



Pursuant to Article 321, paragraphs 6 and 8 of the Capital Market Act (OG 65/2018) and Article 100, paragraph 1, point 2, and Article 102, paragraphs 1 to 4 of the Rules of the Stock Exchange and Article 7 of the Articles of Association of Zagreb Stock Exchange, Inc., from Zagreb, Ivana Lučića 2a / 22, (hereinafter: Exchange), on 7 September 2018, the Management Board of the Exchange issued the following:

DECISION

1. On the relegation of 313,920 ordinary shares of the company LEDO d.d. with its registered seat at Zagreb, Čavićeva 1a, PIN: 87955947581, of nominal value of HRK 380.00, ticker: LEDO, ISIN: HRLEDORA0003, from the Official Market to the Regular Market of the Exchange.
2. Relegation to the Regular Market will take place on 10 September 2018.
3. This Decision will be published on the website of the Exchange.

Explanation

I. The Company LEDO d.d., with its registered seat at Zagreb, Čavićeva 1a, PIN: 87955947581 (hereinafter: Issuer) is the Issuer of 313,920 ordinary shares listed on the Official Market of the Exchange as of 3 May 2013.

By listing the financial instruments onto the Official Market, a segment of the regulated market, the Issuer undertakes to comply with the transparency requirements in accordance with the Capital Market Act (hereinafter: Act), the Rules and other acts of the Exchange as well as with other applicable regulations. The purpose of disclosing information on the issuer is to provide investors with all information necessary for making a decision to invest in the securities of that issuer and to ensure smooth functioning of the market.

II. Within its purview prescribed by the Act, the Exchange has the obligation to establish and implement effective procedures for checking whether the issuers of transferable securities that are admitted to trading on the regulated market which it operates, comply with the law of the European Union with regard to initial, permanent or ad hoc disclosure requirements and requirements prescribed by law and Rules of the Exchange.

Acting pursuant to Article 321, paragraphs 6 and 8 of the Act and Article 102, paragraph 1 of the Rules of the Exchange, the Exchange has determined that the Issuer has continuously failed to fulfil the post-listing transparency requirements for the time period from 2017 to 2018 as follows:

In **2017**, the following market protection measures were imposed on the Issuer:





- on 24 May 2017, a market protection measure (designation: OU/2017-77) was imposed on the Issuer for failure to fulfil its financial reporting obligations for the year 2016 and for the first trimester of the year 2017;
- on 16 August 2017, a market protection measure (designation: OU/2017-110) was imposed on the Issuer for failure to fulfil its financial reporting obligations for the second trimester of the year 2017;
- on 14 November 2017, a market protection measure (designation: OU/2017-150) was imposed on the Issuer for failure to fulfil its financial reporting obligations for the third trimester of the year 2017;

In **2018**, the following market protection measures have been imposed on the Issuer:

- on 5 March 2018, a market protection measure (designation: OU/2018-25) was imposed on the Issuer for failure to fulfil its financial reporting obligations for the fourth trimester of the year 2017;
- on 23 May 2018, a market protection measure (designation: OU/2018-71) was imposed on the Issuer for failure to fulfil the obligation to submit its annual financial statements for the year 2017 and financial reports for the first trimester of the year 2018;
- on 13 August 2018, a market protection measure (designation: OU/2018-94) was imposed on the Issuer for failure to fulfil its financial reporting obligations for the second trimester of the year 2018;

It is further noted that in the period under review, during 2017 and 2018, the Exchange sent to the Issuer on 10 April 2017, 22 December 2017 and on 9 April 2018, a letter informing it of the importance of fulfilling the obligation to timely disclose privileged information directly or indirectly related to the Issuer whose shares are listed on the regulated market for the purpose of timely informing the investment public.

In addition to said letters, the Exchange has sent a number of requests for response (33) to the Issuer in connection with the media coverage and the occurrence and untimely manner of disclosure to the investment public of certain information which, in its nature, may be considered as prescribed or privileged information.

III. Article 102, paragraph 1 of the Rules of the Exchange provides that should the Exchange find at two (2) consecutive periodic reviews the Issuer or the shares not to meet the listing criteria for the respective regulated market segment and / or detect non-compliance of the issuer with the post-listing requirements for the Official or Prime Market laid down in the Rules of the Exchange, the Exchange will initiate a procedure to relegate shares from a higher to a lower segment of the regulated market. Paragraph 3 of the same Article defines that after initiating the procedure in question, the Exchange will seek a written response of the issuer with regard to the circumstances prompting the Exchange to initiate share relegation





from a higher to a lower segment of the regulated market and with regard to any actions the issuer plans to take for the purpose of compliance with the listing criteria for the respective regulated market segments and/or its post-listing requirements.

In this regard, on 20 August 2018, the Exchange sought from the Issuer to provide a written response within 8 (eight) days with regard to activities it intends to undertake in its future actions with the aim of timely meeting of transparency requirements laid down in the Rules of the Exchange.

The Issuer has failed to provide a response to the Exchange within the prescribed deadline.

IV. Taking into consideration the actions of the Issuer in their entirety, the Exchange has, as a relevant circumstance, determined that the Issuer has failed to meet the prescribed transparency requirements and that it has failed to meet said requirements within the prescribed deadlines.

V. Pursuant to Article 4, paragraph 1 of the Agreement on the listing of financial instruments on a regulated market, concluded on 31 January 2014 between the Issuer and the Exchange, the Issuer assumed the obligation to observe and fulfill all the obligations that for it as an issuer of financial instruments listed on the regulated market derive from the provisions of the Capital Market Act and other regulations and the Rules and other acts of the Exchange.

Article 128 of the Rules of the Exchange provides that the issuer of shares listed / admitted to trading on the Official Market shall comply with any post-listing requirements laid down for the issuers whose shares are listed on the Regular Market and additional obligations laid down in the Rules of the Exchange.

The obligations of the issuers of shares that are listed / admitted to trading on the Regular Market are stipulated under Article 113 of the Rules of the Exchange, and said Article states that the issuer shall submit to the Exchange any information which is subject to public disclosure under the Act, Regulation (EU) No 596/2014, other regulations and the Rules of the Exchange, as well as each significant change to disclosed information, immediately upon the occurrence of such a change.

Article 321, paragraphs 6 and 8 of the Act provides that the Exchange has the obligation to establish and implement effective procedures for checking whether the issuers of transferable securities, that are admitted to trading on the regulated market which it operates, comply with obligations in accordance with the law of the EU in regard to initial, permanent or *ad hoc* obligations of disclosure.

Article 264, paragraph 1 of the Rules of Exchange defines that the Exchange shall conduct supervision of issuers and any financial instruments listed / admitted to trading on the regulated market to determine whether an issuer or financial instrument meet the criteria for listing on the regulated market and/or whether the issuer complies with its post-listing requirements laid down in the Rules of the Exchange.

Article 102, paragraph 1, and in conjunction with Article 100, point 2 of the Rules of the Exchange, it is determined that the Exchange will perform a periodic review every 6 (six) months to check whether issuers





or the shares meet the listing criteria for the respective regulated market segment and/or compliance of the issuer with the post-listing requirements for the Official or Prime Market laid down in the Rules of the Exchange. Paragraph 4 of the same Article of the Rules of the Exchange provides that in the event that non-compliance with the criteria and/or post-listing requirements is detected in 2 (two) consecutive periodic reviews, the Exchange may adopt a resolution relegating the shares from a higher to a lower regulated market segment or a delisting resolution, except where it finds that the delisting could cause significant damage to investors' interests or the orderly functioning of the market.

VI. In the light of the foregoing, it has been established that throughout the time period from 2017 to 2018, the Issuer failed to meet the prescribed post-listing transparency requirements and that it failed to meet said requirements within the prescribed deadlines, of which the Exchange repeatedly warned the Issuer imposing on it market protection measures.

Likewise, in the attempt to have an effect on the Issuer, by way of imposing market protection measures, to discontinue violating the Rules of the Exchange and acting against the interest of the investors, they have failed to make the Issuer act in accordance with the prescribed transparency requirements, from which it can be concluded that this was a continuous conduct of the Issuer, i.e. multiple and repeated violation of the Rules of the Exchange.

The decision of imposing the strictest measure of delisting in the relevant case has not been pronounced since it was assessed that the delisting might cause significant damage to the interests of the investors in the Issuer's shares.

Taking into account all of the abovementioned, and in particular the fact that the violation of post-listing transparency requirements by the Issuer results in the violation of the transparency standards prescribed for the Official Market, as well as in the violation of trust of the investment public, with the aim to ensure market integrity and trust in the capital market, it has been decided as in the operative part of this Decision.

Designation: OU/2018-114

Ivana Gažić

President of the Management Board

Deliver to the:

1. Issuer
2. Croatian Financial Services Supervisory Agency, Zagreb, Miramarska 24b





3. Central Depository & Clearing Company Inc., Zagreb, Heinzelova 62a
4. Market Department, here
5. Book of Management Decisions, here

