



# Mercator

## **MATERIALS**

for the 22nd regular Shareholders Assembly of the company Mercator,  
d.d.

May 2015



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**Mercator**

Documents pertaining to item one of the agenda

**OPENING OF THE SHAREHOLDERS ASSEMBLY AND APPOINTMENT OF THE SHAREHOLDERS ASSEMBLY CHAIRPERSON**

The Management Board hereby proposes to the Shareholders Assembly of the company Mercator, d.d., to adopt the following

**resolution:**

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

**Explanation:**

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.

Ljubljana, May 15, 2015

Management Board President:

Anton Balažič

Documents pertaining to item two of the agenda

**PRESENTATION OF ANNUAL REPORT AND THE SUPERVISORY BOARD'S REPORT ON THE RESULTS OF ANNUAL REPORT REVIEW AND AUDIT FOR THE 2014 FISCAL YEAR; INFORMATION ON THE OFFSETTING OF NET LOSS; 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.**

The Management Board and Supervisory Board hereby propose to the Shareholders Assembly of the company Mercator, d.d., to adopt the following

**Resolutions:**

**A) Granting discharge from liability to the company Supervisory Board for the fiscal year 2014**

- 1. Discharge from liability to individual Supervisory Board members for the fiscal year 2014 shall be granted to each member separately.*
- 2. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to Matej Lahovnik, previously the Supervisory Board chairman and currently the Supervisory Board deputy chairman.*
- 3. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board deputy chairman Rok Rozman.*
- 4. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Bojan Brank.*
- 5. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Boris Galić.*
- 6. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Zdenko Podlesnik.*
- 7. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Marjeta Zevnik.*
- 8. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Vesna Stojanović.*
- 9. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Veljko Tatić.*
- 10. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivan Valand.*
- 11. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board chairman Ante Todorčić.*

- 12. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Damir Kuštrak.**
- 13. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivan Crnjac.**
- 14. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Darko Knez.**
- 15. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivica Mudrinić.**

If the proposal to Item 1 of the agenda to vote on the discharges from liability separately for each Management Board member is not adopted, then the Management Board and the Supervisory Board propose that the following resolution be voted on in place of the resolutions 2–15 above:

**16. The Shareholders Assembly grants discharge from liability to the company Supervisory Board for the fiscal year 2014.**

**B) Granting discharge from liability to the company Management Board for the fiscal year 2014**

***The Shareholders Assembly grants discharge from liability to the company Management Board for the fiscal year 2014.***

**Explanation:**

Since the company Mercator, d.d., did not generate profit in 2014, the Shareholders Assembly shall not make any decisions with regard to allocation thereof. The Shareholders Assembly shall be informed that as at December 31, 2014, net loss for the fiscal year amounted to EUR 95,110,864.40. Retained earnings were also negative, amounting to EUR 24,913,126.52 as at December 31, 2014. Both the net loss for the fiscal year and the retained earnings have been offset with other revenue reserves in the amount of EUR 104,970,349.23 and by debiting the amounts based on elimination of general revaluation adjustment to equity in the amount of EUR 15,053,641.69.

The year 2014 was a year of major changes for the Mercator Group, particularly in terms of ownership and financial restructuring. Agrokor, d.d., became the majority shareholder of Mercator, d.d., holding along with the company Agrokor Investments B.V. a total of 88.10% of Mercator shares. In mid-2014, Mercator Group completed its financial restructuring, and in November, a capital increase was carried out at Mercator, d.d.

In 2014, Mercator carried on its measures introduced as a part of the four-pillar strategy (optimization, focus, profitability, growth); improved working capital management; rationalized costs; and improved employee productivity. Numerous marketing activities were carried out as a response to the perceived desires and habits of our customers as the company sought to improve their loyalty and satisfaction.

In 2014, Mercator, d.d., revenue amounted to EUR 1,455,212 thousand, which is 0.6% less than in 2013. The drop is largely a result of closing down of some non-profitable or underperforming units of the fast-moving consumer goods program, home product units, and textile units. Net profit was also significantly affected by impairments to long-term financial investments into subsidiaries and impairments to real property. Adjusting for these non-recurring events, the loss in 2014, reported at EUR 95 million, would have been considerably lower at EUR 8 million.

Considering the fact that most Supervisory Board members were replaced in the year 2014, it is proposed pursuant to the provision from Article 294, Paragraph 1, sentence 2 of the Companies Act (ZGD-1) that discharge from liability for Supervisory Board members be voted on separately for each member.

Bojan Brank, Supervisory Board member of Mercator, d.d., resigned as of June 27, 2014. On August 4, 2014, other Supervisory Board members representing the shareholders, including Matej Lahovnik, Rok Rozman, Boris Galić, Zdenko Podlesnik, and Marjeta Zevnik, filed their respective statements of resignation and resigned as of August 28, 2014.

At the 20th regular Shareholders Assembly of the company Poslovni sistem Mercator, d.d., held on August 29, 2014, the following Supervisory Board members representing the shareholders were appointed, as proposed by the majority shareholder Agrokor, d.d.: Damir Kuštrak, Ante Todorčić, Ivan Crnjac, Matej Lahovnik, Darko Knez, Ivica Mudrinić; Vesna Stojanović, Veljko Tatić, and Ivan Valand remained in the Supervisory Board as worker representatives.

The Management Board has changed as well. It currently includes three members: Toni Balažič as the Management Board President, and Drago Kavšek and Igor Maroša as Management Board members. Stanka Pejanović is no longer a Management Board member. She was relieved from her position on no-fault grounds, for other business and economic reasons, at the Supervisory Board session on September 18, 2014.

Ljubljana, May 15, 2015

Management Board President:  
Anton Balažič

Supervisory Board Chairman:  
Ante Todorčić

Appendix to item 2 of the agenda:

- Annual Report complete with the corporate governance statement and information on compensation paid out to the Management Board and Supervisory Board, and the Supervisory Board's report



**Mercator**

**Documents pertaining to item three of the agenda**

**APPOINTMENT OF A CERTIFIED AUDITING COMPANY FOR THE YEAR 2015**

Based on the proposal by the Audit Committee, the Supervisory Board hereby proposes to the Shareholders Assembly of the company Mercator, d.d., to adopt the following

**resolution:**

***The auditing company DELOITTE REVIZIJA, d.o.o., Dunajska cesta 165, Ljubljana, shall be appointed as the company auditor for 2015.***

**Explanation:**

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.

Ljubljana, May 15, 2015

Supervisory Board Chairman:  
Ante Todorčić

## **INFORMATION FOR THE SHAREHOLDERS**

### ***1. Total number of shares and voting rights as at the day of Shareholders Assembly convocation***

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.

### ***2. Information on additional items of the agenda***

Shareholders whose combined shareholdings amount to one twentieth (five percent) of share capital, may request in writing 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 to be adopted with regard to a particular agenda item, shall be attached to the request. It shall suffice to send the request to the company no later than seven days after the announcement of Shareholders Assembly convocation.

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 the 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). Requests for additional agenda item submitted by electronic mail must be sent as a scanned image file attached to the e-mail message. The image file must 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 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 additional agenda item may only be discussed at the Shareholders Assembly if it is announced in the same way as the Shareholders Assembly convocation, no later than 14 days before the Shareholders Assembly; otherwise, it shall be discussed at the first subsequent Shareholders Assembly. The Management Board will provide in the same deadline and in the same way an announcement of the consolidated copy of the agenda.

### ***3. Information on shareholder proposals***

The shareholders may submit, in writing, resolution proposals to each item of the agenda. A shareholder proposal will only be announced by the company Management Board if the shareholder submits within seven days after the convocation of the Shareholders Assembly



to the company a reasonably justified proposition, along with the statement of whether the shareholder will counter the proposal by the managerial/supervisory body, and whether the shareholder intends to convince other shareholders to vote for her/his proposal. The shareholder shall not be required to justify an election proposal.

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). Resolution or election/voting proposals submitted by electronic mail must be sent as a scanned image file attached to the e-mail message. The image file must 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 person, if applicable. The company has 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 Management Board shall not announce the shareholder's proposal and the pertaining explanation in the following cases:

- if an announcement of the proposal would constitute a criminal or minor offence;
- if the proposal could lead to a Shareholders Assembly resolution that would be in breach of the legislation or the provisions of the Articles of Association;
- if the explanation of the proposal includes obviously wrong or misleading information or insults in its key points;
- if the shareholder's proposal with the same contents has already been submitted to the company Shareholders Assembly;
- if the same shareholder's proposal with essentially the same explanation has been submitted at two or more company Shareholders Assemblies in the last five years, and if less than one twentieth (five percent) of the represented share capital voted in favour of such proposal;
- if the shareholder makes it clear that she / he would not attend the Shareholders Assembly and would not be represented there; or
- if the shareholder has not upheld her or his submitted proposal at the Shareholders Assembly in the last two years, or did not do so via proxy.

The Management Board shall not announce the explanation to the proposal if it includes more than 3,000 characters. The Management Board has the right to announce any proposal and their respective explanations in a summary, if several shareholders submit their proposals on the same issue. Shareholder proposals that are not submitted to the company within seven days after the announcement of the Shareholders Assembly convocation and are presented at latest at the Shareholders Assembly shall be discussed at the Assembly.

#### ***4. Information on the shareholder's right to information***

The Management Board shall provide reliable information on company affairs at the Shareholders Assembly, if such information is required for assessment of the agenda items. Upon questions posed by several shareholders with regard to the same issue, the Management Board may submit the information in a combined reply. The Management Board will submit information on legal and business relations of the company with its subsidiaries, if this is deemed necessary for assessment of the agenda.

Regardless of the provisions from the previous paragraph, the Management Board shall not be required to submit information in the following cases:

- if submitting the information is, by sound economic judgement, of such nature that it could cause injury to the company or an associated company;
- if the information is related to balancing and assessment methods, when the description of such methods in the appendix suffices for assessment of property, finance, and performance aspects of the company corresponding to the actual circumstances;
- if submitting such information would constitute a criminal or minor offence or non-compliance with sound business practice;
- if the information has already been announced on the company website in the FAQ section at least seven days before the Assembly.

If a shareholder is provided with information outside the Shareholders Assembly, the same information shall be submitted to any other shareholder upon their request, even if such information is not deemed necessary for assessment of the agenda item. If a shareholder is not provided with the required information at the Shareholders Assembly, they may request that their question and the reason for which access to information was denied be entered into the Assembly minutes.

#### ***5. 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 (close of business) of June 14, 2015, and who are registered as shareholders in the central register of dematerialized securities as at close of business of June 14, 2015. 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 AM 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 available free of charge 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 session, from 9 AM 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 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.

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

Ljubljana, May 15, 2015

Management Board President:  
Anton Balažič