



**Mercator**

Pursuant to Articles 18 and 19 of the Articles of Association of the company POSLOVNI SISTEM MERCATOR, d.d., Article 295, Paragraph 2, of the Companies Act (ZGD-1), Rules and Regulations of the Ljubljana Stock Exchange, d.d., resolution by the company Management Board dated March 23, 2016, and the resolution by the company Supervisory Board dated March 31, 2016, the Management Board hereby convenes the

**23<sup>rd</sup> regular Shareholders Assembly  
to take place on May 10, 2016 at 1 p.m.  
at the company headquarters in Ljubljana, Dunajska cesta 107**

**I. AGENDA AND RESOLUTION PROPOSALS**

**1. Opening of the Shareholders Assembly and appointment of the Shareholders Assembly chairperson**

**RESOLUTION PROPOSAL:**

*Pavle Pensa, attorney at law from Ljubljana, shall be appointed Chairman of the Shareholders Assembly.*

**Explanation of the resolution proposal:**

Pursuant to the company Articles of Association, the company Shareholders Assembly shall be presided over by a Chairperson appointed by the shareholders upon proposal by the party convening the Assembly.

**2. Presentation of Annual Report and the Supervisory Board's Report on the results of Annual Report review and audit for the 2015 fiscal year; information on the compensation and rewards of the members of managerial and supervisory bodies; information on the Supervisory Board evaluation procedure; and granting discharge from liability to the company Supervisory Board and Management Board**

**RESOLUTION PROPOSALS:**

A) Granting discharge from liability to the company Supervisory Board for the fiscal year 2015

*The Shareholders Assembly grants discharge from liability to the company Supervisory Board for the fiscal year 2015.*

B) Granting discharge from liability to the company Management Board for the fiscal year 2015

*The Shareholders Assembly grants discharge from liability to the company Management Board for the fiscal year 2015.*

**Explanation of the resolution proposals:**

Since the company Poslovni sistem Mercator, d.d., did not generate profit in 2015, the Shareholders Assembly shall not make any decisions with regard to allocation thereof. The Shareholders Assembly shall be informed that as at December 31, 2015, net loss for the fiscal year amounted to EUR 3,799,694. Retained earnings were positive at the end of 2015, at EUR 619,318. The company did not offset the distributable loss in the amount of EUR 3,180,376.

It is evident from the Mercator Group results that after several years of intensive business restructuring, Mercator Group returned to the path of positive performance in 2015. Consistent pursuit of the strategy adopted in 2012, based on the pillars of optimization, growth, focus, and profitability, has brought positive results. Following our strategic guidelines, we continued in 2015 the activities to step up the focus on our core activity, i.e. fast-moving consumer goods retail; we notably cut our costs as a part of our cost rationalization efforts; and divested some non-strategic activities. With the new owner, consolidation of retail activities in the region has boosted our activities to improve Mercator's competitiveness in our profitable markets, i.e. Slovenia, Serbia, and Montenegro. We continued to develop a multi-level offer of high-quality and well-priced products. After the refurbishments, our store formats are even closer to the modern consumers in terms of equipment, offer, services, and working hours.

In 2015, revenue of the company Poslovni sistem Mercator, d.d., amounted to EUR 1,403,504 thousand, which is 3.6% less than in 2014. The drop in revenue is a result of closing down of unprofitable units, especially in the home product and apparel programs, and the devastating fire at Mercator's fruit and vegetable warehouse in Ljubljana. Changes in costs were consistent with the revenue. Cost of sales and selling and marketing costs for the company Mercator, d.d., which include the purchase value (cost) of goods sold, production costs, selling and marketing costs, and other expenses, dropped by 5.0% relative to the year before. In addition, administrative expenses were decreased as well, by 11.9%. Results from operating activities in 2015 were at EUR 51,077 thousand, which is a ten-fold improvement over the year 2014, while net result for the year was a loss of EUR -3,800 thousand. Nevertheless, net result for the year improved by EUR 91,311 thousand relative to 2014.

In 2015, the composition of the Supervisory Board changed. At the session held on April 22, 2015, the Works Council of Mercator, d.d., appointed Matjaž Grošelj as a new employee representative in the company Supervisory Board as the term of the previous Supervisory Board member Ivan Valand expired on May 19, 2015. As at December 31, 2015, Supervisory Board composition was as follows: Ante Todorčić, Matej Lahovnik, Damir Kuštrak, Ivan Crnjac, Darko Knez, and Ivica Mudrinić as shareholder representatives, and Matjaž Grošelj, Vesna Stojanović, and Veljko Tatić as employee representatives.

There were no changes in the composition of the Management Board in 2015. Company Management Board continues to consist of three members: Toni Balažič as the Management Board president, and members Drago Kavšek and Igor Maroša.

**3. Appointment of a certified auditing company for the year 2016**

**RESOLUTION PROPOSAL:**

*The auditing company DELOITTE REVIZIJA, d.o.o., Dunajska cesta 165, Ljubljana, shall be appointed as the company auditor for 2016.*

**Explanation of the resolution proposal:**

The resolution proposal is based on the Supervisory Board proposal. Pursuant to Article 281 of the Companies Act (ZGD-1), the Supervisory Board shall propose the candidate for the company auditor.

The auditing company proposed for appointment has relevant auditing experience in the fields of activity of the company, and references both in Slovenia and abroad.

Resolution to the agenda item 1 is proposed by the Management Board; resolution to agenda item 2 is proposed by the Management Board and the Supervisory Board; and the resolution to agenda item 3 is proposed by the Supervisory Board.

## II. INFORMATION FOR THE SHAREHOLDERS

### **Access to Shareholders Assembly Documentation, proposed resolutions including explanations, and information on the Shareholders Assembly**

Documentation, or materials, for the Shareholders Assembly, including resolution proposals and explanations thereto, Annual Report complete with Supervisory Board Report and the statement of corporate governance, and other documents specified in Article 297.a, Paragraph 2, of the Companies Act (ZGD-1), shall be made available to the company shareholders at the company headquarters in Ljubljana, Dunajska cesta 107, ground floor, each business day from the day of announcement of the Shareholders Assembly convocation to the day of the Shareholders Assembly session from 9 a.m. to 12 noon. All documentation referred to above is also available on the company website at <http://www.mercatorgroup.si>. Convocation of the Shareholders Assembly, explanation of the resolution proposals, and other materials are also published on the website of the Ljubljana Stock Exchange, d.d. (<http://seonet.ljse.si>). Information provided in Article 296 of the Companies Act (ZGD-1), Paragraph 3, and detailed information on the rights of the shareholders with regard to submitting any requests for additional agenda items, counter-proposals to proposed resolutions, election/voting proposals, and shareholder rights to information (Article 298, Paragraph 1; Article 300, Paragraph 1; and Articles 301 and 305 of the Companies Act ZGD-1) is published on the company website.

### **Requests and proposals by the shareholders**

Shareholders whose combined shareholdings amount to one twentieth (five percent) of share capital, may request in writing in seven days after the convocation of the Shareholders Assembly an additional item of the agenda. A written proposal of the resolution on which the Shareholders Assembly should vote/decide, or an explanation of the agenda item in case no resolution is adopted with regard to a particular agenda item, shall be attached to the request. Pursuant to Article 298, Paragraph three of the Companies Act (ZGD-1), the company Management Board shall announce those additional agenda items that are requested by the shareholders no later than seven days after the announcement of Shareholders Assembly convocation. The shareholders may submit the requests for additional items of the agenda to the company by electronic mail, to the address [skupscina@mercator.si](mailto:skupscina@mercator.si).

The shareholders may submit, in writing, resolution and election proposals to each item of the agenda. A shareholder proposal will only be announced by the company Management Board in the same way as this convocation, if it is submitted to the company within seven days after the convocation of the Shareholders Assembly, complete with a reasonably justified proposition, along with the statement that the shareholder/proposing party will counter the proposal by the Management or Supervisory Board and that she or he intends to convince other shareholders to vote for her/his proposal. Pursuant to Article 301 of the Companies Act (ZGD-1), the shareholder shall not be required to justify an election proposal. The shareholder's proposal shall be announced and communicated in the way provided by Article 296 of the ZGD-1 only if the shareholder has submitted a reasonably justified proposal within seven days after the announcement of the Shareholders Assembly convocation. The shareholders may also submit the resolution and election proposals to the company by electronic mail, to the address [skupscina@mercator.si](mailto:skupscina@mercator.si).

Requests for additional agenda items and resolution or election/voting proposals submitted by electronic mail shall be sent as a scanned image file attached to the e-mail message. The image file shall include a handwritten signature of the natural person; in case of legal persons, such documents shall include the handwritten signature of the company representative as well as the seal of the legal person, if applicable. The company shall have the right to check the identity of the shareholder or, the person conferring the power of attorney by e-mail, as well the authenticity of the signature.

### **Shareholder's right to information**

Shareholders shall be entitled to raise questions at the Shareholders Assembly and request information on company affairs if such information is required for assessment of agenda items; furthermore, the shareholders may exercise their right to information pursuant to Article 305, Paragraph 1, of the Companies Act (ZGD-1).

### **Attendance conditions and assertion of voting rights**

The Assembly may be attended and voted at only by those shareholders who register their attendance in writing in such way that the Management Board receive their application no later than at close of business on the fourth day before the Shareholders Assembly, i.e. by the end of May 6, 2016, and who are registered as

shareholders in the central register of dematerialized securities as at close of business of May 6, 2016. The application shall be submitted by regular mail to the address Mercator, d.d., Dunajska cesta 107, Ljubljana, Tajništvo pravnega sektorja (Legal Affairs Secretary Office). The applications to the Shareholders Assembly cannot be submitted using electronic means. Only applications with original signatures of the shareholders or their proxies shall be accepted and deemed valid. The Shareholders Assembly Application Form shall be available at the company website, and freely available at the company headquarters in Ljubljana, at Dunajska cesta 107, ground floor, each business day from the day of announcement of the convocation to the day of the Shareholders Assembly convention, from 9 a.m. to 12 noon.

Each shareholder with the right to attend the Shareholders Assembly may also appoint a proxy to attend the Shareholders Assembly on their behalf and exercise their voting right. The power of attorney/authorization shall be submitted to the company in writing. The power of attorney/authorization shall remain in possession of the company. Proxy voting form is available at the company website; it is also freely available at the company headquarters at Ljubljana, Dunajska cesta 107 (ground floor), each workday from the day of announcement of the convocation to the day of the Shareholders Assembly session, from 9 a.m. to 12 noon. The power of attorney/authorization may also be submitted to the company by electronic mail, to the address [skupscina@mercator.si](mailto:skupscina@mercator.si), scanned into an image file and attached to the e-mail message. Such document shall include a handwritten signature of the natural person; in case of legal persons, such documents shall include the handwritten signature of the company representative as well as the seal of the legal person, if applicable. The company shall have the right to check the identity of the shareholder or, the person conferring the power of attorney by e-mail, as well the authenticity of the signature. The shareholders may also revoke the power of attorney/authorization in the same way it was submitted, at any time until the day of the Shareholders Assembly.

The shareholders or their proxies or attorneys shall be obliged to prove their identity upon request by presenting a personal identification document and written authorization/power of attorney; in addition, statutory representatives shall also be required to present an extract from the judicial or business register.

As at the day of Shareholders Assembly convocation, the company has 6,090,943 ordinary registered no par value shares. Pursuant to the relevant legislation, each ordinary share carries one vote for its owner at the Shareholders Assembly. As at the day of Shareholders Assembly convocation, the company has 42,192 treasury shares which do not carry voting rights.

The shareholders are kindly requested to check in at the Shareholders Assembly reception office upon their arrival, no later than half hour before the beginning of the session, to confirm their presence with their signatures on the list of attendants and to claim their voting devices. The hall where the Shareholders Assembly is to take place will be open 30 minutes before the beginning of the session.

The Shareholders Assembly is convened for 1 p.m. In case of absence of quorum at such time, the Assembly shall be rescheduled for 2 p.m. on the same day at the same place, regardless of the percentage of total share capital represented at the Assembly.

President of the Management Board  
Toni Balažič

Supervisory Board Chairman  
Ante Todorčić