

EXPLANATION OF PROPOSED RESOLUTIONS

For the 20th Annual General Meeting of KRKA, d. d., Novo mesto on 18 June 2015

At several meetings, the Management and Supervisory Boards of Krka, d. d., Novo mesto, reviewed the materials for the call of the 20th General Meeting, prepared the motion of the Agenda and the motion of resolutions as follows.

Add 1

According to the *Rules of Procedure for General Meetings*, the Chair of the General Meeting is elected for each meeting separately. The company *IXTLAN FORUM, d. o. o., Ljubljana* is proposed as the vote enumerator based on its good references. This company successfully performed the voting and vote enumerating procedures at Krka's General Meetings in the past.

Add 2

The Supervisory Board verified the Annual Report of Krka, d. d., Novo mesto and of the Krka Group for 2014. They had no comments or reservations in that regard, and approved the Annual Report unanimously. By this approval, the *2014 Annual Report* of Krka, d. d., Novo mesto and the Krka Group was adopted. The Supervisory Board also discussed the Auditor's Report and the work of the Certified Auditor. The Supervisory Board expressed no comments concerning the Certified Auditor's work and the performed audit. The 2014 Annual Report also discloses the remuneration of members of the Management and Supervisory Boards.

The Management Board prepared a proposal for the allocation of the 2014 accumulated profit in total of €181,488,404.86. The Supervisory Board adopted the motion, and the Management and Supervisory Boards jointly propose to the General Meeting to pass the resolution on the allocation of the accumulated profit. In addition to this, both Boards propose that the General Meeting discharge the Management and the Supervisory Boards of Krka, d. d., Novo mesto from their liabilities. The motion is based on successful business results and implementation of the stable dividend policy.

Add 3

The Supervisory Board promptly undertook the preparation of the motion for the election of new Supervisory Board members – shareholders' representatives, because the term of office of current shareholders' representatives ends in June 2015. The Supervisory Board therefore appointed a Nomination Committee, and the body prepared the draft motion in line with recommendations of the *Corporate Governance Code* and provisions of *Nomination Committee Rules of Procedure*. The Supervisory Board Human Resource Committee discussed the draft



motion and took it into account. The motion submitted by the Nomination Committee and Supervisory Board Human Resource Committee was approved by the Supervisory Board, and it proposes to the General Meeting that the motion be adopted and new members be elected to the Supervisory Board for the period of five (5) years. The term of office for the new members shall commence on 21 June 2015.

In compliance with the *Corporate Governance Code*, a short presentation of the candidates is published on the website of Krka, d. d., Novo mesto.

Add 4

Also in 2015, business performance of Krka, d. d., Novo mesto shall be audited by the certified auditor, who shall prepare a report on the examination and audit of the financial statements and business report. The Supervisory Board proposes that *Ernst & Young Revizija, poslovno svetovanje, d. o. o., Ljubljana*, Dunajska cesta 111, 1000 Ljubljana, be appointed as the auditor for 2015.

Novo mesto, 19 May 2015

Jože Colarič
President of the Management Board
and Chief executive