



1. Preamble

The overriding objective of KRUK S.A. (the “Company”, “KRUK”) is to ensure sustainable growth of the Company and increase its value through profit growth and dividend payment while maintaining appropriate liquidity and observing the principles of sustainable development (ESG).

The Management Board’s intention is for KRUK to concurrently drive its value growth and make regular profit distributions to shareholders. The objective behind adopting the dividend policy (the “Policy”) is to carry into effect the Management Board’s intention and take account of KRUK’s status as a growth company paying out dividend based on clear and constant criteria for distribution of generated profits.

2. Dividend amount

The Company’s Management Board expects that it will submit to the Annual General Meeting a recommendation to pay out dividend amounting to 30% or more of the KRUK Group’s consolidated net profit for a previous financial year, attributable to shareholders of the parent.

Pursuant to Art. 348.1 of the Commercial Companies Code, the amount allocated for distribution to the Company’s Shareholders may be increased by:

- retained profit brought forward and
- amounts transferred from distributable statutory reserve funds and capital reserves created from profit

This amount will be reduced by:

- losses carried forward,
- treasury shares, and
- the amount of profit for the last financial year which, in accordance with the applicable laws or the Articles of Association, should be allocated to statutory reserve funds or capital reserves.

3. Conditions for retaining earnings in the Company and not paying dividends

In principle, the Company will seek to distribute profit through payment of dividend.

The Company may retain all of its earnings or pay less than 30% of consolidated net profit as dividend if any of the following conditions is met:

- the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;
- the Company reports losses carried forward and the earnings are used to reduce such losses;
- the Group's plans and growth prospects indicate that retaining large amounts of cash in the Company would contribute to enhancing the Company's value;
- the Company has not generated sufficient cash to pay out dividends;
- a dividend payment would substantially increase the risk of covenant breach under the Company’s credit facility agreements or breach of the terms and conditions of bonds;



- retention of the Company's earnings follows recommendations of the authority which supervises the Company by virtue of its business activity.

4. Determinants of the Management Board's recommendation

When recommending dividend payment, the Management Board of the Company will take into account:

- the current and projected financial position of the KRUK Group;
- overarching plans and prospects for the Group's growth,
- investment financing needs,
- current debt levels and the financial and liquidity position of the Group,
- existing and future liabilities (including potential restrictions related to credit facility agreements and issue of debt instruments),
- the amount of retained profit brought forward and amounts transferred from distributable statutory reserve funds and capital reserves created from profit,
- losses carried forward, treasury shares and the amount of profit for the last financial year which, in accordance with the applicable laws or the Articles of Association, should be allocated to statutory reserve funds or capital reserves.

5. Profit distribution and dividend payment proposal

The Company's Management Board presents to the Annual General Meeting a profit distribution proposal approved by the Supervisory Board.

6. Body authorised to decide on dividend payment

Pursuant to Art. 395.2.2 of the Commercial Companies Code, the body competent to decide on profit distribution and dividend payment is the Annual General Meeting, which determines:

- the date as at which the list of shareholders entitled to receive dividend for a given financial year is prepared (dividend record date, Day D) and the dividend payment date (Day P)
- pursuant to the general rules laid down in Art. 348.3-5 of the Commercial Companies Code.

Shareholders attending the Annual General Meeting are in no way bound by recommendations of the Management Board.

7. Right to dividend

Persons entitled to dividend are those Shareholders in whose securities accounts KRUK S.A. shares are registered as at the dividend record date.

8. Notifying Shareholders of the dividend record date and dividend payment

Information regarding the determination of the dividend record date and the dividend payment date will be published by the Company's Management Board in current reports.

9. Conditions for dividend collection

The conditions for the collection of dividends are in accordance with the rules adopted for public companies, as defined in Section 121 et seq. of the Detailed Rules of Operation



of the Central Securities Depository of Poland (consolidated text in force as of May 31st 2021).

10. Interim dividend

The Company does not rule out a decision to pay interim dividend for a financial year if all the conditions set out in Art. 349 of the Commercial Companies Code and Art. 10 of the Company's Articles of Association are met. The provisions of this Policy apply accordingly to payment of interim dividend.

11. Preferential right to receive dividends

The Company does not have any preference shares as regards dividend.

12. Term of KRUK dividend policy

The dividend policy applies from the financial year ending on December 31st 2021 until the financial year ending on December 31st 2024, with the proviso that the Policy may be periodically reviewed and/or updated by the Management Board, and decisions concerning recommendation of dividend payment will be made taking into account the market situation, the Group's financial position, further growth prospects and directions of activities, investments, decisions made with a view to ensuring appropriate liquidity, as well as legal requirements in force from time to time.