

SHAREHOLDERS' RIGHTS

Pursuant to Paragraph 2, Article 176 of the *Companies Act (ZGD-1)* currently in force, ordinary shares grant the holder the right to participate in:

- Management of the company,
- Proportional dividends from profit (dividends),
- Proportional share of the remaining assets following the liquidation or bankruptcy of the company.

Information on exercising shareholders' rights at the Annual General Meeting of the Shareholders (AGM) is published in accordance with the Indent 2, Paragraph 2, Article 296 of the *Companies Act*.

Paragraph 1, Article 298 of the *Companies Act* provides that:

Shareholders whose combined stakes account for 5% of share capital can request that an item be added to the agenda after the release of the AGM notice. A written proposal of the resolution on which the AGM should decide or, if no resolution is to be passed for a particular agenda item, an explanation of the agenda item must be attached to the request. It suffices that the request is submitted to the company no later than seven days after the release of the AGM notice. The *Articles of Association* can tie this right to a lower proportion of the share capital.

Article 300 of the *Companies Act* provides that:

Shareholders are entitled to submit proposals of resolutions to every agenda item in writing. Shareholders' proposals are published and communicated in accordance with Article 296 of the *Companies Act* only if, within seven days of the release of the AGM notice, they send the company a reasonably substantiated counterproposal with a notification that they intend to oppose the management or supervisory body's proposal at the AGM and intend to prevail upon other shareholders to vote for their counterproposal.

A company whose securities are traded on a regulated market, or whose articles of association allow the AGM to be held also online, must offer its shareholders at least one mechanism to submit proposals from the previous paragraph by electronic means.

The management shall not be obliged to publish a shareholder's counterproposal and its substantiation if:

- Publication of a counterproposal would constitute a criminal or minor offence;
- The counterproposal could lead to a resolution by the AGM that would be against the law or the *Articles of Association*;
- The substantiation of the counterproposal in points of substance contains clearly incorrect or misleading information or insults;
- A shareholder's counterproposal with the same content has already been submitted to the company's AGM;
- During the past five years, the same shareholder's counterproposal containing essentially the same substantiation has already been communicated at least at two AGMs and less than 5% of the share capital represented at the AGM voted in favour of it;
- A shareholder announces that they do not intend to attend the AGM and be represented by proxy arrangements; or
- During the last two years, the shareholder has not presented the circulated counterproposal at the AGM or failed to have it presented.

Publishing a counterproposal substantiation over 3,000 characters long is not necessary.

The management can report the counterproposals and their substantiations given by several shareholders on the same subject in the summary.

Shareholders' proposals that are not sent to the company within the deadline set in the Paragraph 1 hereunder and are submitted at the AGM itself at the latest shall be discussed at the AGM.

Article 301 of the *Companies Act* provides that:

The provisions laid down in the *Companies Act*, Article 300 shall apply *mutatis mutandis* to a shareholder's proposal for the election of members to the Supervisory Board, Board of Directors or the auditors. An electoral proposal does not require justification.

Article 305 of the *Companies Act* provides that:

At the AGM, the management must give the shareholders reliable information on the company matters, where it is important for an assessment of the agenda. The information regarding multiple shareholders' questions with the same content may be given in a single answer. The right to be informed shall also apply with respect to the company's legal and business relations with related companies.

The management shall not be obliged to provide data only:

- If a reasonable business judgement suggests that the provision of information could cause damage to the company or a related company;
- On methods of compiling the balance sheet and of making estimates if stating these methods in a supplement is sufficient for an assessment of assets and the financial position and profitability of the company which conforms with the actual circumstances;
- If disclosure of information would constitute a criminal offence, transgression, or violation of good business practices; or
- If information is published on the company website in the form of questions and answers at least seven days before the AGM is held.

If a shareholder receives information outside the AGM, that information must be circulated to every other shareholder upon request, even if it is not necessary for an assessment of an item on the agenda.

If the information is not given to shareholders, they may demand their questions and the reasons why the information was refused be put on record.

KRKA, d. d., Novo mesto