

PUBLIC LIMITED LIABILITY COMPANY “APRANGA”  
ARTICLES OF ASSOCIATION

I. General Part

- 1.1. Public limited liability company “Apranga” (hereinafter referred to as the company) is established and operates on the basis of the Law on Companies of Republic of Lithuania, the Civil Code of the Republic of Lithuania, Law on Securities of Republic of Lithuania other laws and legal acts and these Articles of Association.
- 1.2. The company is a private legal entity of limited liability.
- 1.3. The company has its economic, commercial, financial, organizational and legal independence.
- 1.4. The Company shall have its own bank accounts, trademarks, and stamp with the following requisites: Republic of Lithuania, Vilnius, public limited liability company „Apranga“.
- 1.5. Financial year of the company shall be calendar year.
- 1.6. The company is established for a period of unlimited duration.

II. Purposes of activity specifying its object of activity

- 2.1. Purposes of the company shall be:
  - Ensure profitable activity;
  - Maximum allowable occupation of the market;
  - Increase of the assets possessed by shareholders.
- 2.2. The object of company’s activity:
  - 2.2.1. Retail sale, whole sale and commission sale of non-foodstuff and foodstuff goods;
  - 2.2.2. Activity of intermediation and agency;
  - 2.2.3. Services of custom warehouse and terminal, custom broker and custom guarantor, other services administered by customs on receipt of appropriate permits if necessary;
  - 2.2.4. Repair, construction and lease of trade network;
  - 2.2.5. Activity related with the acquisition, sale and lease of real estate;
  - 2.2.6. Transport and forwarder services, shipment and discharge of cargo, assortment of cargo, packing of cargo, other services necessary for the performance of transport function;
  - 2.2.7. Custody, storage and transshipment of goods;
  - 2.2.8. Food companies services
  - 2.2.9. Advertisement services.
- 2.3. Licenced activity may be executed only on receipt of necessary permits and licences.

III. The share capital, its amount, number of shares by classes, their nominal value and rights granted.

- 3.1. The share capital is equal to the aggregate amount of the nominal values of all shares subscribed for in the Company.
- 3.2. The share capital of the company shall amount to EUR 16 034 668,40 (sixteen million thirty four thousand six hundred and sixty eight euros, 40 euro cents).
- 3.3. The share capital of the company shall be divided into 55 291 960 (fifty five million two hundred ninety one thousand nine hundred and sixty) ordinary-registered shares with the par value of a share EUR 0,29 (twenty nine hundredths).
- 3.4. The shares of the company shall be intangible with relevant records made in shareholders’personal securities accounts. Shareholders’personal securities accounts shall be administered pursuant to the legal acts regulating securities market.
- 3.5. The shareholder shall have such rights in the company, as are incidental to the shares in the company owned by shareholder.

The shareholder shall have no other property obligations to company, except the obligation to pay up for all subscribed shares at their issue value price pursuant to the established procedure.

- 3.6. Each owner of the ordinary registered share shall have the following property rights:

- 1) To receive part of the company's profit (dividend);
  - 2) To receive a part of the assets of the company in liquidation;
  - 3) To receive shares without payment if the share capital is increased out of the company's funds, except the cases specified in the Law on Companies;
  - 4) To have the pre-emption right to acquire the shares or convertible debenture issued by the company, except in cases when General Shareholders' Meeting pursuant to Law on Companies decides to withdraw the pre-emption right in acquiring the company's issued shares for all shareholders;
  - 5) As provided by laws to lend to the company, however the company borrowing from its shareholders shall have no right to mortgage or pledge its assets to shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his/her place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders shall be prohibited from negotiating a higher interest rate;
  - 6) To receive Company's funds in event the share capital is decreased on purpose to pay Company's funds to shareholders;
  - 7) Shareholder shall have other property rights provided by laws of the Republic of Lithuania.
- 3.7. Each owner of the ordinary registered share shall have the following non-property rights:
- 1) To attend and vote in General Shareholders' Meeting. One ordinary registered share shall grant to its owner one vote at the General Shareholders' Meeting. The right to vote at the General Shareholders' Meeting may be withdrawn or restricted in cases established by laws of the Republic of Lithuania, also in cases when share ownership is contested;
  - 2) To receive information on the company as provided by Law on Companies;
  - 3) To file a claim to the court requesting compensation of damage to company resulting from non-performance or improper performance of the duties of the Manager of the Company or members of the Board of the company which duties have been prescribed by law and these Articles of Association of the company as well as in other cases as may be prescribed by law;
  - 4) Other non-property rights prescribed by law;
  - 5) To submit to the Company in advance the questions connected with the issues on the agenda of the General Shareholders' Meeting;
- 3.8. A shareholder shall not be entitled to vote on the resolution to withdraw the right of pre-emption in acquiring the shares or convertible debentures issued by a company if according to the agenda of the General Shareholders' Meeting it is intended to grant the right to acquire the above securities to the shareholder, the shareholder's close relatives, the shareholder's spouse or cohabitee, where the shareholder's and the cohabitee's partnership has been registered in accordance with the procedure established by law, and a close relative of the spouse, if the shareholder is a natural person, also to the shareholder's parent company or subsidiary, if the shareholder is a legal person, unless the shareholder has acquired all the shares in the company.

#### IV. Bodies of the company.

- 4.1. The bodies of the company shall be as follows: General Shareholders' Meeting, a collegial management – Board and a single-person management body – Manager of the company.
- 4.2. The bodies of the company must act solely for the benefit of the company and its shareholders, and in compliance with the laws and other legal acts and follow the Articles of Association of the company.

#### V. General Shareholders' Meeting, its competence, procedure of convening.

- 5.1. Competence of General Shareholders' Meeting shall be same as specified by the Law on Companies.
- 5.2. Persons who were shareholders at the end of the record date shall have the right to attend and vote at the General Shareholders' Meeting or repeated General Shareholders' Meeting themselves, unless otherwise provided for by laws, or may authorise other persons to vote for them or may dispose of

their right to vote to other persons with whom an agreement on the disposal of the voting right has been concluded. Meeting's record date shall be the fifth working day before the General Shareholders' Meeting or the fifth working day before the repeated General Shareholders' Meeting.

5.3. Convening procedure of General Shareholders' Meeting shall be the same as specified by the Law on Companies.

5.4. An annual General Shareholders' Meeting must be held every calendar year at least within four months from the end of the financial year.

5.5. Extraordinary General Shareholders' Meeting must be convened in cases prescribed by Law on Companies.

5.6. A notice regarding convening of General Shareholders' Meeting must be published in the daily paper indicated in the Articles of Association not later than 21 days before the General Shareholders' Meeting. The documents confirming that the shareholders have been given notice of the General Shareholders' Meeting shall be announced at the opening of the Meeting.

5.7. A General Shareholders' Meeting may adopt resolutions and shall be held valid if attended by shareholders who hold shares carrying more than  $\frac{1}{2}$  of all votes. After the presence of a quorum has been established, the quorum shall remain continuously throughout the Meeting. The shareholders who took a written vote in advance shall be considered as being attended at the General Shareholders' Meeting and their votes shall be included in the quorum of the Meeting and the results of voting.

5.8. Resolution of the General Shareholders' Meeting shall be considered adopted if more votes of the shareholders have been cast for it than against it, unless Law on Companies or the Articles of Association of the company establishes a larger majority.

5.9. General Shareholders' Meeting under the qualified majority of votes, which may not be less than  $\frac{2}{3}$  of all votes the shareholders attending at the Meeting, shall adopt the following resolutions: to amend the Articles of Association, except for the exceptions specified by Law on Companies; to determine the class, number, nominal value and the minimum issue price of the shares issued by the company; to convert the company's shares of one class into shares of another class, approve the share conversion procedure; on the appropriation of profit (loss); on building up, drawing on, reduction or liquidation of the reserves; to distribute dividends for the shareholders for the period, shorter than a financial year; to issue convertible debentures; to increase the share capital; to decrease the share capital except for the exceptions specified by Law on Companies; on approving the conditions of reorganisation or division and reorganisation, or division of the company; on the transformation of the company; on the restructuring of the company; on the liquidation of the company and cancellation of company liquidation except for the exceptions specified by Law on Companies.

5.10. The resolution to withdraw for all shareholders the pre-emption right in acquiring the company's newly issued shares or convertible debentures of a specific issue shall require a qualified majority vote that shall be not less than  $\frac{3}{4}$  of all votes conferred by the shares of the shareholders present at the General Shareholders' Meeting and entitled to decide on the issue.

5.11. Minutes shall be taken of all General Shareholders' Meetings. The minutes shall be drawn up and signed not later than within 7 days after the date of the General Shareholders' Meeting. The minutes shall be signed by the chairman and secretary of the General Shareholders' Meeting and may also be signed by the persons authorised by the General Shareholders' Meeting.

5.12. The following documents shall be attached to the minutes: the list of registration of the shareholders who attended the Meeting; the authorizations and other documents certifying the persons' voting right; the general ballot papers of the shareholders who voted in advance in writing; documentary proof that the shareholders have been notified of the General Shareholders' Meeting; comments on the minutes and conclusion on the comments given by the persons who signed the minutes.

## VI. Company's Board, its competence, procedure for election and revocation of Board members.

6.1. The Board is a collegial management body of the company. The procedure of work of the Board shall be laid down in the rules of procedure of the Board.

6.2. The Board, consisting of six members, shall be elected by General Shareholders' Meeting for a 4 year term. Company's Board members election and revocation procedure shall be the same as specified by Law on Companies.

6.3. Company's Board activity is conducted by chairman of the Board. The Board shall elect its chairman from among its members.

6.4. The Board shall continue in office for the period established in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the annual General Shareholders' Meeting during the final year of its term of office.

6.5. Board of company shall consider and approve:

- 1) the activity strategy of the company;
- 2) the interim and annual report of the company;
- 3) the management structure of the company and the positions of the employees;
- 4) the positions to which employees are recruited by competition;
- 5) regulations of branches and representative offices of the company.

6.6. The Board shall adopt the following resolutions:

- 1) resolutions for the company to become an incorporator or a member of other legal entities;
- 2) resolutions to establish branches and representative offices of the company;
- 3) resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the company (calculated individually for every type of transaction);
- 4) resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the company (calculated for the total amount of transactions);
- 5) resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the company;
- 6) resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the company;
- 7) resolution regarding issuance of debenture of the company (except issuance of convertible debenture);
- 8) other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

6.7. The Board shall analyse and assess the documents submitted by the Manager of the company on:

- 1) the implementation of the activity strategy of the company;
- 2) the organisation of the activities of the company;
- 3) financial standing of the company;
- 4) the results of economic activities, income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

6.8. The Board shall elect and remove from office the Manager of the company, fix his/her remuneration and set other terms of the employment agreement, approve his/her job description, provide incentives and impose penalties.

6.9. The Board shall analyse and assess a set of the company's annual financial statement and draft of profit/loss distribution, the draft decision of the distribution of dividends for the period, shorter than a financial year and for this reason composed set of the interim financial reports and shall submit them to the General Shareholders' Meeting together with the annual report of the company.

6.10. The Board shall be responsible for convening and arrangement of the General Shareholders' Meeting in due time.

6.11. Each member of the Board shall be entitled to initiate convening of the Board meeting. The Board may adopt resolutions and its meeting shall be deemed to have taken place when the meeting is attended by 2/3 and more of the members of the Board. The members of the Board who voted in advance shall also be deemed to be present at the meeting. The member of the Board shall not be entitled to vote when the meeting of the Board discusses the issue related to his/her activities on the Board or the issue of his/her responsibility. The resolution of the Board shall be adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Board shall have the casting vote.

6.12. Members of the Board must secure any commercial (industrial) secrets, confidential information of the company which they learned serving on the Board.

6.13. Minutes shall be taken of the meetings of the Board.

## VII. Manager of the company.

7.1. The Manager of the company – Director General - is a single-person management body of the company. The Manager of the company shall act at his/her own discretion in relation of the company with other persons.

7.2. The Manager of the company shall be elected and removed from office by the Board which shall also fix his/her salary, approve his/her job description, provide incentives and impose penalties. The employment agreement shall be concluded with the Manager of the company and shall be signed on behalf of the company by the Chairman of the Board or other person authorized by the Board.

7.3. In his/her activities the Manager of Company shall comply with laws and other legal acts, Articles of Association, General Shareholders' Meeting resolutions, Board resolutions, his/her job descriptions.

7.4. The Manager of the company shall act on behalf of the company and shall be entitled to enter into the transactions at his/her own discretion. The Manager of the company may conclude the following transactions provided that there is a decision of the Board to enter into these transactions: to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the company (calculated individually for every type of transaction); to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the company (calculated for the total amount of transactions); to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the company; to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the company.

7.5. The Manager of the Company shall be responsible for:

- 1) The organization of the company's activity and implementation of its objectives;
- 2) The drawing up of the set the annual financial statements and the drafting of the annual report of the company;
- 3) Concluding an agreement with the firm of auditors;
- 4) Submission of information and documents to the General Shareholders' Meeting and the Board in cases prescribed by Law on Companies or at their request;
- 5) Submission of the documents and data of the company to manager of the Register of Legal Entities;
- 6) Submission of documents to the Bank of Lithuania and Lithuanian Central Securities Depository;
- 7) Public announcement of information prescribed by Law on Companies in a daily newspaper indicated in Articles of Association;
- 8) Submission of information to shareholders;
- 9) The performance of other duties prescribed by laws as well as in the Articles of Association and the job descriptions of the Manager of the company.
- 10) For preparation of the draft decision of the distribution of dividends for the period, shorter than a financial year, composition of the set of the interim financial reports and the preparation of the interim report for the decision of the distribution of dividends for the period, shorter than a financial year,

7.6. The Manager of the company shall organise daily activities of the company, hire and dismiss employees, conclude and terminate employment contracts with them, provide incentives and impose penalties.

7.7. The Manager of the company shall be responsible for preparation of the draft share subscription agreement and its data correctness.

7.8. The Manager of the company shall issue authorizations and procurations within the scope of its competence.

7.9. The Manager of the Company shall be accountable and shall regularly report to the Board on the implementation of company's activity strategy, the organization of the company's activity, the

financial standing of the company, the results of economic activity, the income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

#### VIII. Audit of the company.

8.1. On the expiration of financial year until annual General Shareholders' Meeting the firm of auditors shall audit the company's set of annual financial statements and annual report. The audit shall be carried out by firm of auditors with which the company signed audit services agreement.

8.2. General Shareholders' Meeting shall elect and remove the firm of auditors, set the conditions for auditors' remuneration.

8.3. Audit shall be carried out pursuant to the legal acts regulating audit and work of auditors.

8.4. The Manager of the company must ensure that the auditor receives all the documents necessary to carry out the audit specified in the agreement with the firm of auditors.

#### IX. Profit distribution.

9.1. After the approval of the audited set of annual financial statements, the annual General Shareholders' Meeting must distribute the profit (loss) of the company available for distribution.

9.2. The profit (loss) available for distribution shall comprise the aggregate amount of the net profit (loss) of the financial year and the undistributed profit (loss) of previous financial year at the end of the financial year, the profit (loss) of financial year not recognised in profit (loss) statement, transfers from reserves and the shareholders contributions to cover the losses.

9.3. The resolution of the General Shareholders' Meeting to distribute the profit (loss) shall indicate:

- 1) the undistributed profit (loss) of previous financial year at the end of the financial year;
- 2) the net profit (loss) of the financial year;
- 3) the profit (loss) of financial year not recognised in profit (loss) statement;
- 4) the transfers from the reserves;
- 5) the shareholders contributions to cover the losses of the company (if shareholders resolved to cover all or some part of losses);
- 6) total profit (loss) available for distribution;
- 7) the share of profit allocated to the legal reserve;
- 8) the share of profit allocated to the reserve for the acquisition of own shares;
- 9) the share of profit allocated to other reserves;
- 10) the share of profit for the payment of dividends;
- 11) the share of profit for the payment of annual bonuses to Board members, payment of incentives to employees and other allocations;
- 12) the undistributed profit (loss) at the end of the financial year, transferable to next financial year.

9.4. The dividend is a share of profit allocated to the shareholder in proportion to the nominal value of shares owned by him/her.

9.5 The dividends are not declared and paid, if the equity capital of the company is lower or after the payment of dividends would become lower than the aggregate amount of the share capital of the company, the legal reserve, the revaluation reserve and the reserve for own shares or if the company has unfulfilled obligations, the term for fulfilment of which has expired before adoption of the decision. The General Shareholders' Meeting may not adopt the resolution to declare and pay dividends if the result of the financial year available for distribution is negative (losses were incurred).

9.6. Persons who were shareholders of the company at the end of the tenth working day after the adoption of General Shareholders' Meeting decision to pay dividends or were entitled to receive dividends on other legal grounds shall be entitled to the dividends.

#### X. Procedure for publication of Company's notices, procedure for the submission of documents, other information to shareholders.

10.1. Company's public notices prescribed by Law on Companies, other laws or legal acts shall be published in daily paper „Lietuvos rytas“.

10.2. A notice regarding convening of General Shareholders' Meeting must be published by Manager of the company in the daily paper „Lietuvos rytas“ not later than 21 days before General Shareholders' Meeting date and shall publish it as material event as specified by laws. Notice regarding convening of repeated General Shareholders' Meeting shall be published in the daily paper „Lietuvos rytas“ not later than 5 days before General Shareholders' Meeting date.

10.3. The company must inform securities market participants and supervisory institutions about all material events related with its activity pursuant to Law on Securities of the Republic of Lithuania. The information prescribed by laws as company's material events shall be published pursuant to the procedure established by the Bank of Lithuania.

10.4. The notices, documents and data shall be submitted to the manager of Register of Legal Entities pursuant to the terms and in the events provided by laws and other legal acts.

10.5. At the shareholder's written request the company shall within 7 days from the receipt of the request grant him/her access to information and/or submit to him/her copies of the following documents: the Articles of Association of the company, set of annual and interim financial statements, annual and interim reports of the company, auditor's opinion and audit reports, minutes of the General Shareholders' Meeting s and other documents whereby the resolutions of the General Shareholders' Meeting have been executed, the register of shareholders, the lists Board members, also other company documents that must be publicly accessible under the law as well as minutes of the Board meetings or other documents whereby the resolution of the Board have been executed, unless the said documents contain a commercial/industrial secret, confidential information. A shareholder or a group of shareholders who hold or control 1/2 of shares and more shall have the right of access to all company documents upon giving the company a written commitment in the form prescribed by the company not to disclose the commercial/industrial secret, confidential information. At the shareholders' request the company must execute in writing its refusal to submit the documents. Disputes relating to the shareholder's right to information shall be settled in court.

10.6. The list of shareholders presented to the shareholders shall give the full names of the shareholders, the names of legal persons, the number of registered shares owned by the shareholders, the shareholders' addresses for correspondence according to the most recent data available to the company.

10.7. At least 10 days before the General Shareholders' Meeting the shareholders shall be granted access to the documents available to the company relating to the agenda of the Meeting. If the shareholder requests so in writing, the Manager of the company shall within 3 days from the receipt of the written request deliver to him/her against his/her signed acknowledgement of receipt all draft resolutions of the General Shareholders' Meeting or shall send him/her the above drafts by a registered letter. A notice must be given with the draft resolutions indicating on whose initiative they have been submitted.

10.8. Documents of the company and other information shall be provided to shareholders free of charge.

10.9. All company's notices are published pursuant to the terms established by laws and other legal acts of the Republic of Lithuania. The Manager of the company shall be responsible for publication of notices.

#### XI. Procedure for establishment of company's branches and representative offices and termination of their activity. Procedure for appointment and revocation of the managers of the company's branches and representative offices.

11.1. In expanding its activity, the company may establish branches and representative offices in Republic of Lithuania and other foreign countries. The Board of the company shall adopt resolutions to establish branches and representative offices of the company and to terminate their activities.

11.2. The Board of the company shall approve the regulations of the branch or representative office of the company, appoint and revoke the managing bodies of the branch or representative office, adopt resolutions to terminate the activity of the branch or representative office, to amend the data indicated in the regulations thereof.

## XII. Procedure on amending the Articles of Association.

12.1. The General Shareholders' Meeting shall have an exclusive right to amend Articles of Association of the company, except the cases provided by the Law on Companies. General Shareholders' Meeting under the qualified majority of votes, which may not be less than 2/3 of all votes the shareholders attending at the Meeting, shall adopt the resolution to amend company's Articles of Association, except for the exceptions specified by Law on Companies.

12.2. After the General Shareholders' Meeting adopted the resolution to amend the Articles of Association the entire text of the amended Articles of Association shall be written and signed by the person authorized by the General Shareholders' Meeting.

12.3. In the event of the amendment of the Articles of Association of the company, the Manager of the company within the time limits specified by law must register it in the Register of Legal Entities.

April 29<sup>th</sup> 2015

General Shareholders' Meeting  
Authorized person  
Director General Rimantas Perveneckas