

POSLOVNI SISTEM MERCATOR d.d.
(Office of the legal affairs secretary)
Dunajska cesta 107
1000 Ljubljana

Ljubljana, November 26, 2021

SUBJECT: Counterproposal by the shareholder VZMD to the resolution proposal for agenda item 2 of the recently convened 30th extraordinary general meeting of shareholders (Shareholders Assembly) of the company POSLOVNI SISTEM MERCATOR d.d.

VZMD, a shareholder of the company Poslovni sistem Mercator d.d. (hereinafter referred to as the Shareholder – Proposing Party), hereby submits, pursuant to the provisions of Article 300 of the Companies Act (ZGD-1), a counterproposal to the resolution proposal for agenda item 2 of the 30th extraordinary general meeting of shareholders (Shareholders Assembly) of the company Poslovni sistem Mercator d.d., convened to take place on Thursday, December 23, 2021, at 3.30 p.m., at the company headquarters.

At the Assembly, The Shareholder – Proposing Party shall object to the original proposal by the majority shareholder, and shall seek to convince other shareholders to vote for the Shareholder's – Proposing Party's proposal. The Shareholder – Proposing Party expects that their proposal will be publicly released and communicated in the manner set forth in the Article 296 of the Companies Act (ZGD-1).

COUNTERPROPOSAL

to resolution proposal for agenda item 2: Squeeze-out of minority shareholders

2. Squeeze-out of minority shareholders:

"2.1 The Shareholders Assembly shall peruse the Report on Requirements for Transfer of Shares and Appropriateness of the Amount of Cash Consideration for Minority Shareholders, prepared by the main shareholder, i.e., the company FORTENOVA GRUPA d.d., Marijana Čavića 1, 10000 Zagreb, Republic of Croatia ("Main Shareholder"), and the Report on Appropriateness of Cash Consideration, prepared by the auditor PIT Leitner d.o.o.

2.2 The Shareholders Assembly shall be informed that the Main Shareholder of the company POSLOVNI SISTEM MERCATOR d.d., Dunajska cesta 107, 1000 Ljubljana ("the Company"), holds 5,594,167 shares of the Company with symbol MELR, which corresponds to 90.005% (rounded to three decimal places) share in the share capital of the Company, taking into account the 42,192 treasury shares held by the Company, pursuant to Article 384, Paragraph 2, in relation to Article 528, Paragraph 2 of the Companies Act (ZGD-1).

2.3 All Company shares that are not treasury shares or shares held by the Main Shareholder, i.e., 621,261 MELR shares held by minority shareholders of the Company on the day of entry of this resolution into the Court Register ("Minority Shareholders"), shall be transferred to the Main Shareholder in exchange for

consideration in the amount of EUR 204.33 per one MELR share ("Cash Consideration") on the day when this resolution is entered into the Court Register.

2.4 Pursuant to Article 23 of the Book-Entry Securities Act (ZNVP-1), the Main Shareholder shall transfer the Cash Consideration to KDD d.o.o.:

- if the Company shares held by Minority Shareholders are free of any encumbrances, for the account of Minority Shareholders, or,
- if Company shares held by Minority Shareholders are encumbered with a pledge, for the account of the pledgee and/or pledgees to the benefit of whom the pledge is entered in the central register of book-entry securities operated by KDD d.o.o., on the share or shares held by a Minority Shareholder or Minority Shareholders on the day of entry of the resolution on the transfer of shares to the Main Shareholder into the Court Register.

2.5 The Main Shareholder shall, immediately after the entry of this resolution into the Court Register, pay the Cash Consideration to the Minority Shareholders. ERSTE & STEIERMÄRKISCHE BANK d.d., Jadranski trg 3a, Rijeka, Croatia, shall be jointly and severally liable for the payment of the Cash Consideration pursuant to Paragraph 2 of the Article 385 of the Companies Act (ZGD-1)."

Explanation:

The Pan-Slovenian Shareholders Association (Vseslovensko združenje malih delničarjev – VZMD) opposes the squeeze-out of minority shareholders from the company due to **woefully inadequate cash consideration proposed by the main shareholder, the company FORTENOVA GRUPA d.d.**, with regard to which we have received since the previous (cancelled) Shareholders Assembly convocation numerous calls from shareholders who absolutely disagree with such amount of cash consideration.

Moreover, the proposed squeeze-out of minority shareholders has, sadly, confirmed VZMD's publicly disclosed **concern and presumption that the only purpose of the capital increase, adopted at the most recent Shareholders Assembly, in the amount of no more than EUR 5.9 million, was for the majority shareholder to exceed the 90% ownership threshold and thus enable the minority shareholder squeeze-out.** With the exclusion of the right of the remaining shareholders to participation in the capital increase, the majority shareholder exceeded the mandatory 90-percent threshold, as provided by law, with a surgical precision of no more than 0.005 percent! **VZMD is currently challenging this capital increase (!)**, which is why – such is the belief of the experts working with the VZMD – it should not be considered neither in determining the mandatory prerequisites for the minority shareholder squeeze-out, nor in the calculation of an appropriate cash consideration.

After VZMD filed a counterproposal that included a higher cash consideration for the General Meeting of Shareholders (Shareholders Assembly) convened for December 6, 2021, at the request of the main shareholder, which was subsequently cancelled on November 22, 2021, also at the request of the main shareholder, and the **release of the Mercator management's position** in this respect, the VZMD prepared and received further **corroboration and analyses that all point out the necessity to increase the cash consideration to at least EUR 204.33 per Mercator share.** In the previous counterproposal dated November 12, 2021, the VZMD proposed **EUR 145.25 per share** as adequate cash consideration, which our experts based on the Presentation of Final Enterprise Value Estimates (<https://nagodba.agrokor.hr/storage/2018/06/Agrokor-Presentation-on-Final-Enterprise-Value-Estimates-1.pdf>) for companies held by the company AGROKOR, dated June 2018, which estimates the value of

POSLOVNI SISTEM MERCATOR to between EUR 623 million and EUR 1,315 million, with the mean value of **EUR 878.6 million**.

Mercator's Management Board publicly released the VZMD's counterproposal, along with a note that it disagrees with and opposes such counterproposal, stating that the VZMD's proposal was "based on a document that is more than 3 years old". VZMD's experts find such **conduct of Mercator's Management Board highly inappropriate, and they are perplexed by the utterly false and misleading statements or arguments** in the Management Board's publicly released opinion, since the same Management Board, throughout the period (of the last three years), **reported every time – at General Meetings of Shareholders (Shareholders Assemblies), upon presentation of Annual Reports and otherwise – on improving business performance**. Indeed, as this (new) counterproposal (dated November 25, 2021) was being drafted, **Mercator's Management Board** posted on the Ljubljana Stock Exchange's portal (SeoNet) a press release titled "Mercator improves business performance again in the first nine months of the year".

The VZMD points out that AGROKOR as the majority shareholder estimated Mercator's value in 2018 based on the estimated EBITDA for the years 2019 and 2020. EBITDA for 2019 was estimated at EUR 106.6 million, and EBITDA for 2020 was estimated at EUR 115.7 million. According to Mercator's own annual reports, however, actual EBITDA for 2019 was EUR 170.4 million (exceeding AGROKOR's estimate by 59.84%), and actual EBITDA for 2020 was EUR 162.76 million (40.67% above the AGROKOR's estimate). Thus, **actual EBITDA for 2019 and 2020 was more than 40% higher than in AGROKOR's estimate from 2018**.

Considering these – **official and publicly released – statements and the incomparably higher value, it is more than obvious that a fair cash consideration amounts to at least EUR 204.33 per Mercator share**, which is hereby demanded with this counterproposal.

Best regards,

Kristjan Verbič
VZMD chairman