

On the basis of Item 6.20 of the *Articles of Association* of Krka, tovarna zdravil, d. d., Novo mesto, Šmarješka cesta 6, Novo mesto, the Management Board of the company convenes

The 23rd Annual General Meeting of Krka, tovarna zdravil, d. d., Novo mesto

**On Thursday, 6 July 2017 at 1:00 p.m.
At Hotel Šport in Otočec.**

The AGM shall be attended by a notary public, Darja Jarnovič, from Novo mesto.

The agenda and proposed resolutions

1. Opening of the AGM and election of working bodies

Proposed resolution

1.1. The attorney Stojan Zdolšek shall be appointed as the Chair of the AGM, and IXTLAN FORUM, d. o. o., Ljubljana as the vote enumerator.

2. Presentation of the 2016 Annual Report prepared by the Management Board, including the information on remuneration of members of the Management and Supervisory Boards, the Auditor's Report, and the Supervisory Board's report on its verification and approval of the 2016 Annual Report, adoption of the resolution on the allocation of the 2016 accumulated profit and the discharge of liability for the Management and Supervisory Boards for 2016

Proposed resolutions

2.1. The AGM shall be informed about the Management Board's Annual Report for the 2016 financial year, including the remuneration of Management and Supervisory Board members, the auditor's report, and the report of the Supervisory Board on its verification and approval of the 2016 Annual Report.

2.2. The accumulated profit for 2016 in the amount of €142,658,499.48 shall be allocated as follows:

- for dividends: €88,692,565.50 (€2.75 gross per share);
- other revenue reserves: €26,982,966.99; and
- retained earnings: €26,982,966.99.

The payout of dividends shall commence on 20 July 2017. The shareholder records in the share register at KDD – Centralna klirinško depotna družba (Central Securities Clearing Corporation), d. d., Ljubljana as at 19 July 2017 shall apply for the dividend payout.

In accordance with the uniform *European Standards for Corporate Actions* including also dividend payouts, Krka shall remit funds for all dividend payouts to the account at KDD – Centralna klirinško depozitna družba on 20 July 2017, which shall then transfer payouts of dividends through its members to the beneficiaries' accounts on the very same day, provided that all the data required for the payout are available to the KDD's members.

2.3. The AGM approves and gives its consent to the work of the Management Board for the 2016 financial year and discharges it from liability for performance of its duties.

2.4. The AGM approves and gives its consent to the work of the Supervisory Board for the 2016 financial year and discharges it from liability for performance of its duties.

3. Authorisation to acquire treasury shares

Proposed resolution

The AGM authorises the Management Board to acquire and dispose of the treasury shares as follows:

- a) The Management Board shall be authorised to acquire treasury shares. However, the share of total treasury shares shall not exceed 10% of the company's share capital, i.e. 3,279,344 shares. The share total shall also include treasury shares owned by the company as at the date of issuance of this authorisation.
- b) The authorisation to acquire treasury shares shall remain in effect 36 months after the adoption of this resolution.
- c) The company may acquire treasury shares on the regulated market at respective market prices. The company may acquire treasury shares also outside the regulated market. When acquiring treasury shares on the regulated market or non-regulated market, the purchase price must not be lower than the book value based on the last published audited financial statements of the Krka Group. Furthermore, the purchase price must not exceed 25-times earnings per share held by the majority stakeholders as stated in the last published audited financial statements of the Krka Group.
- d) The company may dispose of the treasury shares acquired under this authorisation as follows:
 - in exchange for equity-stakes in other companies by pursuing its M&A strategy, or
 - by selling them to a strategic partner.
- e) Upon treasury share disposal, the preferential right of the existing shareholders shall be completely excluded in compliance with Item d of this resolution.

4. Appointment of the auditor for the 2017 financial year

Proposed resolution

4.1. ERNST & YOUNG Revizija, poslovno svetovanje, d. o. o., Dunajska cesta 111, 1000 Ljubljana shall be appointed the auditor for the 2017 financial year.

Materials for the General Meeting

The shareholders may review the complete materials for the AGM from the day of the AGM notice release in the *Delo* newspaper, e-information system of the Ljubljana Stock Exchange <http://seonet.ljse.si>, and on the Krka website www.krka.si until including the day of the AGM, and at the Company's registered office address at Šmarješka cesta 6, Novo mesto each working day from 10 a.m. to 1:00 p.m. The AGM notice and complete materials including the agenda and proposed resolutions are published on the Krka website www.krka.si.

Additional items to the agenda

Shareholders jointly representing at least the twentieth (20th) part of total share capital may file a written request for an additional item to be added to the agenda within seven (7) days after the release of the AGM notice. A written proposal of the resolution about which the AGM should decide must be attached to the request, or the explanation of the agenda if no resolution is to be passed for a particular agenda item. In compliance with Paragraph 3 of Article 298 of the *Companies Act (ZGD-1)*, the Management Board of the company shall publish those additional items to the agenda, which are required by the shareholders, not later than within seven days after this notice is released. Shareholders may send their requests for additional agenda items to the company by fax, no. +386 7 332 15 37.

Proposals by shareholders

Shareholders are entitled to submit written proposals to each point of the agenda in accordance with 1 Paragraph of Article 300 and Article 301 of the *Companies Act*. The Management Board of the company shall publish in the same manner as this notice also all shareholders' proposals which comply with the following conditions:

- The proposals must be sent within seven (7) days after the release of this AGM notice;
- The proposals must be reasonably substantiated;
- The shareholder, who initiates proposals, must file a notice stating that he plans to oppose the proposal made by the Management or Supervisory Boards, and that he will prevail upon other shareholders to vote for his counterproposal.

Irrespective of everything stated above, in accordance with Article 301 of the *ZGD-1* the shareholder's voting proposal does not have to be substantiated.

The shareholder's proposal shall be published and released in the manner according to Article 296 of the *ZGD–1* only, if the shareholder files a reasonably substantiated proposal within seven (7) days from the AGM notice. Shareholders may submit their proposals of resolutions and voting proposals also by fax number: +386 7 332 15 37.

The right to be informed

In compliance with Paragraph 1, Article 305 of the *ZGD–1*, shareholders are entitled to pursue their right to be informed at the AGM. Detailed information on shareholders' rights according to Paragraph 1 of Article 298, Paragraph 1 of Article 300, Articles 301, and 305 of the *ZGD–1* is available at the Company's website, www.krka.si.

The right to attend the AGM and participate in voting

The right to attend the AGM and participate in voting applies to shareholders recorded in the share register at the KDD – Centralna klirinško depotna družba, d. d., Ljubljana as at the end of the fourth (4th) day before the AGM is due to convene, i.e. on 2 July 2017.

Shareholders may attend the AGM and participate in voting either in person or by proxy, if they notify the Management Board of their presence in writing or at the company's registered office not later than by the end of the fourth (4th) day before the AGM is due to convene, i.e. on 2 July 2017, and proxies file their proxy statements upon the registration procedure at the AGM.

The proxy statement must be filed in writing and include generally applicable data: name, surname, address, personal identification number or firm, registered office and VAT number, issues covered in a proxy, the party granting the proxy, and the party holding a proxy, and the signature of the party granting the proxy.

The proxy statement template is available at the Company's website, www.krka.si.

The company shall have the right to verify the identity of the shareholder or the party granting the proxy. If so requested, shareholders or their legal representatives or proxies must identify themselves at the AGM by presenting their ID and the proxy statement, while legal representatives and proxies of legal entities must present an extract from the register of companies.

Invitation to major shareholders to publicly disclose their governance policies

In accordance with Item 6.2 of the *Corporate Governance Code*; Krka, d. d., Novo mesto encourages major shareholders to publicly disclose their investment policies with respect to the stakes they are holding in Krka, d. d., Novo mesto. The information may comprise, for example, their voting policy, the type and frequency of their engagement in the company's governance, and the dynamics of their communication with the company's managerial or supervisory bodies.

Other notifications

We would like to ask the participants to arrive half an hour before the AGM starts for registration purposes and collection of the voting tools.

Novo mesto, 31 May 2017



Jože Colarič
President of the Management Board and CEO

Information to shareholders

The General Meeting is called by the company's Management Board. The Management Board proposes the resolution under the item 1. The Management and Supervisory Boards jointly propose the resolutions under Items 2 and 3. The Supervisory Board proposes resolutions under Item 4.

Information on Krka, d. d., Novo mesto as at 29 May 2017

Total number of shares issued: 32,793,448

Total number of shares carrying the voting right: 32,251,842

Total number of treasury shares: 541,606

Major shareholders (exclusive of treasury shares)

	Shareholder	Number of shares
1.	SDH D.D.	5,312,070
2.	KAPITALSKA DRUŽBA D.D.	3,493,030
3.	SPLITSKA BANKA D.D.	2,318,476
4.	ADDIKO BANK D.D.	1,220,533
5.	KDWP	466,296

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