

(Translation from Lithuanian)

**PUBLIC LIMITED LIABILITY COMPANY  
PANEVEZIO STATYBOS TRESTAS**

**ARTICLES OF ASSOCIATION**

**Panevezys, the ..... of July two thousand and twenty three**

These Articles of Association have been prepared following the Law Amending the Law on Companies of the Republic of Lithuania No. IX – 1889 dated 11 December 2003.

**Section I. General Provisions**

- 1.1. The Public Limited Liability Company *PANEVEZIO STATYBOS TRESTAS* (hereinafter “the Company”) is a legal entity with economic, financial, organizational and legal independence and operates according to the Law on Companies of the Republic of Lithuania, other laws of the Republic of Lithuania, government resolutions and these Articles of Association.
- 1.2. The Company is a legal entity of limited liability. It shall be liable for its obligations only to the extent of its assets. The shareholders shall be liable only for the amount, which they must pay for their shares.
- 1.3. The main objectives of the activities of the Company shall be as follows:
  - 1.3.1. pursuit of profit;
  - 1.3.2. mastering the advanced technologies and putting them in practice in construction and erection works.
- 1.4. The name of the Company is *PANEVEZIO STATYBOS TRESTAS AB*;
- 1.5. The economic year of the Company shall be a calendar year.
- 1.6. The address of the Company’s registered office: P. Puzino Str. 1, Panevezys city, Republic of Lithuania.

**Section II. Rights of the Company**

- 2.1. The Company shall have the following rights:
  - 2.1.1. to have accounts in banking institutions registered in the Republic of Lithuania and other states, its own seal, change it and use at its own discretion;
  - 2.1.2. to buy, rent or in any other way acquire real estate (land, buildings, etc.), as well as sell, lease or mortgage it or otherwise dispose of it. If the Company wants to avoid the bankruptcy proceedings following the procedure prescribed by the Government, it shall have the right to offer to settle for its debts by offering its assets to State, Municipality or Social Insurance Fund Budgets;
  - 2.1.3. to buy or in any other way acquire investment and credit securities with the right of ownership, as well as issue, transfer, substitute or otherwise dispose of them. In case when the acquisition of shares and using the rights granted by the shares thereof reduces competition between companies (enterprises) or reduces competition in the area of certain economic activity, the number of shares the Company has or is going to acquire may be limited following the procedure prescribed by the Law on Competition of the Republic of Lithuania;
  - 2.1.4. to engage in business activity inside and outside the Republic of Lithuania;

- 2.1.5. to grant money for charity, health care, culture, science, education, physical culture and sports as well as for consequential elimination of natural calamities or state of emergency;
  - 2.1.6. the Company shall have the right to lend and borrow money. The Company shall not be entitled to be engaged in the activities of credit institutions. The sum of means lent by the Company to the natural and legal persons may not exceed the equity capital;
  - 2.1.7. to charge prices, rates and tariffs for its products, services, and other resources except in cases provided for by the Laws of the Republic of Lithuania;
  - 2.1.8. to prepare and implement the systems of pension extra pay and allowance payment, bonuses and privileges;
  - 2.1.9. to reorganize itself, become the founder and shareholder of another company;
  - 2.1.10. to unite into associations, concerns or consortiums provided this is not in conflict with the Law on Competition;
  - 2.1.11. to buy its own shares following the procedure prescribed by the Law on Companies.
- 2.2. The Company shall have the right to establish branches. They shall be established by the decision of the Board of the Company. The branch shall not be an independent legal person and shall use the name of the Company as the name of a legal person. The branch shall act according to the Articles of Association of the Company and authorities conferred by the General Meeting of Shareholders that are indicated in the rules of the branch. The branches of the Company shall be registered following the procedure prescribed by the Law on the Register of Legal Entities.
- 2.3. In case the Company fails to settle with creditors within the established terms, it shall be prohibited to invest in another company without a written approval by the creditors thereof, if the liabilities are more than 1/20 of the authorized capital of the Company.
- 2.4. The Company shall be obliged to:
- 2.4.1. as per decision taken by the General Meeting of Shareholders to amend the Articles of Association, to increase or decrease the authorized capital, register the amendments thereof in the Register of Legal Entities.
- 2.5. The Company shall have no right, either directly or indirectly, to pay in advance, give a loan or secure performance of obligations to any third parties in case these actions are directed to provide conditions for other persons to acquire the shares of the Company.
- 2.6. The Company can have any other rights provided for by the laws of the Republic of Lithuania.

### **Section III. Economic and Business Activities**

- 3.1. The Company shall carry out the following economic activities:
- 3.1.1. Demolition and wrecking of buildings, earth moving (45.11);
  - 3.1.2. Test drilling and boring (45.12);
  - 3.1.3. General construction of buildings and civil engineering works (45.21);
  - 3.1.4. Erection of roof covering and frame (45.22);
  - 3.1.5. Construction of highways, roads, airfields and sport facilities (45.23);
  - 3.1.6. Construction of water projects (45.24);
  - 3.1.7. Other construction work involving special trades (45.25);
  - 3.1.8. Installation of electrical wiring and fittings (45.31);
  - 3.1.9. Insulation work activities (45.32);
  - 3.1.10. Plumbing (45.33);
  - 3.1.11. Other building installation (45.34);
  - 3.1.12. Plastering (45.41);
  - 3.1.13. Joinery installation (45.42);

- 3.1.14. Floor and wall covering (45.43);
- 3.1.15. Painting and glazing (45.44);
- 3.1.16. Other building completion (45.45);
- 3.1.17. Renting of construction or demolition equipment with operators (45.50);
- 3.1.18. Agricultural service activities, landscape gardening (01.41);
- 3.1.19. Operation of gravel and sand pits (14.21);
- 3.1.20. Sawmilling and planing of wood; impregnation of wood (20.10);
- 3.1.21. Manufacture of veneer sheets; manufacture of plywood, laminboard, particle board, fiber board and other panels and boards (20.20);
- 3.1.22. Manufacture of builders' carpentry and joinery (20.30);
- 3.1.23. Manufacture of wooden containers (20.40);
- 3.1.24. Manufacture of other products of wood (20.51);
- 3.1.25. Manufacture of concrete products for construction purposes (26.61);
- 3.1.26. Manufacture of plaster products for construction purposes (26.62);
- 3.1.27. Manufacture of ready-mixed concrete (26.63);
- 3.1.28. Manufacture of mortars (26.64);
- 3.1.29. Manufacture of fiber cement (26.65);
- 3.1.30. Manufacture of other articles of concrete, plaster and cement (26.66);
- 3.1.31. Cutting, shaping and finishing of ornamental and building stone (26.70);
- 3.1.32. Cold forming or folding (27.33);
- 3.1.33. Manufacture of metal structures and parts of structures (28.11);
- 3.1.34. Manufacture of builders' carpentry and joinery of metal (28.12);
- 3.1.35. Forging, pressing, stamping and roll forming of metal; powder metallurgy (28.40);
- 3.1.36. Treatment and coating of metals (28.51);
- 3.1.37. General mechanical engineering (28.52);
- 3.1.38. Maintenance and repair of motor vehicles (50.20);
- 3.1.39. Retail sale of automotive fuel (50.50);
- 3.1.40. Agents involved in the sale of timber and building materials (51.13);
- 3.1.41. Wholesale of wood, construction materials and sanitary equipment (51.53);
- 3.1.42. Wholesale of hardware, plumbing and heating equipment and supplies (51.54);
- 3.1.43. Wholesale of mining, construction and civil engineering machinery (51.82);
- 3.1.44. Retail sale of clothing (52.42);
- 3.1.45. Retail sale of footwear and leather goods (52.43);
- 3.1.46. Retail sale of furniture, lighting equipment and household articles not elsewhere classified (52.44);
- 3.1.47. Retail sale of hardware, paints and glass (52.46);
- 3.1.48. Camping sites, including caravan sites (55.22);
- 3.1.49. Other provision of lodgings not elsewhere classified (55.23);
- 3.1.50. Canteens (55.51);
- 3.1.51. Catering (55.52);
- 3.1.52. Freight transport by road (60.24);
- 3.1.53. Development and selling of real estate (70.11);
- 3.1.54. Buying and selling of own real estate (70.12);
- 3.1.55. Letting of own property (70.20);
- 3.1.56. Real estate agencies (70.31);
- 3.1.57. Management of real estate on a fee or contract basis (70.32);
- 3.1.58. Renting of construction and civil engineering machinery and equipment (71.32);
- 3.1.59. Architectural and engineering activities and related technical consultancy (74.20);
- 3.1.60. Technical testing and analysis (74.30);
- 3.1.61. Industrial cleaning (74.70);
- 3.1.62. Other business activities not elsewhere classified (74.87).

- 3.2. By using the existing funds, material and monetary resources, and after the registration of amendments in the Articles of Association according to the procedure prescribed by laws, the Company may organize and carry out any other economic activities that are not in conflict with the laws of the Republic of Lithuania. The Company can carry out licensed and other activities provided that appropriate permissions have been received.

#### **Section IV. Authorized Capital, Reserves and Shares**

- 4.1. The Company may have equity capital and borrowed capital. The equity capital shall be formed of a share issue price and the profit of the Company. The borrowed capital shall be formed by issuing debentures, raising credits and borrowing funds in other ways.
- 4.2. The equity capital of the Company shall consist of the following:
  - 4.2.1. the amount of the paid-up authorized capital;
  - 4.2.2. the share premium (the amount above the nominal value of shares);
  - 4.2.3. the revaluation reserve;
  - 4.2.4. the legal reserve;
  - 4.2.5. the reserve for purchase of own shares;
  - 4.2.6. any other reserves;
  - 4.2.7. the unappropriated result - profit (loss).
- 4.3. The authorized capital of the Company is 4,741,500 (four million seven hundred forty one thousand five hundred) Euros.
- 4.4. The authorized capital of the Company is divided into 16,350,000 (sixteen million three hundred fifty thousand) ordinary nominal shares. The nominal value of each share is 0.29 (twenty nine euro cents) Euro.
- 4.5. The equity capital of the Company may not be less than 1/2 of the authorized capital referred to in the Articles of Association. If the equity capital of the Company fell to less than 1/2 of the authorized capital, within 3 months after the day on which it learned or should have learned about the existing situation, the Board must convene the General Meeting of Shareholders. The decision to reduce the authorized capital of the Company, however the reduced authorized capital may not be lower than the minimal amount of the authorized capital, to transform the Company or to liquidate the Company may be taken in this Meeting. The shareholders may decide to cover the losses by additional contributions.
- 4.6. If the General Meeting of Shareholders failed to take the decision provided for in Clause 4.5, Section 4 hereinabove to remedy the situation existing in the Company or such situation has not been remedied within 6 months after the day on which the Board learned or should have learned about the existing situation, within 2 months after the date of the General Meeting of Shareholders the Board must apply to court for the reduction of the authorized capital by the amount whereby the equity capital has fallen below the authorized capital.
- 4.7. After the decision of the court to reduce the authorized capital of the Company becomes effective, the Board of the Company must make relevant amendments in the Articles of Association of the Company changing the amount of the authorized capital and the number of shares and (or) their nominal value, and cancel shares. First of all, any own shares purchased by the Company shall be cancelled and should this prove insufficient, the nominal values of the remaining shares shall be reduced or (and) a portion of shares shall be cancelled. The number of shares shall be reduced for all the shareholders in proportion to the number of shares in the Company owned by them at the end of the day of registration of the amended Articles of Association at the Register of Legal Entities. The amended Articles of Association signed by the Chairman of the Board must be submitted to the administrator of the Register of Legal Entities within 30 days after coming into effect. If shares are cancelled, the documentary proof of the cancellation thereof must be submitted to the administrator of the Register of Legal Entities together with the documents prescribed by law.

- 4.8. The authorized capital of the Company may be increased provided the General Meeting of Shareholders decided by at least 2/3 of votes to issue new shares or to increase the nominal value of issued shares or it may be increased using the means of the Company and making relevant amendments in the Articles of Association.
- 4.9. The authorized capital may be reduced by the decision of the General Meeting Shareholders adopted by at least 2/3 of votes or by the decision of court in the cases prescribed by the Law on Companies of the Republic of Lithuania.
- 4.10. The authorized capital shall be considered increased or reduced only after the amendments the Articles of Association are registered at the Register of Legal Entities of the Republic of Lithuania.
- 4.11. The shares of the Company shall be ordinary registered shares. They shall be book-entry, the emission of shares has to be registered at the Securities Commission (in required by the legislation) and a joint account has to be opened at the Central Securities Depository of Lithuania.
- 4.12. The shares shall be recorded by entries in the securities accounts that are managed in the name of shareholders by subjects prescribed by the Law of Securities Market.
- 4.13. The entries in the securities accounts shall be the proof of ownership of book-entry shares. Transfer of book-entry shares shall be recorded by a debit entry in the securities account of their transferor, and a credit entry in the account of their transferee. When concluding the transaction on the transfer of shares, the parties of transaction have to provide their account managers with a written agreement indicating, *inter alia*, following:
  - 4.13.1. the name, legal form, code and registered office of the Company the shares whereof are being transferred;
  - 4.13.2. the number of transferred shares according to their classes and their nominal value;
  - 4.13.3. the share issue code assigned by the Central Securities Depository of Lithuania;
  - 4.13.4. the amount of dividend on preference shares, voting and any other rights.
- 4.14. The procedure of payment for shares, the procedure of the change in share class shall be according the Law on Companies.
- 4.15. The Company shall have the following reserves:
  - 4.15.1. The revaluation reserve is the amount of the increase in the value of tangible long-term assets and financial assets resulting after the revaluation of assets. The revaluation reserve shall be reduced when the revalued assets are written off, subject of wear, depreciated or transferred into the ownership of any other persons. The revaluation reserve may not be used to reduce losses. When the financial assets are revalued, the revaluation amount transferred to the revaluation reserve may not be used for the increase of the authorized capital.
  - 4.15.2. The legal reserve shall be formed from the profit available for appropriation. It must be at least equal to 1/10 of the amount of the authorized capital and may only be used to cover the losses of the Company. The portion of the legal reserve above 1/10 of the authorized capital may be redistributed when the profit of the next financial year is appropriated. In case the legal reserve is below 1/10 of the authorized capital, then deductions to the legal reserve shall obligatory and cannot be less than 1/20 of the net profit until the minimal level of the legal reserve is reached.
  - 4.15.3. The reserve for acquisition of own shares. It shall be formed from the profit available for appropriation. The reserve for acquisition of own shares may only be formed after deduction to the legal reserve is made, and it may be used to cover losses of the Company and to increase the authorized capital.
  - 4.15.4. Other reserves shall be formed from the profit available for appropriation and used for the implementation of the specific objectives of the Company. Other reserves may only be formed after deduction to the legal reserve is made, and they may be used to cover losses of the Company and increase the authorized capital.

- 4.15.5. Share premium shall be a portion of the equity capital of the Company equal to the difference between the issue price and the nominal value of shares. Share premium may be used to increase the authorized capital and cover the losses of the Company.

## **Section V. Rights and Duties of Shareholders. Procedure of Share Transferring to the Possession of Other Persons**

- 5.1. Shareholders shall have the following property rights:
  - 5.1.1. to receive a part of the Company's profit (dividend);
  - 5.1.2. to receive a part of the Company's assets in liquidation;
  - 5.1.3. to receive shares free of charge when the authorized capital is increased by the funds of the Company;
  - 5.1.4. to have the pre-emption right in acquiring new shares issued by the Company in proportion to the number of owned shares. The General Meeting of Shareholders by 3/4 of votes can take a decision to withdraw the pre-emption right in acquiring new shares issued by the Company. The shareholder shall have the right to transfer the pre-emption right to acquire new shares issued by the Company to any other persons following the procedure established by the Securities Commission;
  - 5.1.5. to lend to the Company in the manner prescribed by law, however when borrowing from its shareholders, the Company shall have no right to pledge its assets to the shareholders.
  - 5.1.6. any other property rights prescribed by law.
- 5.2. Shareholders have the following non-property rights:
  - 5.2.1. to attend the General Meeting of Shareholders with the decisive vote. Every ordinary nominal share of 1 LTL value shall give the right to one vote to its owner at the General Meeting of Shareholders;
  - 5.2.2. to receive information on the business activity of the Company as it is prescribed in the Law on Companies of the Republic of Lithuania;
  - 5.2.3. upon a shareholder's written request, within 7 days from the receipt of such request the Company must offer an opportunity to a shareholder to get familiarized with and (or) present copies of following documents: the Articles of Association of the Company, documents of annual financial statements, reports on Company's activities, conclusions and reports of audit, minutes or any other documents of the General Meetings of Shareholders that are used to record the decisions of the General Meeting of Shareholders, lists of the Board members, any other documents of the Company that should be public according to the laws, and minutes or any other documents of the Board meetings that record the decisions of these bodies of the Company provided that these documents do not contain any commercial (industrial) secret. Shareholders or a group of shareholders holding or owning at least 1/2 of all shares have the right to get familiarized with all documents of the Company, provided they presented to the Company the written engagement of a certain form not to disclose any commercial (industrial) secret. The information shall be considered a commercial (industrial) secret by the decision of the Board (except in cases when according the laws of the Republic of Lithuania such information is considered to be public). Persons shall be responsible for the disclosure of a commercial (industrial) secret according to the procedure prescribed by laws. If a shareholder requires, the Company's refusal to present documents shall be presented in a written form. Any disputes concerning the right of a shareholder to get information shall be settled in court.

- 5.2.4. to file a claim with the court for reparation of damage resulting from failure to perform or improper performance of one's obligations by the Manager of the Company and the Board members prescribed by law and these Articles of Association, and in any other cases prescribed by laws;
- 5.2.5. shareholders or a group of shareholders carrying not less than 1/3 of all votes shall have the right to conclude an agreement with the chosen audit company to inspect activities and accounting papers of the Company, determine the signs of insolvency or deliberate bankruptcy, determine whether the property of the Company has been wasted, loss-making agreements have been entered into, any rights of shareholders violated, including payment of unreasonable salaries or application of concessions and privileges (when that caused losses or the reduction in the Company's profit). The inspection expenses shall be covered by the shareholders that have entered into such agreement with the audit company. If the experts prove that the facts stated in the application by the shareholders are true, the Company must refund the inspection expenses, however not more than 1/4 of the damage made to the Company or its shareholders. The expenses of a repeat audit related to the same issue shall not be refunded to the shareholders. The Board of the Company and the Manager of the Company are to ensure that all documents of the Company related to the inspection indicated in the agreement with the audit company should be presented to the auditor.
- 5.3. Shareholders shall have no other property obligations to the Company except for the obligation to pay up the issue price for all signed shares following the procedure prescribed in the agreement of share subscription.
- 5.4. A shareholder must inform the Board of the Company about any changes in his/her address before the day of the General Meeting of Shareholders.
- 5.5. To realize property and non-property rights, two or more shareholders may enter into a shareholders' agreement.
- 5.6. A shareholder may sell or otherwise transfer his shares to the ownership of other person only when they are fully paid up. Both parties participating in the transfer of the shares must submit a signed contract to the persons who manage the registration of their shares.

## **Section VI. Bodies of the Company**

- 6.1. The Company shall have the following bodies: the General Meeting of Shareholders, the Board, and the Manager of the Company.
- 6.2. The bodies of the Company shall have no right to take any decisions or carry out any action that violates the Articles of Association or are in conflict with the objectives of the Company activities, obviously exceeds the limits of normal industrial-economic risk, are loss-making or economically profitless.

## **Section VII. General Meeting of Shareholders**

- 7.1. Only the General Meeting of Shareholders shall have the right:
  - 7.1.1. to amend the Articles of Association of the Company, except for the cases prescribed in the Law on Companies of the Republic of Lithuania;
  - 7.1.2. to elect the Board and the audit company;
  - 7.1.3. to remove the members of the Board and the audit company elected by the General Meeting of Shareholders;
  - 7.1.4. to fix the payment terms and conditions, and charges for the services provided by the audit company;

- 7.1.5. to approve the annual financial statement and the annual report of the Board on activities of the Company;
  - 7.1.6. to increase or reduce the authorized capital except for the cases provided for by the Law on Companies of the Republic of Lithuania, to convert shares of one class into shares of another class, to approve the share conversion procedure;
  - 7.1.7. to take a decision to liquidate the Company or to cancel the liquidation of the Company (except for the cases provided for by the Law on Companies of the Republic of Lithuania), or to take a decision on reorganization or division of the Company and to approve the terms of such reorganization or division;
  - 7.1.8. to take a decision to transform or restructure the Company;
  - 7.1.9. to appoint an expert (a group of experts) to inspect establishment of the Company and business management;
  - 7.1.10. to approve the valuation of non-pecuniary (property) contributions;
  - 7.1.11. at the request of the Board, to consider issues, related to the activities of the Company, assigned to the Board;
  - 7.1.12. to take a decision to withdraw for all the shareholders the pre-emptive right to acquire the shares or convertible debentures of the specific issue of shares or convertible debentures issued by the Company;
  - 7.1.13. to determine the class, number, nominal value and minimal emission price for the shares issued by the Company;
  - 7.1.14. to take a decision to issue convertible debentures;
  - 7.1.15. to take a decision for the Company to acquire its own shares;
  - 7.1.16. to elect and remove the liquidator of the Company (except for the cases prescribed by the Law on Companies of the Republic of Lithuania);
  - 7.1.17. to take a decision on appropriation of profit (loss);
  - 7.1.18. to take a decision on reserve formation, use, reduction and elimination;
  - 7.1.19. the General Meeting of Shareholders may also decide on any other issues unless these have been assigned under the Law on Companies of the Republic of Lithuania within the scope of powers of the bodies of the Company and provided by their essence these are not the functions of the management bodies.
- 7.2. The General Meeting of Shareholders shall be organized by the Board. The Annual General Meeting of Shareholders must be convened on an annual basis not later than 4 months after the end of the financial year. The right of initiative to convene the General Meeting of Shareholders meeting shall also be vested with the shareholders carrying not less than 1/10 of all votes. If the Board disapproved the initiators to convene the General Meeting of Shareholders, the General Meeting of Shareholders may be convened by shareholders carrying more than 1/2 of all votes or by decision of the Manager of the Company, if the Board of the Company failed to convene the meeting according to the cases and terms provided for by the Law on Companies of the Republic of Lithuania.
  - 7.3. The initiators of the General Meeting of Shareholders shall submit a request to the Board indicating the reasons for convening the meeting, agenda, date and place of the meeting. If the Board fails to resolve items proposed for the agenda in any other manner, the Board must convene the General Meeting of Shareholders within 40 days from the date such request has been received.
  - 7.4. The General Meeting of Shareholders may be convened by decision of the court in cases prescribed by the Law on Companies of the Republic of Lithuania.
  - 7.5. Not later than 21 days before the day of the meeting, organizers of the meeting following the procedure prescribed by the Government shall give a notice in the electronic publication of the administrator of the Register of Legal Entities for publishing notices and inform every shareholder having not less than 1/3 of all votes in writing by a registered mail and/or e-mail about the date, time, place and agenda of the meeting being convened. If a repeat meeting is being convened, the shareholders are to be informed not later than 14 days before it.

- 7.6. The agenda of the General Meeting of Shareholders may be supplemented upon the proposal to include new issues by the Board or shareholders who own shares carrying not less than 1/10 of all votes. The proposal to supplement the agenda may be submitted not later than 14 days before the General Meeting of Shareholders. The company management bodies and persons specified herein at any time before the General Meeting of Shareholders or during it may also submit new draft resolutions on items included in the meeting agenda, propose additional candidates to the management bodies of the Company and the audit company.
- 7.7. The draft agenda of the General Meeting of Shareholders may be supplemented. If the agenda of the Meeting referred to in the notice on convening of the Meeting has been supplemented, the shareholders must be notified of such changes in the agenda following the same procedure as applicable to convening of the General Meeting of Shareholders and not later than 10 days before the meeting.
- 7.8. The General Meeting of Shareholders may take decisions and shall be considered valid if attended by shareholders who own shares carrying not less than 1/2 of all votes. A quorum shall be established according to the data of the registration list of shareholders until the announcement of the beginning of the General Meeting of Shareholders and shall remain valid throughout the meeting. If a quorum is not present, the General Meeting of Shareholders shall be considered invalid and a repeat General Meeting of Shareholders must be convened, which shall be authorized to take decisions only on the issues on the agenda of the meeting that has not been held and to which the quorum requirements shall not apply.
- 7.9. The decisions of the General Meeting of Shareholders shall be taken by a majority of votes carried by shares owned by the shareholders attending the meeting, except for the cases, when the decisions to be taken require a qualified majority of votes.
- 7.10. The decisions shall be taken by a qualified majority of votes when such decisions require not less than 2/3 of all votes of attendees:
- to reorganize or divide the Company and approve reorganization or division conditions;
  - to amend the Article of Association of the Company;
  - to take decisions on appropriation of profit (loss);
  - to increase or reduce the authorized capital except for the cases provided for by the Law on Companies of the Republic of Lithuania;
  - to convert shares from one class to another class and approve the share conversion procedure;
  - to liquidate or reorganize the Company;
  - to form, use, decrease or eliminate the reserves;
  - to determine the class, number, nominal value and minimal issue price of shares;
  - to take a decision to issue convertible debentures.
- 7.11. The decision to withdraw for all shareholders the pre-emption right to acquire the newly issued shares or convertible debentures of the Company of a specific issue of shares or convertible debentures shall require a majority of votes that shall not be less than 3/4 of all votes of attendees.
- 7.12. Voting at the General Meeting of Shareholders shall be open. The shareholder shall express his will on every decision separately by ballot voting 'for' or 'against'. If any of the shareholders wishes a ballot and is supported by shareholders carrying not less than 1/10 of votes attending the General Meeting of the Shareholders, the ballot voting shall be obligatory.
- 7.13. A shareholder who has the right to vote and has familiarized himself with the draft decision may give a notice in writing about his will 'for' or 'against' on every decision separately. These notices shall be included into the quorum of the Meeting and voting results.

- 7.14. A shareholder shall have the right to authorize another person to vote for him at the General Meeting of Shareholders or perform any other legal actions. The Power of Attorney by such shareholder being a natural person shall have notarial certification and the Power of Attorney being a legal entity or an enterprise shall have a signature of the Manager of Company and the seal.
- 7.15. The Meeting shall have no right to take decisions on any items that are not on the agenda except for the cases when all shareholders owning voting shares participate at the Meeting and none of the shareholders voted in writing.
- 7.16. Only the agenda of the Meeting which failed to take place shall be valid at a repeat meeting.
- 7.17. The minutes of the General Meeting of the Shareholders shall be signed by the chairman, the secretary of the Meeting and at least one authorized shareholder not later than in 7 days. The persons participating at the General Meeting of Shareholders shall have the right to familiarize themselves to the minutes and to submit their comments or opinion in writing on facts presented in the minutes and drawing up thereof within 3 days from the moment of familiarization but not later than in 10 days from the day of the General Meeting of Shareholders.
- 7.18. The Minutes (including the appendixes) of the General Meeting of Shareholders where certain decisions amending the data of Register of Legal Entities of the Republic of Lithuania, have been taken, shall be presented to the administrator of the Register of Legal Entities of the Republic of Lithuania within 10 days from the day of the General Meeting of Shareholders. The minutes of the General Meeting of Shareholders shall be stored and processed according to the procedure prescribed by the Law on Archives. Forgery of the minutes shall be punishable according to the procedure prescribed by law.
- 7.19. A decision of the General Meeting of Shareholders may be appealed against to the court not later than within 30 days from the day when person learned or should have learnt about its taking.
- 7.20. The General Meeting of Shareholders shall have no right to assign the Board to make decisions on issues that assigned to the power of the General Meeting of Shareholders.

## **Section VIII. Procedure of Election and Powers of the Board**

- 8.1. The Board shall be formed out of five members. The members of the Board shall be elected for a term of 4 years by the General Meeting of Shareholders. During the election of the members of the Board each shareholder shall have the number of votes equal to the number of shares owned multiplied by five. The shareholder shall distribute the votes at his discretion giving them for one or several candidates to the Board, and the candidates who receive the largest number of votes shall be elected to the Board. If the number of candidates having the same number of votes shall be higher than the number of vacancies in the Board, a repeat vote shall be arranged where each shareholder shall be allowed to vote only for a single candidate having the same number of votes. The candidates to the members of the Board may be proposed by the shareholders owning shares with the nominal value not less than 1/10 of the authorized capital at any time before the General Meeting of Shareholders or during it. The Board is a collegial body whose activities shall be directed by the Chairman of the Board. The Board shall start its activities after the end of the General Meeting of Shareholders that elected it. The Board shall elect the Chairman from its members.
- 8.2. Only a natural person may be a member of the Board. Each candidate to the member of the Board must inform the shareholders where and what position he has, how his activities are related to the Company and its subsidiaries.
- 8.3. If the Board decides so, the Chairman of the Board or the Manager of the Company shall sign all transactions of the Company.

- 8.4. The entire Board or its individual members may be removed from office by the General Meeting of Shareholders before their term of office ends.
- 8.5. The Board shall perform the following supervisory functions:
  - 8.5.1. take decisions regarding any transactions with the parties concerned as prescribed in Clause 2, Article 37 of the Law on Companies of the Republic of Lithuania;
  - 8.5.2. supervise the activities of the Manager of the Company, submit its comments and proposals to the General Meeting of Shareholders on the activities the Manager of the Company;
  - 8.5.3. consider suitability of the Manager of the Company for his office if the company is operating at a loss;
  - 8.5.4. submit its proposals to the Manager of the Company to revoke his decisions which are not in conformity with the laws and other legal acts, Articles of Association of the Company or the decisions of the General Meeting of Shareholders or the Board;
  - 8.5.5. address other issues assigned within its powers by the Articles of Association of the Company as well as by the decisions of the General Meeting of Shareholders regarding the supervision of the activities of the Company and the Manager of the Company;
  - 8.5.6. consider and approve the operating strategy of the Company, analyse and evaluate the information on implementation of the operating strategy of the Company, submits the information thereof to the General Meeting of Shareholders;
  - 8.5.7. any transaction on behalf of the Company, which makes significant influence on the Company, its finances, assets, liabilities to be concluded by the Manager of the Company shall be subject to the approval of the Board.
- 8.6. The Board shall consider and approve:
  - 8.6.1. the management structure and positions in the Company;
  - 8.6.2. the positions to which employees are recruited by holding competitions;
  - 8.6.3. job descriptions of the Managing Director, Deputies of the Managing Director (Directors), the Articles of Association and statutes of branches and representative offices of the Company, their establishment and liquidation, the work regulations of administration;
  - 8.6.4. if Clause 11.1.10 hereinafter is fulfilled, the use of profit for other purposes (support).
- 8.7. The Board shall elect and remove from office the Manager of the Company and the internal auditor, fix their salaries and set other terms of the employment contract, approve their job descriptions, provide incentives and impose penalties.
- 8.8. The Board shall inform in writing the administrator of the Register of Legal Entities about the election or removal of the Manager of the Company not later than within five working days. The Board shall approve of the candidates nominated by the Manager to his deputies, directors, chief accountant as well as of the candidates to the positions to which employees are recruited by holding competitions, and the salaries thereof.
- 8.9. The Board shall analyze and assess the material submitted by the Manager of the Company and inspector (auditor) on the following:
  - 8.9.1. the implementation of the operating strategy of Company;
  - 8.9.2. the organization of the activities of the Company;
  - 8.9.3. the financial status of the Company;
  - 8.9.4. the quarter and annual results of business activities, the draft financial statement of the Company, income and expenditure estimates, the draft income distribution, the results of data of stock-taking and audit and any other inspections, and the data of valuable account;
  - 8.9.5. the usage of financial resources, organization of production and management, capital profitability, payment for job, and financial perspective of the Company.

- 8.10. The Board shall present proposals to the Manager of the Company to cancel his decisions that are in conflict with the laws of the Republic of Lithuania or the Articles of Association of the Company.
- 8.11. The Board shall take:
  - 8.11.1. decisions for the Company to become a founder or participant of any other legal entities;
  - 8.11.2. decisions to establish branches and representative offices;
  - 8.11.3. decisions on investment, transfer, rent (calculated for each type of transaction individually) of long-term assets the balance value whereof is higher than 1/20 of the authorized capital of the Company;
  - 8.11.4. decisions on mortgage and hypothec (total amount of transactions is calculated) of long-term assets the balance value whereof is higher than 1/20 of the authorized capital of the Company;
  - 8.11.5. decisions on offering guarantee or surety for the discharge of obligations of other persons the total amount whereof is higher than 1/20 of the authorized capital of the Company;
  - 8.11.6. decisions on acquisition of long-term assets for the price higher than 1/20 of the authorized capital of the Company;
  - 8.11.7. a decision to restructure the Company in cases prescribed by the Law on Restructuring of the Company;
  - 8.11.8. decisions to approve decisions taken by the Manager of the Company:
    - 8.11.8.1. to participate in joint activities with other legal entities;
    - 8.11.8.2. to reform, reorganize, restructure, apply to the court for initiation of bankruptcy proceedings, liquidate (cancel liquidation) legal entities in which the Company is a participant; to approve, amend the founding documents of the legal entities in which the Company is a participant, appoint and revoke their management bodies, audit company, distribute profit, take other decisions, as within the competence of the participants in legal entities in which the Company is a participant;
    - 8.11.8.3. at the request of the Manager of the Company, approves other decisions taken by the Manager of the Company.
- 8.12. The Board shall analyze, assess the draft annual financial statements and draft profit appropriation, presented by the Manager of the Company and, having approved of the drafts thereof, submit them to the General Meeting of Shareholders. The Board shall determine the method of estimating asset depreciation and depreciation rates.
- 8.13. The Board shall solve other items approved by the General Meeting of Shareholders and carry out other functions of the Board provided for by the laws of the Republic of Lithuania.
- 8.14. The Board may represent the Company in courts, arbitrage and other institutions.
- 8.15. The Board must organize General Meetings of Shareholders in due time, draw up their agendas, present to the shareholders the annual financial statements Company, the draft of the profit appropriation, the report on the Company performance and any other information required for considering the items on the agenda.
- 8.16. The meeting of the Board shall be held valid provided more than 2/3 of the members of the Board are participating in it. All decisions taken by the Board shall be valid if the number of votes 'for' exceeds the number of votes 'against'. All members of the Board shall have equal votes. In case votes are distributed equally, the decision taking shall be determined by the vote of the Chairman of the Board. The member of the Board shall have no right to vote when the meeting of the Board decides on items related to his material responsibility or personal work in the Company.
- 8.17. The members of the Board must keep the commercial secrets of the Company confidential.
- 8.18. The Board must invite the Manager of the Company to every meeting of the Board, provided he is not a member of the Board, and provide him with an opportunity to have access to the information relating to the issues on the agenda.

## **Section IX. Audit of the Company**

- 9.1. After the end of financial year before the General Meeting of Shareholders the book keeping account and financial statements of the Company must be inspected. The inspection shall be carried out by the audit company selected by the General Meeting of Shareholders.
- 9.2. The audit company is supposed to:
  - 9.2.1. inspect the annual financial statements and any other book-keeping documents of financial activities of the Company;
  - 9.2.2. carry out any inspections in the Company on the order of the General Meeting of Shareholders or the Board;
  - 9.2.3. report about the breaches discovered during inspections in the nearest General Meeting of Shareholders or the meeting of the Board.
- 9.3. The Company shall pay the auditor company for the work. The amount or the terms and conditions of payment for work shall be determined by the General Meeting of Shareholders.
- 9.4. The audit company and its employees must keep the confidential any commercial secrets of the Company they have learnt about during the inspection of the financial activities of the Company.

## **Section X. Manager of the Company**

- 10.1. The Manager of the Company, the Managing Director, shall organize and carry out business activities of the Company on the basis of the contract of employment signed with him.
- 10.2. In his activities the Manager of the Company shall follow the laws of the Republic of Lithuania, other legal acts, the Articles of Association, decisions of the General Meeting of the Shareholders, work regulations for administration, decisions taken by the Board and his job description.
- 10.3. The Board of the Company shall elect and remove from office the Manager of the Company, the Managing Director, fix his salary, approve his job description, provide incentives and impose penalties.
- 10.4. The employment contract with the Manager of the Company shall be signed by the Chairman of the Board or any other authorized member of the Board.
- 10.5. The Manager of the Company shall organize daily activities of the Company hire and dismiss employees, conclude and terminate employment contracts, provide incentives and impose penalties.
- 10.6. A person not entitled under the laws of the Republic of Lithuania to occupy such position may not be appointed the Manager of the Company.
- 10.7. The Board of the Company may terminate the contract of employment with the Manager of the Company according to the procedure prescribed by the Work Code of the Republic of Lithuania and may limit his powers until the termination of the contract. Not later than within five days the Board of the Company is to inform in writing the administrator of the Register of Legal Entities about election or removal of the Manager of the Company and the end of the employment contract with him.
- 10.8. The Manager of the Company shall act on behalf of the Company and shall be entitled to enter into transactions at his own discretion.
- 10.9. The Manager of the Company is the Managing Director. His powers shall be as follows:
  - 10.9.1. to determine the position and powers of the employees and decide on their salaries;
  - 10.9.2. to employ and dismiss employees, decide on the procedure of payment and inducement for their work;
  - 10.9.3. to fulfill the requirements of the Articles of Association of the Company, decisions of the General Meeting of Shareholders and manage current affairs;

- 10.9.4. to provide incentives and impose penalties to employees, within his powers make orders that regulate the work of structural subdivisions and business activities of the Company;
- 10.9.5. to open and close accounts in banks;
- 10.9.6. to represent the Company in courts and arbitrage with all rights provided by the laws to a plaintiff, defendant or any third parties, and in relations with other legal and natural persons;
- 10.9.7. to fix the prices, rates, tariffs of and mark-ups for services rendered by the Company;
- 10.9.8. to make and present reports of the Company and supervise accounting management;
- 10.9.9. to prepare and implement any means of financing;
- 10.9.10. to enter into agreements with legal or natural persons on business activity related issues;
- 10.9.11. to take measures to protect the assets of the Company, create normal and safe work conditions, keep commercial services safe, and recover for damages from the liable persons;
- 10.9.12. to issue letters of authorization to any other persons to carry out the functions that are within his power scope;
- 10.9.13. to represent the interests of the Company as a participant in other legal entities and implement the rights and duties of a participant in a legal entity.
- 10.10. The Manager of the Company may conclude transactions prescribed in Sub-clauses 3, 4, 5 and 6, Clause 4, Article 34 of the Law on Companies of the Republic of Lithuania and Sub-clause 1, Clause 2, Article 37 of the Law on Companies of the Republic of Lithuania only on the basis of the decisions/approval of the Board.
- 10.11. The Manager of the Company must submit to the Board the material prescribed in Clauses 7 and 8 Article 34 of the Law on Companies of the Republic of Lithuania.
- 10.12. The Managing Director may be removed from office by the decision of the Board of the Company or on his personal request. In case the Managing Director is absent, his deputy or any another authorized person shall carry out all his functions.
- 10.13. If the Manager of the Company or a person authorized by him concludes a transaction or performed any other illegal actions exceeding exposure to normal production and business risk thereby causing damage on the Company (including loss of profit) or if by reason thereof the persons derive direct or indirect benefit at the cost of the Company or shareholders, the shareholder or shareholders of the Company shall be entitled to claim through the court to compensate for the damage (including loss of profit) incurred because of such transaction or actions.

## **Section XI. Profit Appropriation**

- 11.1. The net profit (loss) made during the financial year which is received after deduction of taxes, must be appropriated by the Annual General Meeting of Shareholders approving the annual financial statements. It shall be prohibited to change (reappropriate) the profit (loss) approved by the Meeting until the next Annual General Meeting of Shareholders. The decision to appropriate the net profit (loss) shall indicate:
  - 11.1.1. the unappropriated profit (loss) at the beginning of the reporting financial year;
  - 11.1.2. the net profit (loss) of the current financial year;
  - 11.1.3. the total profit (loss) to be appropriated;
  - 11.1.4. the transfers from reserves;
  - 11.1.5. the contribution of shareholders to cover losses of the Company (if the shareholders decide to cover all or a part of the profit (loss));
  - 11.1.6. the appropriation of profit to the legal reserve;

- 11.1.7. the share of profit allocated to the reserve for acquisition of own shares;
  - 11.1.8. the share of profit allocated to other reserves;
  - 11.1.9. the appropriation of the profit for the payment of dividends;
  - 11.1.10. any other instances of profit appropriation: payment of annual bonuses (tantieme) to the members of the Board, payments of incentives to employees and other allocations. After the decision related to this Clause is taken by the shareholders, the profit allocation and usage for any other purposes (support) shall be considered and approved by the Board of the Company;
  - 11.1.11. the unappropriated profit (loss) available at the end of the reporting financial year shall be transferred to the next financial year.
- 11.2. During the appropriation of distributive reserve the General Meeting of Shareholders shall have the right to include the unappropriated result – profit or loss, transfers from reserves and contributions of shareholders against losses – at the beginning of the financial year into it.
  - 11.3. The amount appropriated for the payment of annual bonuses (tantieme) for the members of the Board, incentives for employees and other allocations may not exceed 1/5 of the net profit.
  - 11.4. Payments of dividends, annual bonuses to the members of the Board and incentives for employees shall be prohibited in case of failure by the Company to pay any taxes from the profit to be appropriated within the time limits prescribed by law.
  - 11.5. If the legal reserve is less than 1/10 of the authorized capital, the deductions to the legal reserve shall be obligatory and cannot be less than 1/20 of the net profit until the minimal level of the legal reserve is reached.
  - 11.6. If case of loss the General Meeting of Shareholders is to take the decision to cover such loss by transferring the amounts to the result available for appropriation following the sequence prescribed in Clause 8 Article 58 of the Law on Companies of the Republic of Lithuania.

## **Section XII. Dividends**

- 12.1. The dividend is the share of the profit allocated for the shareholder in proportion to the nominal value of the shares owned by him. If a share is not fully paid-up and the time limit for the payment has not yet expired, the dividend of the shareholder shall be reduced in proportion to the unpaid amount of the share price. The dividend on the part of a share that has been paid in that financial year for which the dividend is appropriated shall be reduced in proportion to the unpaid period. If the share is not fully paid and the time limit for payment has expired, the dividend shall not be paid.
- 12.2. Dividends allocated by the decision of the General Meeting of Shareholders shall be the liability of the Company to its shareholders. The shareholder shall have the right to claim the payment of dividend as the creditor of the Company. The Company shall have the right to recover the dividend paid out to the shareholder if the debtor knew or should have known that the declared was allocated and (or) paid illegally.
- 12.3. The General Meeting of Shareholders shall be prohibited from the declaring and paying dividends if the equity capital of the Company is lower or, following the payment of dividends, would become lower than the total amount of the authorized capital plus the reserves which may not be distributed plus the deferred costs, or if the Company is insolvent or if it would become insolvent after the payment of dividends. The reserves which may not be distributed shall be comprised of the legal reserve plus the sum of share premium amounting up to 1/10 of the authorized capital, other reserves not available for distribution, the revaluation reserve and a part of the reserve for purchasing own shares, amounting to the aggregate value of own shares acquired by the Company. If the balance sheet of the Company shows losses, the General Meeting of Shareholders shall have no right to declare and pay dividends until coverage of the losses or reduction of the authorized capital by the

reason thereof. The decisions on coverage of the losses or reduction of the authorized capital by the amount of the losses, and on declaration and payment of dividends may be taken by the same Meeting. Dividends may be paid to the shareholders only after the losses have been covered or the authorized capital has been reduced by the amount of the losses.

- 12.4. The Company shall pay the dividends in cash.
- 12.5. The Company must pay the dividends no later than within 1 month after the decision on the profit appropriation has been taken. Payment of dividends in advance shall be prohibited.
- 12.6. Persons, who were shareholders of the Company on the day when the General Meeting declared the dividends, shall be entitled to the dividend.

### **Section XIII. Procedure for Publishing Notifications and Decisions of the Company**

- 13.1. Notices on the General Meeting of Shareholders shall be published following the procedure prescribed by the Government in the electronic publication of the administrator of the Register of Legal Entities for the publishing notices or delivered against acknowledgement of receipt by registered mail and/or sent by e-mail to every shareholder owing not less than 1/3 of all votes not later than 21 days before to the day of the meeting.
- 13.2. Decisions and other resolutions of the General Meeting of Shareholders that shareholders or other interested persons are to be familiarized with shall be sent not later than in 15 days after taking the decision. The person authorized by the Board or the liquidators shall be responsible for the timely dispatch of the decisions and notices. All decisions or notices shall be dispatched by registered mail or are familiarized with personally against signature.
- 13.3. The liquidation of the Company shall be announced in public 3 times with the intervals not shorter than 30 days in the electronic publication of the administrator of the Register of Legal Entities for the publishing notices or all creditors of the Company shall be informed about that in writing.

### **Section XIV. Commercial Secret**

- 14.1. Technical, financial, commercial and any other information after publication of which the damage or losses is or could be caused to the Company shall considered to be the commercial secret.
- 14.2. The Board of the Company shall determine the list of confidential information and the persons who uses it. Any documents containing such information shall be used with the mark 'Confidential'.
- 14.3. Any confidential information shall be given to the third persons only if they are participating in joint activities.
- 14.4. The person, who has spread any confidential information, may be brought to court following the procedure prescribed by laws and shall be obliged to compensate damages or loses caused to the Company.

### **Section XV. Reorganization and Liquidation of the Company**

- 15.1. The Company may be reorganized by way of merger or division.
- 15.2. Merger of the Company may be affected by:
  - 15.2.1. merger by acquisition – the operation whereby one or more companies transfer to another company, that continues their activities, and cease to exist as legal entities after the reorganization;
  - 15.2.2. merger by formation of a new company - the operation whereby a new company is formed from the companies which cease to exist as legal entities after the reorganization.

- 15.3. Division of the Company may be affected by:
- 15.3.1. division by acquisition – the operation whereby after the reorganization the Company transfers all its assets and liabilities to more than one company that continue their activities;
  - 15.3.2. division by formation of new companies – the operation whereby new companies are formed out of the Company which cease to exist after the reorganization;
- 15.4. The Company may be separated according to the procedure prescribed by the Law on Companies of the Republic of Lithuania.
- 15.5. The Company may be transformed according to the procedure prescribed by the Law on Companies of the Republic of Lithuania.
- 15.6. The Company may be reorganized only after its authorized capital has been fully paid (at the price of last issue of shares).
- 15.7. If the Company has been put into liquidation it may not be reorganized.
- 15.8. Liquidation procedure shall not be applied to the Company, which ceases to exist after reorganization.
- 15.9. The procedure of reorganization of the Company shall be regulated by the Chapter Eight of the Law on Companies of the Republic of Lithuania.
- 15.10. The Company may be liquidated on:
- 15.10.1. the decision of the General Meeting of the Shareholders to terminate the activities of the Company;
  - 15.10.2. the resolution of a court or the decision of the meeting of creditors to liquidate a bankrupt company;
  - 15.10.3. the resolution of a court to liquidate the Company following Article 2.131 of the Civil Code of the Republic of Lithuania.
  - 15.10.4. the resolution of a court to liquidate the Company in the cases provided for in Article 2.70 of the Civil Code of the Republic of Lithuania;
  - 15.10.5. the establishment of the Company has been invalidated following Article 2.114 of the Civil Code of the Republic of Lithuania.
- 15.11. The General Meeting of Shareholders may not take the decision to liquidate an insolvent company.
- 15.12. The procedure of liquidation of the Company shall be regulated by the Chapter Eight of the Law on Companies of the Republic of Lithuania.

**Section XVI. Criteria Used as a Basis for Determining that a Transaction Makes Significant Influence on the Company, its finances, assets, liabilities**

- 16.1. Any transaction of the Company with the parties concerned on regarding asset investment, acquisition, transfer, lease, pledging and mortgage, performance bonds and guarantees shall be deemed significant, making influence on the Company, its finances, assets, liabilities if the amount of a transaction or total amount of such transactions during the financial year exceeds 1/10 of the asset value indicated in the latest balance sheet of the Company.
- 16.2. The mandatory requirements established in Sub-clause 2 Article 37 of the Law on Companies of the Republic of Lithuania shall be applied to conclusion of such transactions.

Managing Director

Egidijus Urbonas

(full name)

(signature)

L.S.

The person authorized by the Shareholders

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(full name)

(signature)