

Joint-stock company

A joint-stock company (*Delniška družba – d.d.*) is a corporation in which the share capital is divided into shares (stock). The joint-stock company is liable with all of its assets for its obligations, whereas the shareholders are not liable for the joint-stock company's obligations. Joint-stock companies are legal persons that obtain this status upon court registration. The name of the company must contain the abbreviation *d.d.*

Founders

There are no legal restrictions on the minimum or maximum number of founders. A joint-stock company may be established by one or more domestic or foreign, legal or natural persons by signing articles of association which shall be drawn up in the form of a notarial record.

Capital

The minimum founding capital is EUR 25,000. Contributions may be made in cash or in kind. At least one-third of the founding capital must be contributed in cash. At least 25% of the nominal value of the shares payable in cash must be paid before registration. Contributions in kind must be made in full before registration.

Shares

Shares are securities. The minimum face value of a share is EUR 1; any higher face value of a share must be denominated in multiples of EUR 1. Shares can be par value or non-par value shares (i.e. expressed as a percentage of the company's capital instead of a nominal value).

Bearer shares or registered shares are possible. Registered shares must be issued if the nominal value has not been fully paid up.

Shares may be ordinary (common) shares or preference shares. Ordinary shares give their owner the right to vote, the right to part of the profit (dividends) and the right to a corresponding part of the assets after the company's liquidation or bankruptcy. Preference shares give, in addition to the rights referred to above, certain priorities (such as a fixed dividend, priority in payment upon liquidation etc.). The issue of preference shares must be stipulated by the company's by-laws.

Shares that give more than one vote are not permitted. Non-voting shares are not permitted, except with preferred shares, in which case they cannot exceed 50% of the capital of the company.

Management

All joint-stock companies may choose between the one-tier model (where a board of directors manages and supervises the corporation) or the two-tier model (where the

management board and supervisory board separately exercise the respective management and supervisory functions).

Shareholders meeting

A shareholders meeting (a general meeting) may be called by the management board, supervisory board or shareholders representing at least 5% of the voting capital. The shareholders meeting adopts its decisions by ordinary majority vote except where provided by the articles of association and the law (statutory changes, capital alterations, dissolution), where a 75% majority is required. The general meeting can be held virtually.

Minority shareholders' protection

The Companies Act provides rules governing the squeeze-out of minority shareholders. A majority shareholder holding at least 90% of the share capital may propose that a resolution be adopted to transfer the shares of minority shareholders in return for monetary consideration determined by the majority shareholder and revised by an auditor. Minority shareholders also have the right to exit the company by proposing such a resolution in return for monetary consideration determined on the same conditions as above. In any event, minority shareholders have the right to a judicial appraisal. The minority shareholders' protection was additionally strengthened by the amendments in June 2023.

Dissolution

A joint-stock company is dissolved in the following cases:

- expiry of the period of time for which it was incorporated;
- upon a decision of the shareholders adopted with a 75% majority vote;
- the management has been inactive for more than 6 months;
- invalidation of court registration;
- bankruptcy;
- court decision;
- mergers and amalgamations or transformation to another corporate form;
- reduction of capital below the prescribed minimum; or
- the company does not have any shareholders or it has only its own shares.