

In accordance with Article 294b of the Companies Act (ZGD-1), Krka, d. d., Novo mesto (hereinafter 'the Krka company') presents

REPORT ON THE REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS OF KRKA, D. D., NOVO MESTO IN 2022

Introduction

In accordance with Article 294a of the Companies Act, Krka, d. d. Novo mesto (hereinafter 'the Krka company') has drafted the Remuneration Policy for Management and Supervisory Bodies of Krka, d. d., Novo mesto (hereinafter 'Remuneration Policy'), which it must present to its Annual General Meeting (hereinafter AGM) to vote on pursuant to Article 294a(1) of the Companies Act. The Report includes a comprehensive overview of remunerations, including all bonuses and fringe benefits that the company awarded to individual members of its management and supervisory bodies. Pursuant to the Companies Act, AGMs take an advisory vote on remuneration policies. If the AGM does not approve the proposed remuneration policy, the company shall put an amended remuneration policy to the vote at the next AGM. Pursuant to Article 294a(3) of the Companies Act, the company may remunerate management and supervisory body members only in accordance with a remuneration policy that had been voted on and approved by the AGM. The Krka company had put its Remuneration Policy up for a vote at the 28th AGM as at 7 July 2022. It was supported by 44.52% of all the votes cast. The present Report refers to said Remuneration Policy. There were no deviations in 2022 from the procedures laid down in the Remuneration Policy.

The first time that the Krka company informed the AGM of the section of its Report on the Remuneration of Management and Supervisory Board Members as required by Article 294b of the Companies Act was for 2021. Of all the votes cast then, 97.49% were in favour of adopting the resolution. The AGM did not provide any additional comments to the Report.

Remuneration of Management Board members

The Krka Management Board consists of Jože Colarič, President, Aleš Rotar, Vinko Zupančič and David Bratož, members, and Milena Kastelic, member – Worker Director.

Members of the Management Board receive fixed and variable remuneration as well as bonuses and fringe benefits as per their service agreements.

Fixed remuneration of Management Board members is determined in their service agreements as a multiple of the average salary of all Krka employees in the last three months. These multiples were determined by the Krka Supervisory Board upon appointing the Management Board, and will differ based on the scope of tasks and the areas of work that each member of the Management Board covers. Multiple four (4) is applied to Milena Kastelic, Management Board member – Worker Director, acting as a workers' representative, who represents employees' interests in human resource and social issues. Multiple seven (7) is applied to David Bratož, Management Board member responsible for corporate performance management, finance, information technology, and certain administrative services, and to Vinko Zupančič, Management Board member responsible for API R&D, production, and supply chain management. Multiple eight (8) is applied to Aleš Rotar, Management Board member responsible for research and development of finished products, new products, quality management, and health and safety at work. Multiple ten (10) is applied to Jože Colarič, President of the Management Board, in charge of marketing, sales, human resources, investments, industrial property, and certain administrative services. Management Board members receive allowances for continuity of service and years of service under the same criteria as all other employees. In 2022, the average monthly salary at Krka totalled €3,032.21 gross, whereby this does not include pay for annual leave, Christmas bonus, company performance bonuses, and other bonuses awarded to employees for their work performance. The effective gross average salary was, therefore, in fact higher.

Members of the Management Board are entitled to bonuses, benefits and other earnings the same as all Krka employees.

Variable remuneration is calculated and paid based on business results for the first half-year (cut-off date: 30 June of the current year). The first part of variable remuneration (advance payment) for the current year is calculated and paid then. It amounts up to

seven units for the President of the Management Board and up to six units for all other Management Board members, but not exceeding 50% of variable remuneration annualised on the basis of current results. The remaining variable remuneration is deferred by 12 months from the above cut-off date and is determined and paid based on the actual Krka Group results for the previous financial year, whereby the audited results must be comparable to unaudited results, which served as a basis for the Supervisory Board's evaluation of the Management Board's performance during the year.

The Krka company may ask members of the Management Board to return their variable remuneration or a proportion thereof within three years of payment: if the annual report is annulled and the reasons for the annulment relate to data or information which served as the basis for determining the variable part of remuneration, or if a special auditor's report finds that the criteria used to determine variable remuneration were not applied correctly or that essential data or indicators were not calculated or applied correctly. This has never happened to date.

Variable remuneration of Management Board members is determined annually on the basis of the Remuneration Policy. The Supervisory Board assesses the Management Board's performance using 7 financial and 4 non-financial indicators. The former include a total of 11 units and weights, and the latter 6. The unit of payment of variable remuneration in the relevant six-month or one year period is the average fixed monthly remuneration of the relevant Management Board member.

Financial indicators include the following (the maximum number of allocated units which also represent weights, are given in brackets):

- Growth in terms of revenue (2)
- Growth in terms of sales volume (2)
- Growth in revenue compared to competitors (1)
- Increase in cash flow from operating activities (1)
- Increase in operating profit (3)
- Return on equity compared to competitors (1)
- Dividends paid (1)

Non-financial indicators include the following (the maximum number of allocated units which also represent weights, are given in brackets):

- Corporate social responsibility, company's reputation, public relations, investors relations (1)
- Activities in new indication areas (2)
- Implementation of new requirements, entry onto new markets, launch of new products (2)
- Investments, human resources, and information technology (1)

Performance in terms of non-financial indicators is assessed based on a written report that the Management Board presents to Supervisory Board members.

Financial criteria prompt the company to launch and sell products of maximum customer value in as many markets as possible. Moreover, effective and efficient production and the performance of other business functions are very important in terms of financial criteria, as well as good working capital management and risk management. Non-financial criteria contribute to the same objectives in the long term, and additionally to sustainable management. All performance criteria contribute to the company's reaching its primary objective, i.e. running a for-profit business while maximising company value, generating a profit, and acting for the benefit of the company, employees, shareholders, and the social community.

In determining variable remuneration, long-term results and their sustainability are considered. A 60% weight is assigned to the current year's performance, while performance over the past ten years has the weight of 40%. Both are estimated using the same methodology. The Supervisory Board may adopt a resolution and thus change this ratio to increase the weight for long-term performance to 50% or more. However, this did not happen in 2022. The same methodology and indicators currently apply to all members of the Management Board.

Here is the list of criteria for each indicator:

FINANCIAL INDICATORS		
Indicator	Criteria	No. of payment units
Growth in terms of revenue	Year-over-year:	
	• Up 4.1% or more	2
	• Up between 0.1% and 4.0%	1.5
	• No change	1
Growth in terms of sales volume	Year-over-year:	
	• Up 4.1% or more	2
	• Up between 0.1% and 4.0%	1.5
	• No change	1
Growth in revenue compared to competitors	• Down 5% or less	0.5
	Growth rate is equal or higher than that of competitors.	1
Increase in cash flow from operating activities	Exceeding 90% of the previous year's realisation: for 91%, 0.1 of a salary is awarded as a bonus, for 92%, 0.2 of a salary, etc. If realisation is at 100% or higher, 1 salary is awarded.	1
Increase in operating profit	Year-over-year:	
	• Up 2.1% or more	3
	• Up between 0.1% and 2.0%	2
Return on equity compared to competitors	• Down 5% or less	1
	Above or at least comparable to the competition.	1
Dividends paid	At least in accordance with Krka's long-term development strategy in force.	1

NON-FINANCIAL INDICATORS		
Indicator	Criteria	No. of payment units
Corporate social responsibility, company's reputation, public relations, investor relations	• Very successful	1
	• Successful	0.5
	• Unsuccessful	0
Activities in new indication areas	• Very successful	2
	• Successful	1
	• Unsuccessful	0
Implementing new requirements, entering new markets, launching new products	• Very successful	2
	• Successful	1
	• Unsuccessful	0
Investments, human resources, and information technology	• Very successful	1
	• Successful	0.5
	• Unsuccessful	0

If justified, the Supervisory Board may increase (bonus) or decrease (malus) the number of units calculated based on financial and non-financial indicators by a maximum of three units and thus adjust the amount of variable remuneration paid. A bonus applies if the Supervisory Board assesses that the company's operations exceeded expectations in view of the business situation. A malus applies if corporate compliance or risk management rules are breached, or if the Supervisory Board assesses that the company could have performed better considering the business situation.

The number of units of variable remuneration for the President of the Management Board and Worker Director is additionally adjusted. Variable remuneration of the President of the Management Board is calculated by multiplying the number of units of a Management Board member by 1.2. Variable remuneration of the Worker Director is calculated by multiplying the number of units of a Management Board member by one third.

Management Board members are also members of supervisory boards in certain Krka subsidiaries, but they do not receive additional payments for these positions.

Management Board members are entitled to the following bonuses and fringe benefits:

- Insurance in the total amount of the annual premium of €10,000 for the President of the Management Board and €5,000 for other members of the Management Board. They can additionally opt for supplementary pension insurance, accident insurance, supplementary health insurance, regular life insurance without unit-linked insurance, and comparable types of insurance, excluding unit-linked life insurance.
- Use of a company car worth up to €60,000 including VAT or up to €70,000 including VAT if the vehicle is environmentally friendly, also for private purposes. The vehicle may not be replaced earlier than in three years or before it reaches at least 150,000 km, unless the Supervisory Board approves this.
- Payment of membership fees for professional associations and clubs up to €1,500 annually.
- Comprehensive annual medical examination. If performed in a medical institution outside Slovenia, the costs covered are comparable to the amount which would have been paid at a medical institution in Slovenia.
- Members of the Management Board are entitled to bonuses and fringe benefits to which all Krka employees are entitled under any act. Fringe benefits include voluntary supplementary pension insurance, which is available to all Krka employees under the same conditions. Payment amounts are limited to the maximum total annual premium that still allows the employer and the employee to be eligible to claim tax relief. This amounts to 5.844% of the employee's annual gross salary, but not more than the absolute amount stated in the Personal Income Tax Act.

Below is the remuneration paid to Management Board members in 2022 and 2021 by type of payment each year. All the payments were made by the Krka company. In the 2018–2022 period, members of the Management Board received no remuneration from other Krka Group companies. Furthermore, they were not provided with financial benefits, receipts or services approved or provided by a third party in respect of their activities. Remuneration here differs from that presented in the annual report because there it is presented according to the cost principle.

No Management Board member's term expired (prematurely) in the reported five-year period, and thus there were no related payments. Moreover, no payments were made to any former Management Board members.

Remuneration paid to Krka Management Board members in 2022

€	Fixed remuneration			Variable remuneration		Total		Ratio between fixed and variable remuneration	
	Gross	Net payout	Net fringe benefits and other earnings	Gross	Net	Gross	Net	Fixed	Variable
Jože Colarič	520,022	214,059	18,412	746,792	320,840	1,266,814	553,311	41.3%	58.7%
Aleš Rotar	389,457	165,075	14,313	473,199	203,957	862,656	383,345	45.7%	54.3%
Vinko Zupančič	310,300	132,427	15,623	393,871	169,912	704,171	317,962	44.8%	55.2%
David Bratož	332,755	141,993	16,089	387,326	165,930	720,081	324,012	47.0%	53.0%
Milena Kastelic	218,638	94,288	12,820	81,474	36,052	300,112	143,160	73.5%	26.5%
Total remuneration of Management Board members	1,771,172	747,842	77,257	2,082,662	896,691	3,853,834	1,721,790	46.6%	53.4%

Net fringe benefits and other earnings of Krka Management Board members in 2022

€	Executive health insurance	Supplementary pension insurance	Anniversary bonuses	Other bonuses	Reimbursement of work-related costs	Pay for annual leave	Total
Jože Colarič	9,167	2,882	3,182	1,216	41	1,924	18,412
Aleš Rotar	4,583	2,882	0	3,926	998	1,924	14,313
Vinko Zupančič	4,583	2,882	0	5,387	847	1,924	15,623
David Bratož	4,583	2,882	0	5,667	1,033	1,924	16,089
Milena Kastelic	4,583	2,882	1,923	440	1,068	1,924	12,820
Total remuneration of Management Board members	27,499	14,410	5,105	16,636	3,987	9,620	77,257

Remuneration paid to Krka Management Board members in 2021

€	Fixed remuneration			Variable remuneration		Total		Ratio between fixed and variable remuneration	
	Gross	Net payout	Net fringe benefits and other earnings	Gross	Net	Gross	Net	Fixed	Variable
Jože Colarič	429,784	177,447	6,701	800,656	313,961	1,230,440	498,109	34.9%	65.1%
Aleš Rotar	341,972	141,195	10,741	517,146	203,445	859,118	355,381	39.8%	60.2%
Vinko Zupančič	289,358	119,192	13,415	430,288	168,801	719,646	301,408	40.2%	59.8%
David Bratož	282,534	119,441	10,864	422,586	166,922	705,120	297,227	40.1%	59.9%
Milena Kastelic	169,152	78,090	5,937	79,744	32,999	248,896	117,026	68.0%	32.0%
Total remuneration of Management Board members	1,512,800	635,365	47,658	2,250,420	886,128	3,763,220	1,569,151	40.2%	59.8%

Net fringe benefits and other earnings of Krka Management Board members in 2021

€	Executive health insurance	Supplementary pension insurance	Anniversary bonuses	Other bonuses	Reimbursement of work-related costs	Pay for annual leave	Total
Jože Colarič	0	2,819	0	1,865	40	1,977	6,701
Aleš Rotar	0	2,819	0	4,890	1,055	1,977	10,741
Vinko Zupančič	0	2,819	0	7,744	875	1,977	13,415
David Bratož	0	2,819	1,338	3,665	1,065	1,977	10,864
Milena Kastelic	0	2,819	0	51	1,090	1,977	5,937
Total remuneration of Management Board members	0	14,095	1,338	18,215	4,125	9,885	47,658

Total remuneration paid to Krka Management Board members in the last five years

€	Fixed remuneration			Variable remuneration		Total		Ratio between fixed and variable remuneration	
	Gross	Net payout	Net fringe benefits and other earnings	Gross	Net	Gross	Net	Fixed	Variable
2022	1,771,172	747,842	77,257	2,082,662	896,691	3,853,834	1,721,790	46.6%	53.4%
Index 2022/2021	117	118	162	93	101	102	110		
2021	1,512,800	635,365	47,658	2,250,420	886,128	3,763,220	1,569,151	40.2%	59.8%
Index 2021/2020	100	100	97	108	108	105	104		
2020	1,511,846	632,939	49,350	2,086,322	822,853	3,598,168	1,505,142	42.0%	58.0%
Index 2020/2019	102	103	104	116	116	110	110		
2019	1,479,919	615,791	47,255	1,796,755	708,176	3,276,674	1,371,222	45.2%	54.8%
Index 2019/2018	104	103	115	117	117	111	110		
2018	1,423,936	598,428	40,954	1,532,341	605,492	2,956,277	1,244,874	48.2%	51.8%

Total net fringe benefits and other earnings paid to Krka Management Board members in the last five years

€	Executive health insurance	Supplementary pension insurance	Anniversary bonuses	Other bonuses	Reimbursement of work-related costs	Pay for annual leave	Total
2022	27,499	14,410	5,105	16,636	3,987	9,620	77,257
2021	0	14,095	1,338	18,215	4,125	9,885	47,658
2020	0	14,095	1,861	20,144	4,215	9,035	49,350
2019	2,703	14,095	0	20,585	3,863	6,009	47,255
2018	4,731	14,095	0	15,031	3,819	3,278	40,954

The table below shows a Krka employee's average gross salary in the last five years, excluding Christmas bonuses, company performance and individual work performance bonuses. Remuneration paid to members of the Management Board is excluded from this table.

€	2022	2021	2020	2019	2018
Average annual gross salary	3,038	2,878	2,874	2,844	2,732

Taking into account Christmas and company performance bonuses in the calculation of the average salary, an employee's average gross salary in the last five years is as follows:

€	2022	2021	2020	2019	2018
Average annual gross salary	3,623	3,449	3,401	3,292	3,086

Variable remuneration is calculated using the following performance results data for the Krka Group and the Krka company over the last five years:

€ thousand	2022	2021	2020	2019	2018
Krka Group					
Revenue	1,717,453	1,565,802	1,534,941	1,493,409	1,331,858
– Growth index	110	102	103	112	105
Quantities sold (in millions of pieces)	16,554	15,854	15,477	14,402	14,246
– Growth index	104	102	107	101	107
Net cash from operating activities	467,651	386,097	360,759	349,523	289,952
– Growth index	121	107	103	121	127
Operating profit	381,211	354,788	390,744	274,195	232,686
– Growth index	107	91	143	118	117
Krka Group dividend payout ratio	56.6	53.6	54.3	58.2	60.8
Company					
Revenue	1,553,514	1,381,367	1,447,112	1,390,248	1,231,784
– Growth index	112	95	104	113	103
Net cash from operating activities	407,733	348,239	352,510	276,996	245,326
– Growth index	117	99	127	113	90
Operating profit	357,870	273,325	338,882	263,852	199,305
– Growth index	131	81	128	132	101

Remuneration paid to members of the Krka Supervisory Board

The table below shows the composition of the Krka Supervisory Board in 2022.

Composition of the Krka Supervisory Board in 2022

	Jože Mermal	Borut Jamnik	Matej Lahovnik	Julijana Kristl	Boris Žnidarič	Mojca Osolnik Videmšek	Franc Šašek	Mateja Vrečer	Tomaz Sever
Position	President	Member	Deputy President	Member	Member	Member	Deputy President	Member	Member
Committee membership	No	President of the Audit Committee	Member of the Audit Committee	Member of the Human Resource Committee	President of the Human Resource Committee	Member of the Audit Committee	Member of the Audit Committee	Member of the Human Resource Committee	Member of the Human Resource Committee
Representing	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Employees	Employees	Employees

Remuneration of Supervisory Board members was determined with Resolution no. 4, as adopted by the 27th AGM as at 8 July 2021. Prior to that, remuneration was paid to Supervisory Board members in accordance with Resolution no. 3 as adopted at the 16th AGM as at 7 July 2011.

Supervisory Board members receive an attendance fee of €275.00 gross per person for attending Supervisory Board meetings. Supervisory Board members who act on committees receive an attendance fee for participating at committee meetings totalling 80% of the attendance fee received for Supervisory Board meetings. The attendance fee for correspondence sessions amounts to 80% of the usual attendance fee. Irrespective of the above and notwithstanding the number of sessions they attend in a financial year, members of the Supervisory Board are entitled to receiving attendance fees up until their overall amount totals 50% of the basic annual pay for serving on the Board. Irrespective of the above and notwithstanding the number of Supervisory Board and committee meeting sessions attended in a financial year, the Supervisory Board members who are members of one or more Supervisory Board committees are entitled to attendance fees up until their total amount (for attending Supervisory Board meetings and those of Supervisory Board committees) equals 75% of the basic annual pay for serving on the Board.

In addition to attendance fees, Supervisory Board members receive a basic annual pay of €15,000.00 gross per person for serving on the Board. The President of the Supervisory Board is entitled to additional compensation amounting to 50% of the basic pay for serving on the board, and the Deputy President to an additional 10% of the basic pay for serving on the Board. Supervisory Board committee members receive additional compensation amounting to 25% of the basic pay for serving on the Board. Presidents of committees are entitled to additional compensation totalling 37.5% of the basic pay for serving on the Board. Every financial year, irrespective of the above and thus of the number of committees where an individual is a committee member or president, each Supervisory Board committee member is entitled to additional compensation for serving on the committee up until the total amount of additional compensation reaches 50% of the basic annual pay for serving on the Board. If the Supervisory Board member's term of office is shorter than the financial year, it applies that every financial year, irrespective of the above and thus of the number of committees where an individual is a committee member or president, the Supervisory Board committee member is entitled to additional compensation for serving on the Board up until the total amount of additional compensation reaches 50% of the basic annual pay for serving on the Supervisory Board, taking into account payments to which they are entitled for the duration of their term of office in the respective financial year.

Supervisory Board members are also eligible to additional compensation for special tasks. Special tasks are unusual and highly complex, and they extend over a longer period of time, generally at least a month. The Supervisory Board has the authority to assign special tasks to its members, upon their consent, and further, to decide on the tasks' duration and on the related additional compensation in accordance with the resolution of the AGM. Moreover, the Supervisory Board has the authority to decide on additional compensation for special tasks of Supervisory Board members resulting from objective circumstances at the Krka company. Additional compensation for special tasks is only permitted for the duration of special tasks being actually performed. The Supervisory Board may exceptionally decide on such a matter retrospectively (especially with regard to special tasks resulting from objective circumstances at the Krka company), but only for the previous financial year. Members are allowed to receive additional compensation for special tasks in the total amount of up to 50% of the basic pay for serving on the Supervisory Board per annum, regardless of the number of special tasks. In determining the amount of additional compensation, the complexity of a special task is considered and the related increase in workload and responsibility. Additional compensation is calculated according to the time required to actually perform the special task.

Supervisory Board members receive basic pay, additional compensation for serving on the Board, and additional compensation for special tasks, all in equal monthly payments, to which they are entitled as long as they serve on the Board and/or perform a special task. The monthly payment amounts to one twelfth of the above annual amounts. Depending on circumstances, additional compensation for special tasks may also be paid as a lump sum when the special task is completed.

Irrespective of the caps on attendance fees and additional compensation, Supervisory Board members are obliged to actively participate in all Board meetings and meetings of the committees of which they are members, and meet their legal responsibilities.

Supervisory Board members are entitled to reimbursement of travel and accommodation expenses incurred in connection with their work on the Supervisory Board, up to the amount specified in the rules regulating the reimbursement of work-related expenses and other income not included in the tax base (provisions applicable to business travel and overnight accommodation on business trips). The amount that a Supervisory Board member is entitled to in accordance with the above rule has to be grossed-up so that the net payout equals actual travel expenses incurred. Mileage is determined based on distances between places calculated on the website of AMZS (Slovene National Automobile Association). Accommodation expenses may only be reimbursed if the distance between the permanent or the temporary residence of a Supervisory Board member or a Supervisory Board committee member and their place of work is at least 100 kilometres and if the member was not able to return to their place of residence due to unavailability of public transport or other objective reasons.

Below is the remuneration paid to Supervisory Board members in 2022 and 2021. All payments were made by the Krka company. In the 2018–2022 period, members of the Supervisory Board did not receive any remuneration from other Krka Group companies. Moreover, they were provided no financial benefits, receipts or services approved or provided by a third party with regard to their activities.

Remuneration paid to Krka Supervisory Board members in 2022

€	Pay for serving on the Board		Attendance fees		Commuting allowances		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Remuneration paid to members of the Supervisory Board, owner representatives								
Jože Mermal	30,000	21,819	1,650	1,200	0	0	31,650	23,019
Matej Lahovnik	27,750	20,183	2,750	2,000	846	615	31,346	22,798
Borut Jamnik	28,125	20,455	3,245	2,360	0	0	31,370	22,815
Julijana Kristl	26,250	19,091	2,585	1,880	406	295	29,241	21,267
Mojca Osolnik Videmšek	26,250	19,091	3,245	2,360	427	311	29,922	21,762
Boris Žnidarič	28,125	20,455	2,585	1,880	429	312	31,138	22,647
Remuneration paid to members of the Supervisory Board, employee representatives								
Franc Šašek	27,750	20,183	3,245	2,360	0	0	30,995	22,543
Tomaž Sever	26,250	19,091	2,585	1,880	434	316	29,269	21,287
Mateja Vrečer	26,250	19,091	2,310	1,680	0	0	28,560	20,772
Total remuneration paid to members of the Supervisory Board	246,749	179,461	24,200	17,601	2,542	1,848	273,491	198,910

Remuneration paid to Krka Supervisory Board members in 2021

€	Pay for serving on the Board		Attendance fees		Commuting allowances		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Remuneration paid to members of the Supervisory Board, owner representatives								
Jože Mermal	33,514	24,375	1,650	1,200	0	0	35,164	25,575
Matej Lahovnik	30,822	22,417	2,970	2,160	227	165	34,019	24,742
Borut Jamnik	31,607	22,987	2,970	2,160	0	0	34,577	25,148
Julijana Kristl	29,699	21,600	2,530	1,840	420	306	32,650	23,746
Mojca Osolnik Videmšek	29,699	21,600	2,970	2,160	402	292	33,071	24,053
Boris Žnidarič	31,607	22,987	2,530	1,840	407	296	34,544	25,124
Remuneration paid to members of the Supervisory Board, employee representatives								
Franc Šašek	31,225	22,710	2,970	2,160	0	0	34,195	24,870
Tomaž Sever	29,699	21,600	2,530	1,840	513	373	32,742	23,813
Mateja Vrečer	29,699	21,600	2,530	1,840	0	0	32,229	23,440
Total remuneration paid to members of the Supervisory Board	277,571	201,877	23,651	17,201	1,969	1,432	303,191	220,511

Total remuneration paid to Krka Supervisory Board members in the last five years*

€	Pay for serving on the Board		Attendance fees		Commuting allowances		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2022	246,749	179,461	24,200	17,601	2,542	1,848	273,491	198,910
Index 2022/2021	89	89	102	102	129	129	90	90
2021	277,571	201,877	23,651	17,201	1,969	1,432	303,191	220,511
Index 2021/2020	151	151	98	98	92	92	144	144
2020	184,040	133,852	24,184	17,589	2,133	1,551	210,357	152,993
Index 2020/2019	103	103	117	117	74	72	104	104
2019	177,949	129,560	20,736	15,081	2,865	2,168	201,550	146,809
Index 2019/2018	99	98	113	112	28	28	96	96
2018	180,396	131,895	18,385	13,433	10,241	7,883	209,021	153,212

* The table includes remuneration of all Supervisory Board members in the individual years, not only of Board members in 2022.

Novo mesto, 28 March 2023



Jože Colarič
President of the Management Board and CEO



Dr Aleš Rotar
Member of the Management Board



Dr Vinko Zupančič
Member of the Management Board



David Bratož
Member of the Management Board



Milena Kastelic
Member of the Management Board – Worker Director



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Independent Limited Assurance Report

To the Shareholders of KRKA, tovarna zdravil, d. d., Novo mesto

Pursuant to the contract concluded with the company KRKA, tovarna zdravil, d. d., Novo mesto (hereinafter: Company), we have reviewed the accompanying Report on Remuneration of the Management and Supervisory Board members in the financial year 2022, prepared by Company's management on 28 March 2023 and outlining all remuneration paid to members of the management and supervisory bodies in the financial year ended on 31 December 2022, as required by Article 294.b of the Companies Act (ZGD-1) (hereinafter: Remuneration Report).

The Independent Limited Assurance Report hereof is a translation of the original Independent Limited Assurance Report in Slovene, issued on the Remuneration Report prepared in Slovene. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

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vpis v sodni register: Okrožno sodišče v Ljubljani
št. reg. vl.: 061/12062100
osnovni kapital: 54.892,00 EUR
ID za DDV: SI20437145
matična št.: 5648556000



Management and supervisory bodies Responsibility for the Remuneration Report

Management and supervisory bodies are responsible for the preparation of the Remuneration Report based on provisions of Article 294.b of the Companies Act (ZGD-1) and for such internal control as management determines is necessary to enable the preparation of the report to enable it to be free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

It is our responsibility to express a limited assurance conclusion on the Remuneration Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereinafter: ISAE 3000)* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain limited assurance about whether something has come to our attention that causes us to believe that the Remuneration Report contains a material misstatement, including with respect to compliance with the requirements of Article 294.b of the Companies Act (ZGD-1), all subject to the criteria set out below.

Definition of Criteria

In carrying out our procedures, we assessed whether the Remuneration Report prepared by the Company's management for the financial year ended 31 December 2022 contained the information pursuant to Paragraph 2 and 3 of Article 294.b of the Companies Act (ZGD-1).

Our Independence and Quality Control

We have complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm operates in accordance with International Standard on Quality Management 1 (ISQM 1) and maintains a comprehensive quality management system in accordance therewith, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

The scope of work included, among others, following procedures:

- we have obtained an understanding of the Company's internal controls, processes and systems for preparing the Remuneration Report;
- we have reconciled, on a sample basis, the input data disclosed in the Remuneration Report with the supporting documentation submitted by the Company;
- we made enquiries with members of the Management and Supervisory Board about the Remuneration Report;
- we have read the Remuneration Report and confirmed that the presentations therein comply with requirements of Article 294b of the Companies Act (ZGD-1).

The nature and extent of our procedures were determined by reference to our assessment of the risks and our professional judgement in order to obtain limited assurance and does not include an opinion on the appropriateness of the Company's remuneration policy.

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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

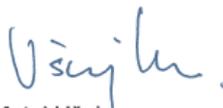
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures carried out and the evidence obtained, we confirm that we have not observed anything that would lead us to believe that the Remuneration Report prepared by the Company's management for the year ended 31 December 2022 contains information that would not comply in all material respects with Paragraph 2 and 3 of Article 294.b of the Companies Act (ZGD-1).

On behalf of audit firm

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.



Matej Ušaj
Certified Auditor



Domagoj Vuković, FCCA
Certified Auditor
Partner
KPMG Slovenija, d.o.o.
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Ljubljana, 28 March 2023

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