



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 April 18, 2019 and the resolution by the company Supervisory Board dated April 25, 2019, the Management Board hereby convenes the

**26th regular Shareholders Assembly,
to take place on June 5, 2019, at 3.30 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 2018 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 PROPOSAL:

- A) Granting discharge from liability to the company Supervisory Board for the fiscal year 2018
The Shareholders Assembly confirms and approves of the work of the company Supervisory Board for the fiscal year 2018, and hereby grants discharge from liability to the Supervisory Board.
- B) Granting discharge from liability to the company Management Board for the fiscal year 2018

The Shareholders Assembly confirms and approves of the work of the company Management Board for the fiscal year 2018, and hereby grants discharge from liability to the Management Board.

Explanation of the resolution proposals:

Since the company Poslovni sistem Mercator d.d. did not generate profit in 2018, the Shareholders Assembly shall not make any decisions with regard to allocation thereof. The Shareholders Assembly shall be informed that as at December 31, 2018, net loss for the fiscal year amounted to EUR 10,881,709.38, and that the loss was covered by debiting the retained earnings by an amount of EUR 7,070,810.87, and by debiting the share premium by an amount of EUR 3,810,898.51.

In 2018, Mercator Group continued its activities to increase its focus on its core activity of fast-moving consumer goods retail in a dense retail network in Slovenia, Serbia, Montenegro, and Bosnia and Herzegovina. It remains focused on the broadest offer of local, national, and regional brands, as updates to store formats in order to be even better adapted to the modern consumer in terms of equipment, offer, additional services, and working hours. In 2018, a total of 122 stores were newly opened or updated at the Mercator Group level.

With regard to the so-called Lex Agrokor, Mercator Group companies reported until and including June 9, 2017, their receivables payable by the Agrokor Group companies. In January 2018, the court in Zagreb recognized and confirmed all reported receivables. On July 04, 2018, the Settlement of the Agrokor Group Creditors (called "Nagodba" in Croatian) was voted on and approved; it became final on October 18, 2018.

Developments regarding the Agrokor Group are supervised by the extraordinary Management Board of the company Poslovni sistem Mercator d.d., who publishes every three months a report confirming that Mercator is complying with the commitments regarding its transactions with the company Agrokor and its subsidiaries or its affiliated companies.

In 2018, revenue of the company Poslovni sistem Mercator d.d. amounted to EUR 1,181,909 thousand, which is 0.4% less than in the last year's comparable period. The drop in revenue is a result of lower actual revenue in wholesale, which in turn is a result of closing down of franchise units, decrease in transit revenue, and loss of agricultural equipment sales; on the other hand, revenue in retail was higher relative to the same period of the year before.

On October 12, 2018, the company Poslovni sistem Mercator d.d. and Supernova signed an agreement on the sale of ten shopping centres in Slovenia. The sale and purchase agreement, specifying an acquisition price of EUR 116.6 million, also includes a provision on long-term lease back of the parts of the shopping centres in which the company Poslovni sistem Mercator d.d. is conducting its core activity. The transaction was completed in February 2019. The monetization project is primarily intended for deleveraging and it fosters Mercator Group's long-term development.

In 2018, the composition of the Supervisory Board changed. On February 28, 2018, Ante Ramljak resigned from the position of Supervisory Board member at Poslovni sistem Mercator d.d.; as of April 4, 2018, Teo Vujčić resigned from the position of Supervisory Board member, and as of April 16, 2018, Damir Kuštrak resigned from the position of Supervisory Board member. At the 25th regular Shareholders Assembly of the company Poslovni sistem Mercator d.d., held on June 12, 2018, the following Supervisory Board members representing the interests of capital were appointed for a four-year term of office: Fabris Peruško, Irena Weber and Sergei Volk. Four-year term of office was also extended for incumbent members Matej Lahovnik and Ivica Mudrinić; both will start their terms of

office on August 30, 2018. Thus, the nine-member Management Board of the company Poslovni sistem Mercator d.d. operates with the following composition: Fabris Peruško, Irena Weber, Sergei Volk, Matej Lahovnik, Ivica Mudrinić, Vladimir Bošnjak, Vesna Stojanovič, Jože Lavrenčič, and Matjaž Grošelj.

3. Appointment of a certified auditing company for the year 2019

RESOLUTION PROPOSAL:

The auditing company DELOITTE REVIZIJA, d.o.o., Dunajska cesta 165, Ljubljana, shall be appointed as the company auditor for 2019.

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; resolutions to agenda item 2 are proposed by the Management Board and the Supervisory Board; and the resolutions 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 2 p.m. All documentation referred to above shall also be 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 (Ljubljanska borza 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.

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.

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 June 1, 2019, and who are registered as shareholders in the central register of dematerialized securities as at close of business of June 1, 2019. The application shall be submitted by regular mail to the address Mercator, d.d., Dunajska cesta 107, 1000 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 2 p.m.

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 2 p.m. The power of attorney/authorization may also be submitted to the company by electronic mail, to the address 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.

Processing of personal data submitted upon registration for the Shareholders Assembly, or by proxy, complete with data from the share register, is inevitably necessary for the organization and execution of the Shareholders Assembly. The company or its contractor providing technical and organizational aspects of the Shareholders Assembly shall process the personal data in compliance with the effective legislation on personal data protection.

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 convention / 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 3.30 p.m. In case of absence of quorum at such time, the Assembly shall be rescheduled for 4.30 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:
Tomislav Čizmić