



PRESS RELEASE

19th Annual General Meeting of Krka, d. d., Novo mesto

Otočec, 3 July 2014 – Krka, d. d., Novo mesto held its 19th Annual General Meeting today in Hotel Šport in Otočec, Slovenia. Among other business, shareholders discussed the allocation of accumulated profit for 2013 and declared a gross dividend of EUR 2.10 per share, which is an increase by more than 30% from last year's dividend. Shareholders also adopted a resolution on the reduction of share capital via a cancellation of treasury shares, and granted the Management Board a new authorisation to acquire treasury shares.

Operations in the first half of 2014

Krka Group sales by Region

The Krka Group sold EUR 599.4 million worth of products and services in the first half of 2014, up EUR 2.3 million, or 0.4%, compared to the first half of last year. Sales in markets outside Slovenia, which represent almost 94% of the Group's total sales, amounted to EUR 561.0 million, up EUR 7.1 million, or 1.3%, compared to the same period last year. Krka Company sales amounted to EUR 582.6 million, which is a decrease from the same period last year by less than 1%.

Krka's leading sales region was Region East Europe, where Krka generated EUR 220.8 million and which represents 36.8% of its overall sales. Compared to the same period last year, sales there increased by EUR 9.6 million, or 5%. The second largest region in terms of sales value was Region Central Europe, where Krka generated EUR 130.2 million (down 3%), which is 21.7% of total Group sales. Product sales in Region West Europe represented 20.4% of overall Group sales, and amounted to EUR 122.3 million (down 3%). The highest relative growth was recorded in Region South-East Europe, where sales were up 11% to EUR 75.3 million, which represents 12.6% of overall Group sales. Sales in the domestic market were down 11% to EUR 38.4 million, which represents 6.4% of Krka's total sales. In the newly founded Region Overseas Markets product sales amounted to EUR 12.3 million (a 2.1% share of total sales).

Krka Group sales by product and service group

The Krka Group sold EUR 502.1 million worth of prescription pharmaceuticals in the six months to June, up a solid 1% from the same period last year. Prescription pharmaceuticals represent 83.8% of total Krka Group sales. The sales of non-prescription products were down

9% compared to the same period last year, to EUR 58.8 million (9.8% of total Group sales). Animal health product sales were up 3% to EUR 22.7 million, which is 3.8% of overall Group sales. Health resort and tourist services were up 1% to EUR 14.4 million (a 2.4% share), while other sales revenues amounted to EUR 1.4 million (a 0.2% share of total Group sales).

Investments

Krka has allocated EUR 164 million for this year's investments, with over 20 investment projects currently ongoing in the Group.

The construction of a new production plant for solid dosage pharmaceuticals, Notol 2, has continued at an accelerated pace after works at Krka's pivotal location in Ločna, Novo mesto, Slovenia had started back in June 2012. This is the largest investment in Krka's history, and has an estimated investment value of EUR 200 million. Production in the 55,000 m² plant with the target annual production capacity of 4.5 billion finished products will start in 2015.

The construction of a new complex for the production of active pharmaceutical ingredients in Krško, Slovenia had begun in July 2012. In the first stage they have been building the Sinteza 1 production plant with the related infrastructure. The project's estimated investment value is EUR 85 million, and production will start by the end of 2014.

At Krka's pivotal location they are constructing a new water preparation plant to ensure sufficient capacity for the preparation of purified waters and tower feedwater, and to provide for a secure supply after Notol 2 is constructed. The project's estimated investment value is EUR 13.7 million, and construction should be completed by the end of 2014.

One of the most important investments in the Krka Group is the Krka-Rus 2 project. It features the expansion of Krka's logistics centre and construction of a new plant in the Russian Federation, which will consolidate Krka's status as a domestic pharmaceuticals producer in this country. The target production capacity of the plant, which will have a total surface area of 34,500 m², is 1.8 billion tablets and capsules per year. The entire investment is estimated at EUR 135 million, of which EUR 95 million was invested in the first stage of the project, completed in 2013. The new logistics centre with the high-bay warehouse entered into use in July 2013, and production was launched at the end of last year.

The subsidiary Terme Krka plans to build a small pool at Hotel Šport in Otočec, Slovenia this year. The investment will include an energy overhaul of the hotel and is estimated at EUR 2.8 million.

Employees

At the end of June the Krka Group had 10,298 employees, an increase by 250, or 2.5%, compared to the beginning of the year. Krka has 54% employees with a university level education or higher, and almost 53% of the Krka team work outside Slovenia.

Share information

At the end of June 2014 Krka had 62,547 shareholders. The proportion of shareholdings held by international investors increased by 0.5 of a percentage point since the beginning of the year, and currently amounts to 20.8%. On 30 June 2014 Krka's share traded at EUR 70.00 on

the Ljubljana Stock Exchange, up 17% from the year-end of 2013 when it traded at EUR 60.00.

Consistent with the authorisation granted by the 14th and 16th Annual General Meeting and in compliance with the valid regulations, Krka has acquired 71,667 treasury shares on the Ljubljana Stock Exchange in 2014, in the aggregate value of EUR 4,463,512. At the end of June 2014 Krka thus held 2,632,672 treasury shares, which represents 7.431% of its share capital.

European Commission proceedings

In November 2008 the European Commission opened a formal antitrust investigation against company Servier and a number of generic pharmaceutical companies, including Krka, for suspected breaches of the EU rules on the release of the medicinal product perindopril on the EU markets. Krka believes their sales of perindopril has not constituted a breach of the EU antitrust laws, however they had formed long-term provisions in the amount of EUR 47.5 million back in 2009 to account for any potential liabilities arising out of the European Commission proceedings. The Commission's decision is expected in the coming weeks.

Resolutions passed by the 19th Annual General Meeting

The Management Board and Supervisory Board proposed to the Annual General Meeting to appropriate the accumulated profit for 2013, in the amount of EUR 179,352,421.39, as follows:

– For dividends (EUR 2.10 gross per share)	EUR 68,866,240.80,
– For other revenue reserves	EUR 55,243,090.30,
– For retained earnings	EUR 55,243,090.29.

The Annual General Meeting passed this proposal. Dividend payments, in the amount of EUR 2.10 gross per share, will commence within 60 days of the Annual General Meeting, and will be made to those shareholders that are recorded in the share register of the Central Securities Clearing Corporation (KDD) as at 8 July 2014.

Shareholders approved and gave its consent to the work of the Management and Supervisory Boards in the financial year 2013, and discharged them from liability for performance of their duties.

Shareholders passed a resolution on the reduction of share capital via a cancellation of 2,632,672 treasury shares, which represents 7.431% of Krka's share capital. In addition, the Management Board was granted a new authorisation for acquisition of treasury shares, whereby the total volume of treasury shares cannot exceed 10% of the Company's share capital.

Shareholders were also informed of the elected members of the Supervisory Board – Franc Šašek, Tomaž Sever and Mateja Vrečer –, employee representatives elected by the Company's Workers' Council.

Following the Supervisory Board's proposal, the Annual General Meeting appointed Ernst & Young Revizija, poslovno svetovanje, d. o. o., Ljubljana as the Company's auditor for the financial year 2014.

The Krka Management Board will publish the adopted resolutions in the Saturday edition of the Delo newspaper, in the Ljubljana Stock Exchange electronic information dissemination system SEOnet, and in the Polish Financial Supervision Authority electronic information dissemination system (ESPI).