

## **REORGANIZATION AGREEMENT**

**Riga,** \_\_\_\_\_

### **Concluded by and between:**

**Sabiedrība ar ierobežotu atbildību “Daugavgrivas 7”**, [Limited Liability Company] unified registration No. 40003667306, legal address: 7-7 Daugavgrivas Street, Riga, LV-1048, hereinafter referred to as the Acquired Company, and

**AS „Latvijas balzams”**, [Joint Stock Company] unified registration No. 40003031873, legal address: 160 A.Caka Street, Riga, LV-1012, hereinafter referred to as the Acquiring Company,

hereinafter referred to as the Party or the Parties if reference is made to them jointly,

without duress, mistake or fraud the Parties hereto agree to conclude this Reorganization Agreement (hereinafter referred to as the Agreement) as follows:

### **§ 1. General Provisions**

1.1. In accordance with the laws of the Republic of Latvia and the provisions of this Agreement the reorganization of the Parties shall take place by way of a merger where the Acquired Company will be joined to the Acquiring Company as a result of which the Acquiring Company will become a legal successor of all property, rights and obligations of the Acquired Company and the Acquired Company will cease to exist as a separate legal entity without winding-up process (hereinafter referred to as the Reorganization).

1.2. The Acquiring Company shall continue to act as a joint stock company pursuant to the laws of the Republic of Latvia with a firm name **AS “Latvijas balzams”**, and unified registration number No. 40003031873.

1.3. In the result of the Reorganization the equity capital of the Acquiring Company shall remain unchanged that is LVL 7 496 900 (seven millions four hundred ninety six thousand nine hundred lats) consisting of 7 496 900 (seven millions four hundred ninety six thousand nine hundred) shares with nominal value of each share LVL 1 (one lat), or in case the meeting of shareholders will take a decision, concerning denomination of equity capital – than according to currency exchange rate and the decision of meeting of shareholders.

1.4. In the result of Reorganization there are not planned the changes in amount of equity capital of the Acquiring Company and in the number of shares.

1.5. The Reorganization shall come into force from the moment the Commercial Register of the Register of Enterprises of the Republic of Latvia (hereinafter referred to as “Commercial register”) will make records regarding all Parties involved in the Reorganization process:

- A record regarding the Reorganization of the Acquiring Company by joining the Acquired Company;
- A record regarding exclusion of the Acquired Company from the Commercial Register.

1.6. From the moment the Reorganization comes into force all transactions of the Acquired Company shall be considered as the Acquiring Company's transactions in accountancy of the Acquiring Company.

## **§ 2. Assignment of Capital Shares**

2.1. The shares of the Acquiring Company shall not be exchanged with the capital shares of the Acquired Company.

2.2. The shareholders of the Acquiring Company shall be entitled to receive dividends from the Acquired Company's profit from the moment the Reorganization comes into force.

## **§ 3. Supervisory and Executive Bodies**

3.1. The Parties agree that before the Reorganization comes into force the shareholders of each Party shall be entitled to make amendments in the composition of the supervisory and/or executive (management) bodies, i.e., to elect and dismiss members of the supervisory and/or executive (management) bodies without limitations.

3.2. The Parties agree that no specific authorities that could be granted by the Acquiring Company to the members of the supervisory and/or executive (management) bodies of the Acquired Company shall be provided. The term of powers of the Acquired Company's management board shall expire with the completion of the Reorganization process and the Acquired Company's exclusion from the Commercial Register.

3.3. The Parties confirm that none of them have company controllers within the meaning of the Commercial Law.

## **§ 4. Employees**

4.1. The Acquired Company's employee(-s) (if any) shall become the employee(-s) of the Acquiring Company from the moment the Reorganization comes into force.

## **§ 5. The Activities of the Reorganization Process**

5.1. The Parties undertakes during the process of the Reorganization to act according to the effective laws of the Republic of Latvia and *inter alia* to execute the following activities provided by law:

5.1.1. to submit the statement on the Reorganization to the Commercial Register of the Register of Enterprises of the Republic of Latvia in accordance with the procedure established by the Commercial Law of the Republic of Latvia;

5.1.2. to inform in writing about the Reorganization within 15 (fifteen) days from the day the decision on the Reorganization is made (with regard the Acquiring Company the decision of its shareholders is made; with regard the Acquired Company – the decision of its Management Board) all known creditors which till the decision on the Reorganization have claim rights against the company determining the term of 1 (one) month for the creditors' claims declaration;

5.1.3. to publish in the official newspaper “Latvijas Vēstnesis” the statement about the acceptance of the decision on the Reorganization in accordance with the procedure established by the Commercial Law of the Republic of Latvia;

5.1.4. not earlier than three months after the statement about the acceptance of the decision on the Reorganization is published in the newspaper „Latvijas Vēstnesis” to submit the applications regarding making a record on the Reorganization to the Commercial Register, and the Acquired Company shall also submit the final financial statements;

5.1.5. as well as to execute other necessary activities in order to ensure the Reorganization comes into force.

### **§ 6. Validity of the Agreement**

6.1. This Agreement shall come into force from the moment when it is signed by all Parties based on the properly taken decisions on the Reorganization and it shall be valid until all obligations stated in this Agreement are properly and completely fulfilled that is till the moment the Reorganization comes into force.

6.2. The Agreement can be terminated before it is executed only by an additional agreement of the Parties, with a guarantee of fulfillment of obligations to third parties, which each Party has undertaken during the process of the Reorganization.

6.3. The Agreement is made in 4 (four) copies, two copies for each Party.

6.4. In matters not covered by this Agreement the Parties shall be guided by the effective laws of the Republic of Latvia.

6.5. If any provision of the Agreement is deemed to be invalid it does not affect the legal effect of the other provisions of this Agreement.

6.6. All disputes and disagreements regarding the execution of the Agreement shall be tried to be solved by the Parties through negotiations, but in case an agreement shall not be achieved in such a way, the dispute shall be referred to the court of the Republic of Latvia having competence pursuant to the laws of the Republic of Latvia.

**On behalf of  
Sabiedrība ar ierobežotu atbildību  
“Daugavgrivas 7”**

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**On behalf of  
AS “Latvijas balzams”**

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