

## SHAREHOLDERS' RIGHTS

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

- participate in the management of the company,
- a proportional share of profit (dividends),
- a proportional share of the assets remaining following the liquidation or bankruptcy of the company.

**Information on exercising shareholders' right at the Annual General Meeting of the Shareholders (AGM) is published in accordance with Indent 2, Paragraph 2, Article 296 of the ZGD-1.**

### **Paragraph 1, Article 298 of the ZGD-1 stipulates:**

Shareholders whose combined stakes represent 5% of the share capital may 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 must be attached to the request or, if no resolution is to be passed for a particular agenda item, an explanation of the agenda item. It shall be sufficient that the request is submitted to the company no later than seven days after the release of the AGM notice. This right may be linked to a lower proportion of share capital in the *Articles of Association*.

### **Article 300 of the ZGD-1 stipulates:**

Shareholders are entitled to submit proposals of resolutions in writing to every item on the agenda. Proposals from shareholders shall be published and communicated in accordance with Article 296 of the ZGD-1 only if, within one week of the AGM notice release, shareholders send the company a reasonably argued counterproposal, giving notification that they will oppose the proposal by a management or supervisory body at the AGM and that they will prevail upon other shareholders to vote for their counterproposal.

A company whose securities are traded on a regulated market must offer its shareholders at least one mechanism to submit proposals from the previous paragraph by electronic means.

The management shall be under no obligation to publish a shareholder's counterproposal and its justification:

- if the publication of the counterproposal would constitute a criminal offence or a minor offence;
- if the counterproposal would lead to a resolution by the AGM that would be against the law or the articles of association;
- if the justification of the counterproposal in points of substance contains manifestly erroneous or misleading information or insults;
- if a shareholder's counterproposal of the same content has already been submitted to the AGM of the company;
- if, during the last five years, the same shareholder's counterproposal containing essentially the same justification has already been communicated at at least two AGMs of the company and less than 5% of the share capital represented at the AGM voted in favour of it;
- if the shareholders announce that they will not attend the AGM and have not made any proxy arrangements; or
- if, during the last two years, the shareholder failed to submit their announced counterproposal at the AGM or failed to have it submitted.



The justification for a counterproposal need not be published if it contains more than 3,000 characters.

The management may publish in summary the counterproposals and their justification of several shareholders on the same subject.

The proposals of the shareholders that have not been sent to the company within the deadline set in the first paragraph hereunder and have been submitted no later than at the AGM itself, shall be discussed at the AGM.

**Article 301 of the ZGD-1 stipulates:**

The provisions laid down in Article 300 of the ZGD-1 shall apply mutatis mutandis to a shareholder's proposal for the election of members of the Supervisory Board, Management Board or the auditors. An appointment proposal shall not require justification.

**Article 305 of the ZGD-1 stipulates:**

At the AGM, the management must give the shareholders reliable information on matters concerning the company, 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 reasonable business judgement suggests that the provision of information could cause damage to the company or a related company;
- on the method 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 or minor offence or would be in breach 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 passed on to every other shareholder upon request, even if not necessary for an assessment of an item on the agenda.

If shareholders do not receive information, they may require that their question and the reason why the information was refused be put on record.

Novo mesto, 22 May 2020

KRKA, d. d., Novo mesto