

PTE PZU SA of Warsaw  
Management Board  
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Warsaw, June 7th 2021

BZ/2195/2021

Management Board  
Kruk S.A.  
ul. Wołowska 8  
51-116 Wrocław, Poland

**PROPOSAL OF DRAFT RESOLUTIONS PERTAINING TO MATTERS PLACED OR TO BE PLACED ON THE AGENDA OF THE ANNUAL GENERAL MEETING OF KRUK S.A.**

**PROPOSING SHAREHOLDER**

**Shareholder representing at least one-twentieth of KRUK S.A.'s share capital entitled to propose draft resolutions, as referred to in Art. 401.4 of the Commercial Companies Code.**

**Otwarty Fundusz Emerytalny PZU Złota Jesień**, entered in the register of pension funds maintained by the Regional Court of Warsaw, 7th Civil Registry Division, under entry No. RFE 6, managed and represented by Powszechnie Towarzystwo Emerytalne PZU Spółka Akcyjna of Warsaw, registered address: Al. Jana Pawła II 24, 00-133 Warsaw, Poland, entered in the Business Register of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, under No. KRS 0000040724, Industry Identification Number (REGON): 013273720, Tax Identification Number (NIP): 5262260035

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holding shares representing at least one-twentieth of the Company's share capital.

**Represented by:**

Piotr Kuszewski, President of the Management Board  
Marcin Majerowski, Vice President of the Management Board

**Pursuant to Art. 401.4 of the Commercial Companies Code, the shareholder proposes that the following draft resolutions pertaining to matters placed on the agenda of the General Meeting of Kruk S.A. of Wrocław convened for June 16th 2021 be put to the vote at that General Meeting:**

**Item 13 of the agenda: Adoption of a resolution on setting the rules of an incentive scheme for the years 2021–2024, conditional increase in the Company's share capital and issue of subscription warrants with the Company existing shareholders' pre-emptive rights waived in whole with respect to the shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association**

**Resolution No. .../2021  
of the Annual General Meeting of KRUK S.A.  
of Wrocław, dated June 16th 2021**

concerning: setting the rules of an incentive scheme for 2021–2024, conditional increase of the Company's share capital and issue of subscription warrants with the existing shareholders' pre-emptive rights waived in whole with respect to shares to be issued as part of the conditional share capital increase and subscription warrants, and amendments to the Articles of Association.

Acting pursuant to Art. 393.5, Art. 430.1, Art. 433.2, Art. 448, Art. 449.1, Art. 453.2, Art. 453.3, and Art. 432.1 of the Commercial Companies Code, the Annual General Meeting resolves as follows:

**Section 1  
Incentive Scheme**

1. The Company shall introduce an incentive scheme for key management staff of the Company and its subsidiaries (the "**Stock Option Plan**"), whereby eligible persons shall be granted an option to acquire Company shares on the terms set forth in this Resolution.
2. The term of the Stock Option Plan shall be the financial years 2021–2024 (the reference period).
3. The number of Stock Option Plan participants shall not exceed 149.
4. Persons eligible to participate in the Stock Option Plan shall be members of the Company's Management Board, including the President, and the Company's employees, as well as members of the management boards and employees of the Company's subsidiaries. In this Resolution, any references to employees shall also include persons employed on a basis other than an employment contract. "**Eligible Persons**" shall mean persons included in the List of Eligible Persons 1 and List of Eligible Persons 2.
5. The Management Board of KRUK S.A. shall determine the list of persons other than Management Board members, who are eligible to participate in the Stock Option Plan throughout its entire term (the "**List of Eligible Persons 1**"), subject to Section 1.6–8.
6. The Supervisory Board shall, within three months from the date of adoption of this Resolution, determine a list of Eligible Persons who are members of the Company's Management Board, including the President of the Management Board, eligible to participate in the Stock Option Plan throughout its entire term (the "**List of Eligible Persons 2**"), and shall determine the number of Subscription Warrants to be offered to each Eligible Person who is a Management Board member in each year of the Stock Option Plan from the Basic Pool and Additional Pool referred to in Section 2.2, subject to the provisions of Section 3.
7. The number of Subscription Warrants referred to in Section 1.6, allocated under the Basic Pool, for each of the four Tranches referred to in Section 2.3.a–d may not be lower than 48,478 and higher than 57,033.
8. The number of Subscription Warrants referred to in Section 1.6, allocated under the Additional Pool referred to in Section 2.4, may not be higher than:
  - a. 38,022 Subscription Warrants in the case specified in Section 3.6.a;
  - b. 57,032 Subscription Warrants in the case specified in Section 3.6.b;
  - c. 76,044 Subscription Warrants in the case specified in Section 3.6.c.
9. The KRUK S.A. Management Board and, as the case may be, the KRUK S.A. Supervisory Board shall be authorised to extend the Stock Option Plan at any time to include **new** persons who become members of the Management Board or employees of the Company, or members of the management boards or employees of its subsidiaries, after the Stock Option Plan is approved under this Resolution. The provisions of this Resolution pertaining to Eligible Persons shall apply accordingly to such new participants.
10. The persons referred to in Section 1.9 shall be included in the Stock Option Plan by being entered in the List of Eligible Persons 1 and/or List of Eligible Persons 2.

## Section 2

### Issue of Subscription Warrants

1. Subject to registration of the conditional share capital increase referred to in Section 5 hereof by the registry court, 760,440 (seven hundred and sixty thousand, four hundred and forty) registered subscription warrants, carrying the right to subscribe for new Series H shares in the Company with the existing shareholders' preemptive rights waived in whole, shall be issued under the Stock Option Plan (the "**Subscription Warrants**").
2. 760,440 (seven hundred and sixty thousand, four hundred and forty) Subscription Warrants shall be issued in two Pools:
  - (a) the Basic Pool – 570,330 (five hundred and seventy thousand, three hundred and thirty) Subscription Warrants;
  - (b) the Additional Pool – 190,110 (one hundred and ninety thousand, one hundred and ten) Subscription Warrants.
3. The Subscription Warrants under the Basic Pool shall be issued in 4 (four) tranches, one for each year of the reference period, i.e. for the financial years 2021–2024 (each referred to as a "**Tranche**" and collectively as "**Tranches**"), with the proviso that for each of these years Eligible Persons shall be offered no fewer than 121,195 and no more than 142,582 Subscription Warrants:
  - (a) Tranche 1, to be offered in 2022 for the financial year 2021 – no more than 142,582 and no fewer than 121,195 Subscription Warrants;
  - (b) Tranche 2, to be offered in 2023 for the financial year 2022 – no more than 142,582 and no fewer than 121,195 Subscription Warrants;
  - (c) Tranche 3, to be offered in 2024 for the financial year 2023 – no more than 142,582 and no fewer than 121,195 Subscription Warrants;
  - (d) Tranche 4, to be offered in 2025 for the financial year 2024 – no more than 142,582 and no fewer than 121,195 Subscription Warrants.
4. Subscription Warrants from the Additional Pool shall be issued as a single tranche – Tranche 5, and shall be offered in 2025 for 2021–2024, subject to Section 3.5.
5. The Subscription Warrants shall only exist in an uncertificated (book-entry) form and must be registered in the depository for securities maintained by the Central Securities Depository of Poland (the "CSDP"). To this end, the Company's Management Board is hereby authorised to take all actions in law and fact, which shall include execution of an appropriate agreement with the CSDP, in order to register the Subscription Warrants in the securities depository operated by the CSDP.
6. The Subscription Warrants shall be issued to persons referred to in Section 1 hereof.
7. Each Subscription Warrant shall entitle its holder to subscribe for one Series H share at the issue price specified in Section 5.4 hereof.
8. Each Subscription Warrant shall be issued free of charge.
9. The Subscription Warrants may be inherited, but may not be encumbered and are not transferable.
10. The number of Warrants to be allotted and offered to members of the Management Board throughout the term of the Stock Option Plan shall not exceed 40% of all Warrants referred to in Section 2.1 above.
- 11.

## Section 3

### Determination of the maximum number of Subscription Warrants

1. The Subscription Warrants issued under the Basic Pool, in the Tranche for a given financial year of the Stock Option Plan, shall be offered if cumulative earnings per share (EPS), calculated in accordance with the provisions of Section 3.2–4 below, exceed the following values in the period ending in the financial year preceding the year when the Subscription Warrants of that Tranche are offered:

Period	2021	2021-2022	2021-2023	2021-2024
Total EPS in period	PLN 20.34	PLN 44.35	PLN 72.67	PLN 106.10

2. EPS referred to in Section 3.1 shall be calculated as the consolidated net profit for the financial year 2021, 2022, 2023 and 2024, respectively, per Company share ("EPS"), based on the consolidated financial statements for the financial years 2021, 2022, 2023 and 2024, respectively, which have been audited, with an unqualified opinion issued thereon by a qualified auditor, and approved by the General Meeting.
3. The number of Company shares used for calculating EPS shall be the weighted average number of Company shares as disclosed in the financial statements for a given financial year, with the proviso that any

reduction in the number of Company shares resulting from a share buyback carried out in that year under the Management Board's authorisation to repurchase the Company's own shares shall not be taken into account.

4. If the Subscription Warrants of the Tranche for a given financial year are not offered because the condition referred to in Section 3.1 above has not been met, the Management Board shall be entitled to transfer 80% of the Subscription Warrants to the next Tranche and offer them to Eligible Persons. The warrants may only be transferred to the next (one) year and the transfer requires consent of the Supervisory Board. The Subscription Warrants referred to in this Section shall be offered to Eligible Persons included in the List of Eligible Persons 1 and in the List of Eligible Persons 2 by, respectively, the Management Board and the Supervisory Board.
5. The Subscription Warrants issued under the Additional Pool referred to in Section 2.2.b shall be offered if the rate of return on shares, including profit distributions to shareholders in the form of dividend, increases by no less than  $x$  times the issue price at the end of the Stock Option Plan, according to the following formula:

$$\frac{C_{4Q2024} + D}{C_{emisyjna}} \geq x$$

where:

$C_{4Q2024}$  is the value equal to the volume-weighted average closing price of the Company shares on the Warsaw Stock Exchange for the last month of 2024;

$D$  is the value equal to the total per share distributions to shareholders in 2021–2024;

$C_{emisyjna}$  is the value equal to the volume-weighted average closing price of the Company shares on the Warsaw Stock Exchange for the month preceding the date of the General Meeting adopting the Stock Option Plan; and if the growth of KRUK share price is equal to or higher than the growth of the WIG index calculated in the same period as the return on shares, according to the following formula:

$$\frac{C_{4Q2024}}{C_{emisyjna}} \geq \frac{WIG_{4Q2024}}{WIG_{WZA}}$$

where:

$C_{4Q2024}$  is the value equal to the volume-weighted average closing price of the Company shares on the Warsaw Stock Exchange for the last month of 2024;

$C_{emisyjna}$  is the value equal to the volume-weighted average closing price of the Company shares on the Warsaw Stock Exchange for the month preceding the date of the General Meeting adopting the Stock Option Plan;

$WIG_{4Q2024}$  is the value equal to the volume-weighted average closing value of the WIG index on the Warsaw Stock Exchange for the last month of 2024;

$WIG_{WZA}$  is the value equal to the volume-weighted average closing value of the WIG index on the Warsaw Stock Exchange for the month preceding the date of the General Meeting adopting the Stock Option Plan.

6. Depending on the increase in the rate of return on shares calculated in accordance with Section 3.5 above, Eligible Persons shall be offered the following number of Subscription Warrants issued under the Additional Pool:
  - (a) 95,055 (ninety-five thousand, fifty-five) Subscription Warrants representing 50% of the Additional Pool referred to in Section 2.2(b) – if the rate of return on shares increases by at least twice the issue price ( $x=2.0$ );
  - (b) 142,582 (one hundred and forty-two thousand, five hundred and eighty-two) Subscription Warrants representing 75% of the Additional Pool referred to in Section 2.2(b) – if the rate of return on shares increases by at least 2.25 times the issue price ( $x=2.25$ );
  - (c) 190,110 (one hundred and ninety thousand, one hundred and ten) Subscription Warrants representing 100% of the Additional Pool referred to in Section 2.2(b) – if the rate of return on shares increased by at least 2.5 times the issue price ( $x=2.5$ ).

## **Section 4**

### **Other terms of issue of Subscription Warrants**

1. Subscription Warrants shall be subscribed for free of charge directly by Eligible Persons.
2. The Company's Supervisory Board shall determine, by way of a resolution, whether the condition referred to in Section 3 of this Resolution has been met within 1 (one) month of the date of approval of the consolidated financial statements for a given year and shall determine a list of Management Board members who are Eligible Persons entitled to subscribe for the Subscription Warrants in a given Tranche.
3. After the Supervisory Board adopts the resolution referred to in Section 4.2, the Management Board shall determine a list of Eligible Persons other than Management Board members, entitled to subscribe for the Subscription Warrants in a given Tranche.
4. Following adoption of the Supervisory Board resolution referred to in Section 4.2, the Management Board or, with respect to Management Board members – the Supervisory Board, shall offer the Subscription Warrants of a given Tranche for subscription to Eligible Persons. The Subscription Warrants in a given Tranche shall be offered to the Eligible Persons within 2 (two) months of the date of adoption of the resolution as referred to in Sections 4.2 and 4.3.
5. Offers referred to in Section 4.4 above may be accepted within 30 days of the date they were made to the Eligible Person.
6. In each of Tranches 1–4 not less than 85% of the Subscription Warrants referred to in Section 2.3(a)–(d) shall be granted and offered to the Eligible Persons, subject to the provisions of Section 4.8.
7. Any Subscription Warrants not offered under the Stock Option Plan in Tranches 1–4 shall be transferred to the Reserve Pool. The Subscription Warrants transferred to the Reserve Pool shall be offered to Eligible Persons under subsequent Tranches and, at the latest, in full in 2025 as part of Tranche 4, subject to the provisions of Section 3, and by the Management Board and the Supervisory Board, as appropriate.
8. The Eligible Persons shall be entitled to subscribe for Subscription Warrants on condition that they were in an employment relationship with the Company or its subsidiary, or in other legal relationship under which they provided services to the Company or its subsidiary, for a period of twelve months in the financial year preceding the year in which the offer to subscribe for Subscription Warrants is made. New Eligible Persons under Section 1.9 who enter into a legal relationship with the Company or its subsidiary during a given financial year shall be able to acquire the Subscription Warrants from the Tranche for that year, provided that this legal relationship continues for at least six months in the year.
9. An Eligible Person shall lose their right to acquire Subscription Warrants granted under the Stock Option Plan as of the date of termination of their employment relationship or other contract under which that Eligible Person has worked for or provided services to the Company or the Company's subsidiary, but only if such termination is made under Art. 52 of the Polish Labour Code or due to a gross breach of duties by the Eligible Person.
10. The Company's Management Board and, where appropriate, the Company's Supervisory Board, shall be authorised to change the List of Eligible Persons at any time during the term of the Stock Option Plan, but no later than by the date on which all Subscription Warrants of Tranches 1–4 and Tranche 5 are subscribed for by the Eligible Persons, by extending the List of Eligible Persons, changing the number of Subscription Warrants granted or excluding persons from the List of Eligible Persons, while maintaining their right to exercise the rights attached to the Subscription Warrants subscribed for earlier under the Stock Option Plan.
11. A reduction of the number of granted Subscription Warrants or exclusion from the List of the Eligible Persons referred to in Section 4.10 may occur if:
  - (a) an Eligible Person fails to perform or properly perform the obligations arising from his or her employment contract or other legal relationship under which he or she provides services to the Company or its subsidiary;
  - (b) an Eligible Person acts to the detriment of the Company or its subsidiary;
  - (c) an Eligible Person has been transferred within the Company's organisational structure, losing their status of a member of key management personnel,
  - (d) an Eligible Person has become unable to perform their duties under the employment relationship or other contract under which that Eligible Person has worked for or provided services to the Company or the Company's subsidiary, and such inability continues in aggregate for more than six months in the financial year for which warrants in a given Tranche are granted, irrespective of the reasons for such inability,
  - (e) the employment relationship or other contract under which an Eligible Person has worked for or provided services to the Company or a subsidiary of the Company is terminated before the

Management Board or the Supervisory Board adopts a resolution on determining a List of Eligible Persons entitled to subscribe for Subscription Warrants in a given Tranche.

12. In the event that an Eligible Person loses their right to participate in the Stock Option Plan, the Subscription Warrants allottable to that person shall be aggregated with the total number of Subscription Warrants in a given Tranche.
13. In the event of a consolidation or split of Company shares, the Subscription Warrants shall reflect such consolidation or split.

## **Section 5**

### **Conditional share capital increase**

1. In connection with the implementation of the Stock Option Plan, the share capital of the Company shall be conditionally increased by no more than PLN 760,440.00 (seven hundred and sixty thousand, four hundred and forty zloty) by way of an issue of up to 760,440 (seven hundred and sixty thousand, four hundred and forty) Series H ordinary bearer shares in the Company with a par value of PLN 1 (one zloty) per share ("Series H Shares").
2. The objective behind the conditional share capital increase is to grant the right to subscribe for Series H Shares to holders of Subscription Warrants which will be issued under the Stock Option Plan in accordance with Section 2 hereof.
3. Holders of Subscription Warrants shall be entitled to exercise the rights to subscribe for Series H Shares under Subscription Warrants prior to the lapse of the period referred to in Section 6 if by the end of that period a tender or exchange offer for Company shares is announced in connection with exceeding the thresholds of 33% or 66% of total voting rights at the Company's General Meeting, under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005.
4. In each of the financial years of the Stock Option Plan, the issue price of Series H Shares for the holders of Subscription Warrants shall be equal to the average turnover-weighted closing price of Company shares on the Warsaw Stock Exchange for the period of one month preceding the date of the General Meeting, i.e. for the period from May 17th 2021 to June 15th 2021 (the one-month period preceding the date of the General Meeting) (the "**Issue Price**").
5. Series H Shares shall be paid up by the holders of Subscription Warrants with cash contributions only.
6. Series H Shares shall carry the right to dividend on the following terms:
  - i. Series H Shares registered for the first time in the securities account of a holder of Subscription Warrants who exercised the rights attached to a Subscription Warrant on or before the dividend record date as set forth in a resolution of the Company's General Meeting concerning profit distribution shall carry the right to dividend beginning from the distribution of profit for the previous financial year, i.e. from January 1st of the financial year immediately preceding the year in which the shares were registered in the securities account;
  - ii. Series H Shares registered for the first time in the securities account of a holder of Subscription Warrants who exercised the rights attached to a Subscription Warrant on a day falling after the dividend record date as set forth in a resolution of the General Meeting concerning profit distribution shall carry the right to dividend beginning from the distribution of profit for the financial year in which the shares were registered in the securities account, that is as of January 1st of that financial year.
7. In the Company's best interest, the existing shareholders' pre-emptive rights with respect to Series H Shares and Subscription Warrants shall be waived in whole. The Management Board's opinion stating the reasons for the waiver of the existing shareholders' pre-emptive rights is attached as Appendix 1 to the Resolution proposed by the Management Board on May 20th 2021.

## **Section 6**

### **Lock-up**

Holders of Subscription Warrants shall be entitled to exercise their rights to subscribe for Series H Shares attached to the Subscription Warrants not earlier than 24 months after the end date of the financial year for which they were offered warrants of a given Tranche (lock-up on the right to subscribe for Series H Shares by holders of Subscription Warrants) and not later than on December 31st 2027.

## **Section 7**

**Seeking of admission and introduction of Series H Shares to trading on the regulated market and conversion of Series H Shares into book-entry form**

1. Series H Shares shall be sought to be admitted and introduced to trading on the regulated market of the Warsaw Stock Exchange (the "WSE"). The Management Board shall be authorised to take all practical and legal steps required in connection with the admission and introduction of Series H Shares to trading on the WSE's regulated market immediately upon their issue.
2. Series H shares shall be converted into book-entry form. The Management Board is hereby authorised to enter into an agreement for registration of Series H Shares with the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) and to take any other necessary steps to convert Series H Shares into book-entry form immediately upon their issue.

**Section 8**

The issue of Subscription Warrants entitling the Eligible Persons to subscribe for Series H Shares on the terms and conditions set forth herein is an optimal way of creating mechanisms leading to strong commitment of the abovementioned persons, which should translate into solutions that improve the financial performance of the KRUK Group and into a strong attachment of the best personnel to the KRUK Group companies, which becomes even more important given the current economic situation in Poland and globally. The actions referred to above should result in the implementation of ambitious plans to restore the KRUK Group's revenue and profit and increase the value of KRUK S.A. shares, which is in line with the interests of all the Shareholders.

**Section 9**

**Amendments to the Company's Articles of Association**

1. In connection with Section 5 of this Resolution, Art. 4d shall be added after Art. 4c in the Company's Articles of Association, reading as follows: "1. The share capital has been conditionally increased by no more than PLN 760,440.00 (seven hundred and sixty thousand, four hundred and forty złoty) by way of an issue of up to 760,440 (seven hundred and sixty thousand, four hundred and forty) Series H ordinary bearer shares in the Company with a par value of PLN 1 (one złoty) per share ("Series H Shares").
  2. The purpose of the conditional share capital increase referred to in Section 9.1 above is to grant the right to subscribe for Series H shares to holders of subscription warrants issued under Resolution No. 22/2021 adopted by the Annual General Meeting on June 16th 2021.
  3. Holders of subscription warrants issued by the Company under Resolution No. 22/2021 of the Annual General Meeting of June 16th 2021 shall be entitled to subscribe for Series H shares. Subscription warrants referred to above may be inherited, but may not be encumbered or disposed of.
  4. Holders of Subscription Warrants shall be entitled to exercise their rights to subscribe for Series H Shares attached to the Subscription Warrants not earlier than 24 months after the end date of the financial year for which they were offered warrants of a given Tranche (lock-up on the right to subscribe for Series H Shares by holders of Subscription Warrants) and not later than on December 31st 2027.
  5. Holders of Subscription Warrants shall be entitled to exercise the rights to subscribe for Series H Shares under Subscription Warrants prior to the lapse of the period referred to in Section 9.4 if by the end of that period a tender offer to acquire more than 33% of the Company shares is announced under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (consolidated text: Dz.U. of 2009, No. 185, item 1439, as amended).
  6. Series H Shares shall be paid up in cash."
2. The other provisions of the Company's Articles of Association shall remain unchanged.

**Section 10**

This Resolution shall become effective upon its adoption, save for the provisions relating to the amendments of the Company's Articles of Association, which shall become effective as of the date on which they are entered in the Business Register.

STATEMENT OF REASONS

*OFE PZU is in favour of the introduction of an incentive scheme based on Kruk S.A. shares for 2021–2024. The draft resolution proposed by OFE PZU is intended to ensure consistency between the wording of the resolution and the corporate governance rules applicable to major shareholders in the Company, including OFE PZU.*

*Compared with the Management Board's proposal, the draft resolution proposed by OFE PZU limits the dilution of existing shareholdings to 1% per year and introduces a cumulative basis for the required EPS increase (18% per year).*

*To implement the Stock Option Plan, the Company intends to conditionally increase its share capital through the issue of Series H shares, to be subscribed for by holders of subscription warrants issued by the Company for this purpose, with the existing shareholders' pre-emptive rights waived in whole. Adoption of the Stock Option Plan requires a resolution of the General Meeting.*