.**

The Annual General Meeting (AGM) of the Zagreb Stock Exchange Inc., with its registered office in Ivana Lučića 2a/22, Zagreb (hereinafter: Company or Exchange), will be held at the Company's premises in Zagreb, Ivana Lučića 2a, 22nd floor, on 6 July 2020 beginning at 12:00 noon.

The following Agenda has been set for the AGM:

AGENDA

1. Opening of the Annual General Meeting and establishing the number of shareholders in attendance and those represented;
2. Supervisory Board report on supervision of the management of Exchange affairs in 2019;
3. Annual accounts and consolidated financial statements of the Exchange for 2019 (determined by the Management and Supervisory Board), together with the Management Board Report on the state of the Exchange in 2019;
4. Report on Zagreb Stock Exchange, Inc. Management and Supervisory Board Members remuneration for 2019;
5. Decision on the use of profit realized in 2019;
6. Decision on Amendment – Change of Zagreb Stock Exchange, Inc. activity;
7. Decision on Amendment – Change of the Article 3 Paragraph 1, Article 8 Paragraph 1, Article 9 Paragraph 2 and 3, Article 14, Article 17 and Article 23 Paragraph 1 of Articles of Association of Zagreb Stock Exchange, Inc.;
8. Decision granting discharge to members of the Supervisory Board of the Exchange for 2019;
9. Decision granting discharge to members of the Management Board of the Exchange for 2019;
10. Decision on adoption of the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members;
11. Decision on the appointment of the Exchange's auditor for 2020.



The Management Board and the Supervisory Board of the Company proposes that the decisions set out under Items 5, 6, 7, 8 and 9 be adopted by the Annual General Meeting (AGM), while the Supervisory Board proposes that the decisions under Items 10 and 11 of the AGM agenda be adopted, as follows:

PROPOSALS OF AGM DECISIONS

AD 5) Decision on the use of profit realized in the 2019

The Decision on the use of profit realized in 2019 has been adopted as follows:

I

It is established that the Zagreb Stock Exchange, Inc. made a net profit of HRK 1.195 thousand in the business year that has ended on December 31, 2019.

II

The amount of the net profit referred to in Item I of this Decision shall be used to cover losses transferred from the previous periods.

III

This Decision shall enter into force on the day of its adoption.

AD 6) Decision on Amendment – Change of Zagreb Stock Exchange, Inc. activity

The Decision on Amendment – Change of Zagreb Stock Exchange, Inc. activity has been adopted as follows:

I

The following activity is going to be registered:

- “information society services”

II

This Decision on Amendment – Change of Zagreb Stock Exchange, Inc. activity shall come into force and apply as of the day of the entry in the Court Register.

AD 7) Decision on Amendment – Change of the Article 3 Paragraph 1, Article 8 Paragraph 1, Article 9 Paragraph 2 and 3, Article 14, Article 17 and Article 23 Paragraph 1 of Articles of Association of Zagreb Stock Exchange, Inc.

The Decision on Amendment – Change of the Article 3 Paragraph 1, Article 8 Paragraph 1, Article 9 Paragraph 2 and 3, Article 14, Article 17 and Article 23 Paragraph 1 of Articles of Association of Zagreb Stock Exchange, Inc. has been adopted as follows:



I

In Article 3 Paragraph 1 of the Zagreb Stock Exchange, Inc. Articles, a new line 9 is added to read as follows:

- „information society services “.

II

In Article 8 Paragraph 1 of the Zagreb Stock Exchange, Inc. Articles, a new line 5 is added to read as follows:

- „transactions undertaken by the Company with related parties if the value of such transaction alone or together with other transactions undertaken by the Company with a related party over the 12 months preceding the undertaking of the transaction exceeds 2.5% of the sum of non-current and current assets stated in the last annual account. “

III

In Article 9 of the Zagreb Stock Exchange, Inc. Articles, Paragraph 2 and 3 are changed to read as follows:

„The Company’s Supervisory Board shall consist of up to nine (9) members.

Up to seven (7) members of the Supervisory Board shall be elected by the Shareholder Assembly at its general meeting. “

IV

In Article 14 of the Zagreb Stock Exchange, Inc. Articles, a new point 10 is added after point 9 to read as follows:

„10. remuneration policy and remuneration report for Management and Supervisory Board members. “

V

In Article 17 of the Zagreb Stock Exchange, Inc. Articles, Paragraph 1 is changed to read as follows:

„The following shall be entitled to participate in the AGM or to exercise the voting rights:

- any persons who are recorded as Company shareholders in the depository of the Central Depository and Clearing Company Inc. no later than six (6) days prior to the AGM (record date);
- shareholders who have announce to the Company their attendance at the AGM at least 6 (six) days prior to the meeting of the AGM. The deadline does not include the day the announcement of attendance has been received by the Company. Management Board shall define the address to which the announcement needs to be delivered in the invitation to AGM. “

In Article 17 of the Zagreb Stock Exchange, Inc. Articles, new Paragraph s 5 and 6 are added, after Paragraph 4, to read as follows:

„The Management Board is authorised to provide that shareholders can participate in the AGM without being present at its venue and without a proxy and can exercise all or individual of her/his rights, either in whole or in part, by way of electronic communication. In such a case, the Management Board shall define the extent and the procedure for participating and exercising rights in such a manner in the invitation to AGM.



The Management Board is authorized to provide that the shareholders may cast their votes, without participating in the AGM, in writing or by way of electronic communication. The Management Board shall lay down the provisions regarding such voting in the invitation to AGM."

VI

The existing Article 23 Paragraph 1 of the Zagreb Stock Exchange Inc. Articles is amended to read as follows:

„Where Company data and notifications are required by law to be published, such data and notifications shall be published on the website of the court register, as the Company gazette, while other notifications shall be published on the Company's website. “

VII

All other provisions of the Articles of Association shall remain unchanged.

VIII

This Decision on Amendment – Change of Articles of Association shall enter into force and take effect on the day of its entry in the Court Register.

IX

The Supervisory Board of the Company is authorised to define a consolidated text of the Articles of Association, in accordance with this Decision on Amendment – Change of Articles of Association.

AD 8) Decision granting discharge to members of the Supervisory Board of the Exchange for 2019

The Decision granting discharge to the following members of the Exchange Supervisory Board for 2019:

I

Having established that the Exchange Supervisory Board has performed its function in accordance with the law and Articles of Association of the Exchange, discharge is granted to the following members of the Exchange Supervisory Board for the year 2019 in composition: Borislav Centner, Tomislav Jakšić, Dunja Babić, Matko Maravić, Ivan Tadin, Mislav Ante Omazić, Ivan Sardelić and Enrique Bernardo Mariano for the period from January 1, 2019 till December 31, 2019 and Dubravko Štimac for the period from January 1, 2019 till June 18, 2019.

II

This Decision shall enter into force on the day of its adoption.

AD 9) Decision granting discharge to members of the Management Board of the Exchange for 2019

The Decision granting discharge to members of the Management Board of the Exchange for 2019 has been adopted as follows:

I

Having established that the Management Board managed the Exchange in accordance with the law and Articles of Association of the Exchange, discharge is granted to Management Board members for conducting the affairs in 2019.



II

This Decision shall enter into force on the day of its adoption.

AD 10) Decision on adoption of the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members

The Decision on adoption of the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members has been adopted as follows:

I

The Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members is adopted in the text as it is determined by the Supervisory Board of Zagreb Stock Exchange, Inc.

II

The Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members comes into force as of the day of its adoption by General Meeting.

III

This Decision shall enter into force on the day of its adoption.

AD 11) Decision on the appointment of the Exchange's auditor for 2020

The Decision on the appointment of the auditors of the Exchange for 2020 has been adopted as follows:

I

Deloitte d.o.o., audit company from Zagreb, Radnička cesta 80 is appointed to undertake the audit of financial statements of the Zagreb Stock Exchange, Inc. and the audit of consolidated financial statement of the Zagreb Stock Exchange Group for 2020.

II

This Decision shall enter into force on the day of its adoption.



EXPLANATION OF THE AGM DECISION PROPOSALS

AD 2) Supervisory Board report on supervision of the management of Exchange affairs in 2019

Supervisory Board report on supervision of the management of Exchange affairs in 2019 shall be presented to AGM together with the Annual accounts and consolidated financial statements of the Exchange for 2019 and the Management Report on the state of the Exchange in 2019. The AGM makes no decision under this Item.

AD 3) Annual accounts and consolidated financial statements of the Exchange for 2019 (determined by the Management and Supervisory Board), together with the Management Report on the state of the Exchange in 2019

According to the obligation referred to under Article 280.a, Paragraph 1 Item 2 of the Companies Act the Exchange informs shareholders that according to Article 300 d of the Companies Act Annual accounts and consolidated financial statements of the Exchange for 2019 have been determined by the Exchange Management and Supervisory Boards and they are not subject to voting. Annual accounts and consolidated financial statements of the Exchange for 2019 have been published at the Exchange web site (www.zse.hr), through HINA, through the Croatian Financial Services Supervisory Agency (SRPI) and shall be together with the Supervisory Board report on supervision of the management of Exchange affairs in 2019 and the Management Report on the state of the Exchange in 2019 presented to the AGM.

AD 4) Report on Zagreb Stock Exchange, Inc. Management and Supervisory Board Members remunerations for 2019

In accordance with Article 276.a of the Companies Act, the Management and the Supervisory Board submit to AGM the Report on Zagreb Stock Exchange, Inc. Management and Supervisory Board Members remunerations for 2019, that is composed in line with Article 272. r of the Companies Act, for discussion. In line with Article 276.a of the Companies Act micro, small and medium-sized companies as defined in accounting legislation, may provide, as an alternative to a vote, for the remuneration report of the most recent financial year to be submitted for discussion in the annual general meeting as a separate item of the agenda. Accordingly, since Zagreb Stock Exchange, Inc. is a small company, the Report on Zagreb Stock Exchange, Inc. Management and Supervisory Board Members remunerations for 2019 shall be submitted to AGM for discussion as a separate item. In line with Article 272. r. of the Companies Act Report on Zagreb Stock Exchange, Inc. Management and Supervisory Board Members remunerations for 2019 is checked by the auditor and the audit report is enclosed with it. Zagreb stock Exchange, Inc. shall make the Report and auditor report publicly available on its website, free of charge, for a period of 10 years. Report on Zagreb Stock Exchange, Inc. Management and Supervisory Board Members remunerations for 2019 and auditor report are available at the following Internet pages www.zse.hr.

AD 5) Decision on the use of profit realized in the 2019

Management and Supervisory Board propose to the AGM adoption of a decision by which a net profit of HRK 1.195 thousand shall be used to cover losses transferred from the previous periods.



AD 6) Decision on Amendment – Change of Zagreb Stock Exchange, Inc. activity

Management and Supervisory Board propose to the AGM adoption of a decision by which the activity “information society services” is going to be registered. The need for subject registration arises out of the Exchange intention to enable its users to sign a contract for use of, primarily ZSE LEI, but also some other services such as education services organized by Exchange Academia, via internet and payment by a credit and/or debit card. In line with the Electronic Commerce Law (Official Gazette 173/03, 67/08, 39/09, 130/11, 30/14 and 32/19), the services that is provided by electronic means on individual request, specifically service sale via internet, is considered as the information society service. According to the Electronic Commerce Law the provision of the information society services is free. In accordance with Article 285 Paragraph 4 of Capital Market Act (Official Gazette 65/18, 17/20) the Croatian Financial Supervisory Agency is informed on the Exchange intention to start to provide subject activity. Having in mind that the Agency didn’t pass the resolution from Article 285 Paragraph 10 of the Capital Market Act, the Exchange is allowed to perform this activity after it is entered into the Court Register.

AD 7) Decision on Amendment – Change of the Article 3 Paragraph 1, Article 8 Paragraph 1, Article 9 Paragraph 2 and 3, Article 14, Article 17 and Article 23 Paragraph 1 of Articles of Association of Zagreb Stock Exchange, Inc.

Management and Supervisory Board propose to AGM to add the ‘information society services’ as a new activity, as it is proposed in amendment of Article 3 Paragraph 1 of Articles of Association.

Management and Supervisory Board propose to AGM to change Article 8 Paragraph 1 of Articles of Association in order of alignment with Article 263.b. of Companies Act by which the previous Supervisory Board approval for transactions undertaken with related parties is defined.

Management and Supervisory Board propose to AGM to change Article 9 Paragraph 2 and 3 of Articles of Association in a manner that in Paragraph 2 number of Supervisory Board Members is defined up to nine and in Paragraph 3 the number of Supervisory Board Members to be elected by AGM is defined up to seven.

Management and Supervisory Board propose to AGM to change Article 14 of the Articles of Association in order of alignment with Article 275 of the Companies Act by which the remuneration policy and remuneration report for Management and Supervisory Board Members is defined as the general meeting competence.

Management and Supervisory Board propose to AGM to change Article 17 of the Articles of Association, in a manner that Paragraph 1 is changed to define that shareholders who have announce to the Company their attendance at the AGM at least 6 (six) days prior to the meeting of the AGM, have a right to participate or to exercise voting rights in AGM. Furthermore, in the same Article new Paragraphs are added in order of alignment with Article 274 Paragraph 1 and 2 of the Companies Act, by which the Management Board is authorized to define the shareholders rights with respect to electronic way of their shareholders right exercise.



Management and Supervisory Board propose to AGM to change Article 23 Paragraph 1 in a manner that instead in Official Gazette, where Company data and notifications are required by law to be published, such data and notifications shall be published on the website of the court register, as the Company gazette, while other notifications shall be published on the Company's website, as equally transparent, available and effective manner. Subject change is in line with the Article 174 of the Companies Act.

AD 8) Decision granting discharge to members of the Supervisory Board of the Exchange for 2019

Management and Supervisory Board propose to AGM to adopt the decision by which discharge is granted to members of the Supervisory Board for 2019.

AD 9) Decision granting discharge to members of the Management Board of the Exchange for 2019

Management and Supervisory Board propose to AGM to adopt the decision by which discharge is granted to members of the Management Board for 2019.

AD 10) Decision on adoption of the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members

In accordance with Article 247. A of Companies Act, the Supervisory Board presents to AGM for adoption the Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members. Remuneration Policy for Zagreb Stock Exchange, Inc. Management Board Members proposal is available at the Exchange internet pages (www.zse.hr).

AD 11) Decision on the appointment of the Exchange's auditor for 2020

Supervisory Board proposes to AGM to adopt the decision on appointment of Deloitte d.o.o., audit company from Zagreb, Radnička cesta 80 as the Exchange's auditor for 2020.

IMPORTANT INFORMATION ABOUT THE RIGHT OF PARTICIPATION IN AGM

The Company's equity is divided into 4,635,700 ordinary registered shares. Each share has a nominal value of HRK 10, 00. All holders of ordinary shares shall enjoy equal rights.

The shares exist in the form of electronic records in the securities account of the central depository's electronic system, in accordance with applicable regulations, with an appropriate certificate issued to their shareholders. Each share held shall entitle the shareholder to cast one vote at the AGM.

The right to participate in the AGM may be exercised by all persons recorded as shareholders in the depository of the Central Depository and Clearing Company Inc. six (6) days prior to the AGM (by 29 June 2020, inclusive).

Shareholders may participate in the AGM in person or by proxy authorised to represent them under a valid power of attorney issued by the shareholder, or by a person authorised to represent a legal person as a shareholder.



A valid power of attorney must include: information on the name or company name of the representative and the person represented, permanent residence or registered office, total number of shares and votes held and a special authorisation to vote on behalf of the represented shareholder.

The use of power of attorney forms which may be obtained at the Exchange's registered office and are also available online on the Exchange's website www.zse.hr is recommended.

The Company shall report the Invitation to the AGM, at the latest twenty one (21) days prior to holding of the AGM, to credit or financial institutions and to shareholder associations that voted on behalf of shareholders at the previous General Assembly, or if they asked for the Invitation to be reported to them. This report shall state the possibility for shareholders to vote at the AGM by proxies and by shareholder associations on their behalf.

Registration of any persons authorised to participate in the AGM begins one (1) hour prior to the commencement of the AGM, provided that they submit a power of attorney, if proxies. Shareholders or nominees who have not been recorded will not be allowed to participate in the AGM.

On registration, participants must present a valid identification document, issued under the law. Along with a power of attorney, legal persons as shareholders of the Exchange must also submit an extract from the court register showing information on the persons authorised to represent them.

Pursuant to the provision of Article 21 of the Exchange's Articles of Association, if the AGM called for 6 July 2020 at 12:00 noon lacks the requisite quorum, the following AGM with an identical agenda will be convoked for 6 July 2020 on the Exchange's premises in Zagreb, Ivana Lučića 2a, 22nd floor, commencing at 1:00 p.m.

Any resolutions adopted by the AGM called and held in such a manner will be valid, irrespective of the number of shareholders represented there.

In the case that after the AGM has convoked the circumstances connected with the pandemic COVID 19 arise due to which the AGM holding becomes impossible, the Exchange Management Board shall pass a decision on AGM revocation.

After the AGM has been convoked, shareholders controlling one twentieth of the Exchange's share capital are entitled to request that a particular matter be put on the agenda of the AGM with the fact of it published, but must provide an explanation for each new item on the agenda or proposed resolution.

A request to add a new item to the agenda must be submitted by shareholders to the Exchange at its address: Ivana Lučića 2a/22, 10000 Zagreb. In order for an amended agenda to be published validly in accordance with the Companies Act, the request to add a new item to the agenda of the AGM must be received by the Exchange no later than thirty (30) days prior to the AGM, including the day of its receipt by the Agenda but not later than 5 June 2020. Missing the said deadline may result in failure to validly publish the proposed items of the agenda, so the AGM will not be able to discuss or adopt them.

Shareholders are entitled to put forth a counterproposal to a proposed resolution on any agenda item put forth by the Management Board and/or Supervisory Board including the proposal of the shareholder to appoint an auditor of the Company. A counterproposal, stating the name and the surname of the shareholder, explanation and position of the Management Board if any, will be communicated to credit and financial institutions and shareholder associations which voted on behalf of shareholders at last year's AGM and will be made available to shareholders online on the Exchange's website (www.zse.hr), provided that the shareholder has submitted the counterproposal to the Exchange at its address in Ivana Lučića 2a/22, 10000 Zagreb not later than fourteen (14) days prior to the date of the AGM. The day on which the counterproposal is received by the Exchange is not included in the said period of fourteen (14) days, which expires on 21 June 2020.

Waiver of this right by the shareholder will not result in forfeiture of the right to put forth a counterproposal at the AGM itself.

The Management Board shall, at the AGM, give each shareholder upon his request for information about the Company's business if it is necessary to judge the issues that are on the agenda.

At the Company's web site (www.zse.hr) will be published information in the sense of Article 280a of the Companies Act.

This Invitation will be published in the Official Gazette, on the website of the court register, on the Zagreb Stock Exchange, Inc. web site (www.zse.hr), through HINA and through the Croatian Financial Services Supervisory Agency (SRPI).

AGM materials, serving as a basis for the adoption of published resolutions, will be available for viewing by shareholders and issuing of copies at the Exchange's registered office each business day from the day of publication of this invitation to the AGM, between 10 a.m. and 12 noon. Due to precautionary measures connected with the pandemic COVID-19, shareholders are kindly asked to announce their arrival to the seat of the Exchange a day in advance by sending an e-mail to e-mail address: ir@zse.hr.

Each shareholder or shareholder representative or nominee is liable for the costs of participation in the work of the AGM.

Shareholders are kindly asked to allow sufficient time to record their presence for participation in the AGM.

Management Board of the Zagreb Stock Exchange Inc.

Ivana Gažić
President of the Management Board



ZAGREBAČKA BURZA
Zagreb

Tomislav Gračan
Member of the Management Board

1