

2025 Supervisory Board report ¹

Dear shareholders and stakeholders,

I am delighted to announce that in 2025, the Krka Group delivered exceptional performance. They marked a notable milestone, outstripping €2 billion in revenue for the first time since incorporation, and recording the highest net profit to date of over €400 million.

In 2025, the Krka Group recorded further growth and strengthened its market presence despite the prevailing business situation in many countries. Owing to its vertically integrated business model, the Krka Group uninterruptedly supplied products to more than 100 million people despite the instability in international supply chains.

Of all companies listed on the Ljubljana Stock Exchange, Krka received the Best Investor Relations Award at the investment conference organised by the Ljubljana and Zagreb Stock Exchanges for the sixth time. We are also delighted to announce that Krka's share price increased by almost 50% in 2025, and its liquidity improved as well.

On behalf of the Supervisory Board members, I present an overview of our work in 2025 below.

Work of the Supervisory Board

The Supervisory Board of Krka has nine members. As at 31 December 2025, the shareholder representatives were Deputy President of the Supervisory Board, Prof. Dr Julijana Kristl; President of the Supervisory Board, Jože Mermal; Mojca Osolnik Videmšek; Luka Cerar; Sanja Savič; and Boštjan Furlan. The employee representatives were Deputy President of the Supervisory Board Dr Mateja Vrečer, Dr Mari Božič, and Tomaž Sever. As at 31 December 2025, the Supervisory Board comprised five women and four men, all with diverse qualifications, work experience, and fields of work. Their age ranged from 44 to 72 years. Their formal education covers various areas of expertise, including pharmacy, chemistry, law, economics, quality assurance, social sciences, mechanical engineering, organisational sciences, and management. They have managed and supervised many companies, organisations, and processes throughout their careers. For detailed information about the composition of the Supervisory Board, please refer to the 'Corporate governance statement' section, specifically the table titled 'Composition of Supervisory Board of Krka as at 31 December 2025'.

On 21 August 2025, the term of office of shareholder representatives Prof. Dr Julijana Kristl, Jože Mermal, Prof. Dr Matej Lahovnik, and Dr Boris Žnidarič expired. At the 31st Annual General Meeting (hereinafter: AGM) of 10 July 2025, Kristl and Mermal were reappointed to the Supervisory Board for another five-year term, commencing on 22 August 2025. Savič and Furlan replaced Žnidarič and Lahovnik.

Mermal was reappointed President of the Supervisory Board at the initial meeting of the newly constituted Supervisory Board on 17 September 2025. Kristl was appointed Deputy President of the Supervisory Board, replacing Lahovnik, whose term of office had expired.

The remit and decision-making processes of the Supervisory Board involve overseeing Krka's objectives and those of the Krka Group in line with its development strategy and plans, legislation, best national and international practices, and by-laws. Meetings provide the Supervisory Board members with an opportunity to express their opinions and concerns, while working to reconcile differences and pass unanimous resolutions. No member voted against any resolution put forward in 2025.

We received all the requisite data, reports, and information in 2025. Krka's departments provided technical and organisational support to us. A secure digital platform, *IxtlanBoard*, developed by the Slovenian company Ixtlan, was used throughout the year to disseminate materials and provide support for work. The Management Board communicated the materials to the Supervisory Board seven days before each Supervisory Board meeting.

¹ The Supervisory Board of Krka, d. d., Novo mesto, Slovenia approved the *2025 Annual Report* and the *2025 Supervisory Board Report* at their regular meeting of 1 April 2026. According to *Commission Delegated Regulation (EU) 2019/815* and Paragraph 1 of Article 134 of the *Markets in Financial Instruments Act (ZTFI-1)*, the official version of the report is the one created in the European Single Electronic Format (ESEF), drawn up in the Slovenian language, and published via SEOnet, the official electronic dissemination information system of the Ljubljana Stock Exchange, approved by statutory auditors on 23 March 2026. This is why we publish the 2025 Supervisory Board Report of Krka, d. d., Novo mesto separately.

The members regularly attended the meetings and actively participated in them. For further information, please refer to the 'Corporate governance statement' section, specifically the table titled 'Composition of Supervisory Board of Krka as at 31 December 2025'. The Supervisory and Management Board members and the Supervisory Board Secretary regularly attended the meetings. External auditors – the audit partner and an audit coordinator – attended the meetings as rapporteurs when adopting the annual report. The Head of Internal Audit also attended meetings as a rapporteur whenever mandatory internal audit topics were on the agenda.

In 2025, the Supervisory Board members met at seven regular meetings and deliberated 61 agenda items. Members of the Supervisory Board committees met nine times and deliberated 45 agenda items, which they subsequently reported on and provided advice to the Supervisory Board. All Supervisory Board meetings and its committee meetings were held in person at Krka's registered office.

The Supervisory Board discussed Krka's past and current operations, financial and business risks, the state of play on sales and purchase markets, human resource issues, investments and products, and monitored strategy implementation. We discussed the updated *2026–2030 Krka Group Development Strategy* and the 2026 business-and-financial plan with the Management Board and approved them. We monitored Krka's strengths, weaknesses, risks, and business opportunities, as documented in reports from the professional community and analysts. We compared Krka's operations with those of competitors and received regular updates on new developments within the Company, the pharmaceutical industry, and the broader business landscape. We also evaluated the Management Board's performance. We collaborated with the Management Board to prepare a proposal for the appropriation of distributable profit and materials for the AGM. We supervised the upgrades to Krka's sustainable management and reporting to investors and other stakeholders on progress in that area. The Supervisory Board continuously worked to enhance its performance in line with best practices and the Company's needs. In 2025, we also conducted a self-assessment and developed a plan for further improvements based on the findings.

Key issues for discussion at Supervisory Board meetings in 2025

Annual report

In 2025, the Supervisory Board examined the *2024 Annual Report* of Krka and the Krka Group within the statutory time frame and discussed the independent auditor's report issued by the audit firm KPMG, Slovenija, podjetje za revidiranje, d. o. o. (hereinafter: KPMG). The report stated that the financial statements, which form an integral part of the annual report, presented fairly, in all material respects, the financial position of Krka and the Krka Group, their financial performance, and cash flows in accordance with the *International Financial Reporting Standards* (IFRS) as adopted by the European Union. We were briefed on the Company's and external auditor's activities in preparing the financial statements in the European Single Electronic Format (ESEF). The statutory auditor, KPMG, reviewed the Company's reporting in the format required by *Commission Delegated Regulation (EU) 2019/815* and confirmed its relevance.

We had no comments on the auditor's work or report.

In April 2025, we also compiled and adopted our 2024 activity report. Together with the Management Board, we drew up the 'Corporate governance code compliance statement' outlining the Company's compliance with the *Corporate Governance Code for Listed Companies* (hereinafter: the *Code*), which was endorsed by the Slovenian Directors' Association and the Ljubljana Stock Exchange.

Interim results

The Supervisory Board discussed 2025 first-quarter, half-year, and nine-month performance reports for Krka and the Krka Group. At their first meeting in 2026, they deliberated on the 2025 business evaluation and, with that, the performance in the last quarter of the year. The Audit Committee reviewed and briefed the Supervisory Board on the accounting and financial interim results, financial risks, sustainability issues, and related reporting. As part of the analysis of interim results, the Audit Committee and the Supervisory Board were briefed on business processes and risk management.

The Krka Group recorded year-on-year sales growth in the first quarter, the first half, and the first nine months of 2025, notwithstanding the uncertainties in many markets the previous year.

Supervision of subsidiary performance in the Krka Group

No notable operational issues arose at Krka subsidiaries in 2025. The year-end tally rose to 34 subsidiaries and 18 representative offices registered abroad, and one subsidiary in Slovenia, i.e. Terme Krka.

Krka is the controlling company and performs all business functions. Subsidiaries produce, distribute, and market medicines abroad. An individual company performs one or more functions. The Slovenian subsidiary Terme Krka provides health-resort and tourist services.

As at 31 December 2025, Krka was the sole owner of all Krka Group subsidiaries, except Ningbo Krka Menovo, a subsidiary in China, where the Chinese partner holds a 40% stake, and a joint venture in India, Krka Pharma Private Limited, India, where the Indian partner holds a 49% stake. All subsidiaries contributed significantly to the Krka Group's sound performance in 2025.

The Management Board reported to the Supervisory Board on subsidiary business models, their performance, and significant accounting information, in particular information about the book value of Krka's investments in subsidiaries, employee count, inventories, assets, equity, operating income and expenses, operating profit or loss, and net operating results.

2026–2030 Krka Group Development Strategy

The Management and Supervisory Boards review and update Krka's development strategy every two years. In November 2025, they deliberated the revised *2026–2030 Krka Group Development Strategy*.

The *2026–2030 Krka Group Development Strategy* builds on Krka's existing strategy and further develops it where appropriate in light of the prevailing business conditions. It outlines the organic growth, further expansion into new markets, and strengthening the position in existing markets. Key operational goals include: (a) Attaining at least 5% average annual sales growth; (b) Strengthening the position as one of the five leading generic pharmaceutical companies in all traditional markets of Krka; (c) Posting at least 25% EBITDA margin; (d) Allocating 10% revenue to research and development; and (d) Investing €150 million annually. Things that are new compared to the old strategy include: (a) Stronger emphasis on combination medicines – a primary Krka innovation; (b) Sharper focus on long-term business associations – such as the jointly owned companies in India and China – and long-term partnerships; and (c) Entering new therapeutic areas in order to expand Krka's product mix. The strategy also provides for adaptation to regulatory changes, accelerated digitalisation, automation, and enhanced sustainability operations. The revised strategy, however, maintains the established Krka's dividend policy.

The Supervisory Board approved the revised strategy draft as per Item 6.18 of the *Articles of Association*.

2026 Krka Group business plan

In November 2025, the Supervisory and Management Board members deliberated the 2026 business plan of Krka and the Krka Group. It was prepared by the Management Board and endorsed by the Supervisory Board (Item 6.18 of the *Articles of Association*).

The 2026 business plan projects Krka Group sales at €2.132 billion and net profit at €405.2 million. EBITDA margin is planned at 27.3%, surpassing the strategic goal. They plan to obtain first marketing authorisations for at least ten new products. Krka Group investments are planned at €141 million, and the personnel count is expected to tally 13,661 (up 2%) at the end of 2026.

The 2026 business plan is based on the revised *2026–2030 Krka Group Development Strategy*.

Annual General Meeting

The Supervisory and Management Boards drafted the agenda and materials for the 31st AGM of 10 July 2025 and prepared a proposal for the appropriation of distributable profit.

The AGM passed the Management and Supervisory Board's motion to pay a dividend of €8.25 gross per share, the highest to date.

The Supervisory Board drafted election proposals, following the recommendations of the Human Resource Committee, for four Supervisory Board members whose terms of office expired in 2025. The AGM approved the election of all nominees.

The Company prepared a report on the remuneration of Supervisory and Management Board members in 2024, in compliance with Article 294b of the *Companies Act* (ZGD-1). The certified auditor from KPMG reviewed the document, prepared a relevant report, and the AGM endorsed it.

Following the motion by the Supervisory Board and Audit Committee, the AGM appointed the audit firm KPMG, Slovenija, podjetje za revidiranje, d. o. o. to audit the financial statements of Krka, the consolidated financial statements of the Krka Group, and the consolidated sustainability reports of the Krka Group for financial years 2025, 2026, 2027, and 2028.

The AGM discharged the Management and Supervisory Boards of liability for the previous year.

Investments

The Management Board also delivers quarterly, half-year, nine-month, and annual investment reports to the Supervisory Board. Once a year, it compiles a detailed report on major investments, covering work in progress, compliance with deadlines, budgeted costs, and the accounting value of investments. Photographs, diagrams, and other presentations of construction sites and buildings are also reviewed at the meeting.

Supervisory Board members received detailed information about ongoing investments, which included extensive refurbishment of the solid dosage form production plant Notol Department; increasing the capacity at the solid dosage form production plant OTO Department; extending the capacity for animal health product manufacturing at the Bršljin Department; the construction of an extension to the Sterile Products Department; and the construction of another multipurpose building and canteen at the central site in Ločna – all in Novo mesto, Slovenia. We also received information about the enhanced capacity for lozenge production and the extended product range in Ljutomer, Slovenia, and about the construction of the wastewater treatment plant in Krško, Slovenia. The Management Board also provided details on investments to enhance environmental protection and increase sustainable mobility.

Risk management

The Management Board regularly reported on risks to the Supervisory Board.

As in previous years, the Supervisory Board received the Management Board's update on patent and similar disputes, broken down by product and market. In 2025, the Company did not encounter any major value-related risks in this regard.

When presenting interim reports, the Management Board briefed the Supervisory Board on credit, currency, market, and regional risks, as well as on potential measures taken by authorities or regulatory bodies in individual countries that could affect those risks. The Company promptly and effectively adapted to the prevailing situation, guaranteeing seamless business operations in all its markets.

The Internal Audit of Krka reported to the Supervisory Board on risks identified in internal audit reviews. The Company experienced no specific issues or material risks in this regard in 2025.

Due to the Krka Group's debt-free status and strong performance, liquidity risks remained minimal in 2025. The controlling company uses the cash-pooling system to settle all subsidiaries' current and non-current financial liabilities and absorb their cash surpluses.

Pharmaceutical industry trends and analytical reports on Krka

In 2025, ten financial analysts – nine international and one Slovenian – from banks or financial companies monitored Krka operations, one more than the year before. Additionally, in-house analysts from the majority owners also monitored Krka operations. As in previous years, the Supervisory Board was briefed about the findings of external analysts, fair value assessments of Krka shares, the Company's strengths and weaknesses, and market opportunities and risks. It also discussed the latest updates and insights regarding the pharmaceutical industry.

According to analysts, Krka's notable advantage is growth, driven by increases in sales volume across traditional and new markets. Also, strong sales of fixed-dose combinations give Krka's prescription pharmaceuticals a significant competitive advantage. They commended Krka for continuously strengthening its market position across various regions, expanding its marketing mix, and enhancing business efficiency. The Company is known for conservative financing, which – according to the analysts – enables it to increase the dividend yield and continue purchasing treasury shares. They also assessed Krka's cash reserves and the balance sheet structure as positive. Analysts also view Krka's vertically integrated business model as a strategic advantage.

Regarding risks, they considered geopolitical uncertainties, including the imposition of international sanctions, foreign currency volatility, policy changes, the introduction of customs duties, supply chain interruptions, and rising raw material costs, which constituted ongoing challenges.

Benchmarking Krka performance against comparable companies

The Supervisory Board regularly compares Krka's operations with those of its competitors. In 2025, the Supervisory Board benchmarked Krka Group's performance against other generic pharmaceutical companies, particularly Gedeon Richter, Stada, Lek, and Hikma. We analysed sales, their structure by region and product group, gross profit, operating profit (EBIT), earnings before interest, tax, depreciation and amortisation (EBITDA), profit before tax (EBT) and profit for the period, margins, ROE and ROA ratios, cost structure, statement of financial position, and share price ratios.

Additionally, in 2025, Krka consistently ranked highly vis-à-vis competitors in terms of margins, particularly EBITDA and net profit margins (ROS). Despite being debt-free, the Company recorded very high ROE.

Works Council report on worker participation in management

At their July meeting, the Supervisory Board discussed the Works Council report in accordance with Article 80 of the *Worker Participation in Management Act*. The president of the Works Council, sitting on the Supervisory Board as the employee representative, presented the report. The materials aim to inform the Supervisory Board about worker participation in management, highlight any shortcomings, and propose measures if deemed necessary.

The Works Council assessed the extent to which the management complied with the *Worker Participation in Management Act* and found that the Company's management supported worker participation in management. The Works Council and the Management Board have concluded a participation agreement that grants workers additional rights beyond those stipulated by law.

As per the Works Council's report, employees expressed confidence in Krka's business model and management. The Supervisory Board members were presented with the report and had no comments.

The Krka Group's sustainable operations and independent audit results for Krka

The Supervisory Board has been addressing upgrades to Krka's sustainable business practices under a separate agenda item at every meeting since July 2022. In 2025, the Supervisory Board addressed the double materiality assessment results regarding sustainability impacts, risks and opportunities of the Krka Group, attainment of sustainability goals, calculation of greenhouse gas emissions, industry-specific legislation, requirements of *Corporate Sustainability Due Diligence Directive (CS3D)* and *Corporate Sustainability Reporting Directive (CSRD)*, and improvements in the Krka Group's annual reporting in line with the *European Sustainability Reporting Standards (ESRS)*. Strategic ESG objectives were incorporated in the updated *2026–2030 Krka Group Development Strategy*.

In March 2025, the Supervisory Board members received information about the S&P Global Corporate Sustainability Assessment (CSA) ranking of Krka's sustainability practices. Krka ranked among the top 10% of pharmaceutical companies.

Supervisory Board and Internal Audit cooperation

The Supervisory Board approves the appointment, dismissal, and remuneration of the Head of Internal Audit; documents regulating the department's purpose, importance, and tasks; and its annual and medium-term work plans. It also receives a briefing on the Head of Internal Audit's annual performance report.

Last year's cooperation between the Supervisory Board and Internal Audit was successful. The Supervisory Board was briefed on the Internal Audit annual performance report and had no comments. Internal Audit found no material errors or irregularities in relation to the areas reviewed in 2025. Details on the areas reviewed by Internal Audit in 2025 are available in the section of this report discussing the work of the Audit Committee.

The Supervisory Board discussed the revised *Internal Audit Charter*, the *2026–2030 Internal Audit Strategy*, which replaces the Internal Audit medium-term work plan, as well as the 2026 Internal Audit annual work plan, and approved them all. The Audit Committee briefed and advised the Supervisory Board on all those topics.

Management Board performance and remuneration

The *Remuneration Policy for Management and Supervisory Bodies*, passed by the 29th AGM at the consultative voting, outlines the remuneration structure for Management Board members. A summary of the policy is provided below.

Management Board members receive fixed and variable remuneration components, bonuses, and other fringe benefits. The fixed remuneration for each member is determined at the start of their term in office as a multiple of the average salary of Krka employees, ranging from four to ten times the average.

The criteria for determining the variable remuneration for the President of the Management Board and other Management Board members are the same and align with the long-term operational guidelines, as they are based on the Krka Group development strategy. Krka's performance evaluation incorporates financial criteria, accounting for eleven of the seventeen-point score in calculating variable remuneration. The criteria include: (a) Growth in sales revenue and sales volume; (b) Growth of sales revenue compared to competitors; (c) Increase in cash flows from operating activities; (d) Increase in operating profit; (e) Return on equity compared to competitors; and (f) Dividend payments. Krka's *ESG Policy* (its summary is on the SEOnet of the Ljubljana Stock Exchange), which Krka's development strategy relates to, specifies six areas that are most important for Krka's stakeholders and Krka in the long run: (a) Product quality and patient safety; (b) Attracting and retaining talent; (c) Good leadership and governance practices; (d) Accessible healthcare; (e) Planet and climate change; and (f) Compliance, integrity and transparency. They account for six of the seventeen-point score in the calculation of the variable part of the remuneration for the Management Board.

Scoring has a linear effect on the variable remuneration. Variable remuneration is determined depending on long-term performance results. The criteria are used to evaluate the current year or half-year and the past ten calendar years. Current performance is weighed against performance over the past ten years at a 60% to 40% ratio for all Management Board members. The Supervisory Board can adjust the long-term performance weights to a 50% ratio. Variable remuneration is not directly contingent on the duration of a Management Board member's term of office.

The Human Resource Committee and the Supervisory Board evaluate the Management Board's performance twice a year, based on written and verbal reports from the Management Board. In 2025, independent members sat on both bodies in line with the *Code's* criteria.

The Management Board does not conduct self-assessments; instead, it is assessed by the Supervisory Board.

Variable remuneration for Management Board members is payable in two parts: an advance payment based on semi-annual results and back pay tied to annual performance.

The *Remuneration Policy for Management and Supervisory Bodies* sets down payment deferral and remuneration claw-back conditions.

Shares and shareholder structure

The shareholder structure of Krka is notably stable and did not experience significant changes last year. No shareholder holds a majority or controlling holding.

The Company regularly purchased treasury shares in line with legislative provisions and bye-laws.

Every quarter, the Supervisory Board received up-to-date share information and a report on the acquisition and disposal of treasury shares, the shareholder ledger, share trading, and the share price. We also received information about the calendar of closed periods during which persons with access to insider information are prohibited from trading Krka shares. This includes Supervisory Board members.

Strengthening good practice in Supervisory Board performance

The Supervisory Board conducted a regular annual self-assessment in 2025 using the methodology of the Slovenian Directors' Association, as part of which it considered the assessment matrix in line with the valid *Code*. Members submitted the completed self-assessment questionnaires to the Secretary, and, based on them, the Secretary and the President of the Supervisory Board prepared a report.

The average 2025 score was 3.8 out of 4, the same as last year. The scores demonstrated that the Supervisory Board's performance was close to the highest standards. Members also resolved to enhance our work further in line with good practice.

In line with the recommendations from the *Code*, we received information about the statements of independence of the Supervisory Board and its related committees during the 2025 January meeting. We filled in the statements again after the last meeting in 2025.

Screening of related party transactions

In accordance with the *Companies Act* requirements, the Company introduced an internal mechanism to screen related party transactions, including those with members of the Management and Supervisory Boards and their related persons. Krka's Documentary and Financial Control department screens the transactions. The screening checks the alignment of transactions with market conditions and Krka's regular business operations. All members completed related-party declarations in 2025. No transaction requiring a decision by the Supervisory Board or the AGM was concluded in 2025.

Corporate events

In 2025, the Supervisory Board attended the AGM, while individual members also attended corporate events organised by the Company.

Work of Supervisory Board committees

The Supervisory Board receives reports and advice from the Audit Committee and the Human Resource Committee, which address accounting, auditing, finance, and human resources in detail. However, decision-making remains the remit of the Supervisory Board. The Supervisory Board endorsed the opinions tendered by both Committees regarding the items they reported and advised on.

The ensuing sections detail the Committees' work.

Audit Committee

In 2025, the Audit Committee met six times and deliberated thirty-six agenda items. The President of the Audit Committee is Mojca Osolnik Videmšek, and its members are Sanja Savič, Boštjan Furlan, Borut Šterbenc, Luka Cerar, Dr Mateja Vrečer, and Tomaž Sever.

Šterbenc is an external accounting and auditing expert. On 17 September 2025, at the first meeting of the new members, the Supervisory Board reappointed him as an external member of the Audit Committee for a five-year term of office. He does not sit on Krka's Supervisory Board.

The term of office for Prof. Dr Matej Lahovnik and Dr Boris Žnidarič expired on 21 August 2025. The 31 AGM appointed Savič and Furlan members of the Supervisory Board. They were appointed Audit Committee members at the initial meeting of the newly constituted Supervisory Board on 17 September 2025.

The Audit Committee invited the President of the Management Board, the member of the Management Board responsible for economics of international and domestic business operations, Krka Group controlling, business intelligence, and the development of business informatics, and the Head of Internal Audit to all its meetings. The President of the Supervisory Board had the discretion to attend the meetings. The Supervisory Board Secretary attended all meetings. Two representatives of the audit firm KPMG – the audit partner and audit coordinator of the annual report – also attended three meetings.

The Audit Committee dedicated most of its time in 2025 to the items outlined below.

Annual report

The Committee discussed the *2024 Annual Report of Krka and the Krka Group*, the auditor's report, and the 2024 Supervisory Board report on review of operations. It moved that the Supervisory Board approve them. The audit partner and coordinator from the external audit firm KPMG reported on the audit process to the Committee members twice. At the meeting on 12 March 2025, the Committee received a briefing on the auditor's statement of independence, which confirmed that both the audit firm KPMG and the KPMG audit team maintained their independence from the Krka Group.

The Committee discussed drawing up financial statements in the European Single Electronic Format (ESEF). The certified auditor confirmed the adequacy of the Company's reporting in the format specified by the *Commission Delegated Regulation (EU) 2019/815*.

The Audit Committee had no comments on the auditor's work. Their high-quality and comprehensive work contributed to improved oversight of business operations.

Interim results

The Audit Committee reviews interim reports, in particular those covering accounting and financial matters and risk management, and reports on them to the Supervisory Board. In 2025, no specific accounting or financial issues or significant deviations from past practice were identified.

External auditor cooperation

The Committee regularly monitored the external audit process and collaborated with external auditors, who provided regular updates on the progress of the audit for the previous year's financial statements.

In compliance with the resolution passed by the 31st AGM, KPMG is to audit the Company and the Krka Group 2025, 2026, 2027, and 2028 annual reports. In September 2025, the Audit Committee and KPMG started preparing to audit the *2025 Annual Report of Krka and the Krka Group*. Every year before the start of the audit, Committee representatives meet with the audit partner and coordinator to discuss key focus areas and the audit plan. They met on 18 September 2025, reviewed the draft 2025 audit plan and the composition of the KPMG audit team, and agreed on which individual focus areas would undergo further review. The Management Board members were not present at the meeting.

Krka's departments and the new auditor diligently prepared in advance for the commencement of the preliminary audit, which began in September 2025 and continued into the upcoming audit.

The Committee works closely with the external auditor throughout the audit process.

Approval of additional non-audit services by external auditor

KPMG translated the financial report in the annual report from Slovenian to English.

Cooperation with internal auditors

The Audit Committee discussed several topics related to internal audit in 2025. In March 2025, they reviewed the 2024 Internal Audit performance report. In her annual report, the Head of Internal Audit reported on audits of: (a) API production; (b) Purchasing; (c) Projects relating to products; (d) Pharmacokinetics and preclinical research; (e) Sales in Region South-East Europe; (f) QA compliance; and (g) IT support for production, research, development, and quality. Internal Audit audited subsidiaries and representative offices in Turkmenistan, India, Azerbaijan, Austria, Moldova, Armenia, Serbia, Italy, Czechia, China, and Krka's Slovenian subsidiary Terme Krka, where the audit focused on wellness. They also rendered advisory services as per *International Standards for the Professional Practice of Internal Auditing*, including corporate governance, sustainable operations, and upgrades to Krka's central information system, and participated in revising the *Krka Group Risk Register* and the *Integrity Plan*. The report included a description of internal audit activities in both subsidiaries in the Russian Federation, which have a local internal auditor.

The Committee discussed the Internal Audit performance report for the period from January to June 2025. During that period, the department audited processes in bulk product and packaging technologies; technical services; IT support for process management; technical purchasing; and sterile and non-sterile liquid products. They also audited the business operations of subsidiaries and representative offices in Montenegro, Estonia, Lithuania, Slovakia, and Portugal. The internal auditor in the Russian Federation had completed one extensive audit and was finishing another one in the first half of 2025. He also carried out several short advisory engagements.

Internal auditors identified no significant non-compliances or deviations in audited areas. The Audit Committee had no comments on Internal Audit's performance in 2025 or on its reports for 2024 and the first half of 2025.

The Committee also reviewed the Internal Audit Charter, which was revised in accordance with the new *Global Internal Audit Standards*. The document more clearly specifies the independence of the internal audit function and the objectivity of the internal auditors. Also, it further details relationships and responsibilities between the internal audit function and the supervisory body. It also introduces the requirements of the *Standards* for the specification of criteria and the materiality matrix for findings in internal audits. The role of internal audit, which contributes to strengthening the Krka Group's ability to maintain and protect assets and create value for stakeholders, is given special emphasis.

Based on the said *Standards*, Internal Audit drafted the *2026–2030 Internal Audit Strategy*, which the Committee approved.

The Committee also discussed the 2026 Internal Audit work plan drafted in accordance with the *Internal Audit Charter* and the *Global Internal Audit Standards*. The drafters also considered the *2026–2030 Internal Audit Strategy*, which is in line with the revised *2026–2030 Krka Group Development Strategy*. The Committee approved the draft work plan.

Also in 2025, the Audit Committee recommended to the Supervisory Board that performance bonuses be awarded to the Head of Internal Audit for 2024 and the first half of 2025.

Internal Audit is reviewed every five years by an independent professional organisation. At their January meeting, the Committee deliberated the external auditors' report on compliance of Internal Audit performance with the *International Standards for the Professional Practice of Internal Auditing*. The external quality assessor Adakta established that Internal Audit performed in compliance with relevant industry-specific standards and good practices.

Proposal to appoint an annual and sustainability report auditor

The Audit Committee deliberated on the proposal to appoint a statutory auditor for the financial years 2025, 2026, 2027, and 2028. The Audit Committee advised the Supervisory Board to propose to the AGM the appointment of the audit firm KPMG Slovenija, podjetje za revidiranje, d. o. o., Ljubljana for reviewing the financial statements of Krka, the consolidated financial statements of the Krka Group, and the consolidated sustainability reports of the Krka Group. The AGM approved the proposal. The approved audit firm has been conducting audits at Krka since 2022.

The Audit Committee examined the draft contract between the proposed audit firm and Krka and moved that the Supervisory Board approve it.

Risk management and internal controls

The Audit Committee regularly discussed business and financial risks. As regards currency risk, the focus was on foreign-exchange risk related to the Russian rouble, given Krka's significant exposure. At every meeting, the Audit Committee also monitored credit and liquidity risks and changes in working capital.

Internal controls and business actions adequately managed the risks. Further information on this topic is available in the section covering cooperation between the Committee and internal auditors.

Sustainability reporting

At each meeting, the Committee addressed current topics related to enhancing sustainability operations and the related investor reports.

Human Resource Committee

In 2025, the Human Resource Committee met three times and deliberated nine agenda items. The Committee comprises the President Prof. Dr Julijana Kristl, Sanja Savič, Dr Mateja Vrečer, and Tomaž Sever. The Committee invited the President of the Management Board; the Management Board member responsible for economics of international and domestic business operations, Krka Group controlling, business intelligence, and development of business informatics; and the Supervisory Board Secretary to all meetings. In line with the *Rules of Procedure of the Supervisory Board*, the President of the Supervisory Board was entitled to attend the meetings.

On 21 August 2025, the term of office of Žnidarič, who had chaired the Committee until then, and Kristl, who sat on the Supervisory Board, expired. The 31st AGM reappointed Kristl as a member of the Supervisory Board and appointed Savič to a five-year term of office to the Supervisory Board in place of Žnidarič. At the initial meeting of the newly constituted Supervisory Board on 17 September 2025, Kristl was appointed President of the Human Resource Committee, and Savič was appointed as its new member.

Nomination proposal for new Supervisory Board members, shareholders' representatives

In 2025, the term of office of Supervisory Board members Mermal, Kristl, Lahovnik, and Žnidarič expired. As a result, the Supervisory Board followed the recommendations outlined in *Appendix 3A* to the *Code*, and authorised the Committee to take all steps to that end. The Supervisory Board approved the candidate competency assessment profile and determined that the Supervisory Board members had the remit to nominate candidates.

The competency profile included: (a) Criteria from Articles 255 and 273 of the *Companies Act*; (b) Criteria for evaluation of a potential competitive conflict in compliance with the *Companies Act*; (c) All recommended criteria from *Appendix B* to the *Code* for evaluating nominee impartiality; (d) All recommendations from Article 12 of the *Code* concerning the selection of the supervisory board nominees; and (e) Criteria from the *Rules of Procedure of the Supervisory Board* and the *Diversity Policy for Management and Supervisory Bodies of Krka*.

Nominee documentation was to include: (a) A statement evidencing that the nominee meets the competency profile criteria; (b) A certificate issued by the Slovenian Directors' Association evidencing that the nominee is qualified to sit on a supervisory board and a board of directors, or an equally valid document; (c) A statement of independence, which all members of a supervisory board must sign; and (d) A curriculum vitae.

The Supervisory Board agreed with the Committee and nominated Mermal, Kristl, Savič, and Furlan for election by the AGM. The 31st AGM approved the nominations.

Management Board remuneration – drafting proposals for the Supervisory Board

The Committee evaluated the work of the Management Board twice: for the entirety of 2024 and the first half of 2025. They applied the financial and non-financial performance criteria outlined in the Remuneration Policy for Management and Supervisory Bodies, which were approved by the 29th AGM's consultative voting.

The Committee prepared a proposal based on a written report by the Management Board, presented to the Committee by the President of the Management Board and the member of the Management Board responsible for the economics of

international and domestic business operations, Krka Group controlling, business intelligence, and development of business informatics. The Committee proposed to the Supervisory Board that variable remuneration be paid to the President of the Management Board and the Management Board members for their sound performance in 2024 and the first half of 2025.

Performance evaluation of Management and Supervisory Boards

The Supervisory Board monitors the management and business operations of the Company and the Krka Group in compliance with the legislation in force, primarily the *Companies Act*, and good practices, primarily the *Code*.

The Management Board regularly attended all Supervisory Board meetings in 2025. The President of the Management Board primarily delivered reports and answered questions on behalf of Krka, while members accountable for specific issues gave their reports.

When setting variable remuneration amounts, the Supervisory Board twice discussed the Management Board's 2025 performance as a separate agenda item. Management Board performance was evaluated based on a model and procedures described in the *Remuneration Policy for Management and Supervisory Bodies*.

The Supervisory Board regularly evaluated the work of the Management Board when discussing interim results, twice when benchmarking Krka's performance against competitors, and once during deliberations on external analysts' opinions about Krka.

The Management Board ensured the timely collection of data, reports, and information, enabling the Supervisory Board to carry out its duties effectively. The Management Board promptly and effectively acted on resolutions passed by the Supervisory Board. Between meetings, the President of the Supervisory Board and the President of the Management Board maintained communication. Throughout 2025, the Management and Supervisory Boards collaborated effectively, ultimately benefiting the Company. We assessed the Management Board's performance in 2025 as successful.

The Supervisory Board supervised Krka's operations diligently throughout the year. We, therefore, assessed our performance as successful. In line with the obligation set down in the *Articles of Association* (Item 6.18), we examined and endorsed the *2026–2030 Krka Group Development Strategy* and the Company's 2026 business plan.

All members remained independent in their work in 2025. In line with the recommendations in the *Code*, we completed statements of independence, which Krka published on its website alongside the CVs of the Supervisory Board members. Should a conflict of interest arise, the *Rules of Procedure of the Supervisory Board* take precedence. A member must refrain from voting in such cases, while the Supervisory Board may also take other steps.

Krka allocated €420,470 the work of the Supervisory Board and its committees (remuneration, attendance fees, travel expenses, other expenses) in 2025, whereas €444,541 were spent. In 2025, Krka paid €8,480 in membership fees to the Slovenian Directors' Association. In addition, Krka spent a total of €9,468 on the IxtlanBoard application lease fees. No other expenses were payable to external contracting partners or advisors.

Approval of the annual report and proposal for appropriation of 2025 distributable profit

The Supervisory Board discussed the contents of the 2025 Annual Report at two Supervisory Board meetings and two Audit Committee meetings. Furthermore, the Supervisory Board and Audit Committee discussed the 2025 preliminary business result estimate at their meeting of 28 January 2026.

The Supervisory Board and the Audit Committee discussed at their respective meetings of 11 March 2026 the draft 2025 annual report and the unaudited financial statements of Krka and the Krka Group. The statutory audit firm, KPMG, reported to the Audit Committee three times on the findings and 2025 audit procedures.

Supervisory Board and Audit Committee members received the draft 2025 Annual Report and the audited 2025 financial statements of Krka and the Krka Group on 24 March 2026. They discussed them at their respective meetings of 1 April 2026. Statutory auditors, KPMG, reported to the Committee and the Supervisory Board.

The 'Corporate governance statement' forms a part of the 2025 Annual Report. It illustrates key aspects of governance at Krka, particularly the composition and operations of the Company bodies, external audit, internal controls and risk management related to financial reporting, internal audit, corporate compliance, diversity policy related to representation in the management and supervisory bodies, compliance with the corporate governance code of reference, and governance in the Group. The Supervisory Board had no comments on this statement either.

Based on the review of the draft annual report and reports from the audit firm KPMG and Audit Committee, the Supervisory Board assessed that the Management Board's annual report gave a true and fair account of the events in 2025 and presented a comprehensive view of Krka and the Krka Group 2025 performance, and provided detailed information that was otherwise regularly sent to the Supervisory Board throughout the financial year. As the Supervisory Board had no comments or reservations with regard to the draft annual report, the independent auditor's report, and the Audit Committee report, it unanimously approved the 2025 Annual Report at its meeting of 1 April 2026. The annual report was thereby formally adopted in accordance with Article 282 of the Companies Act and Krka's Articles of Association.

Together with the annual report, the Supervisory Board also approved the proposal for the appropriation of distributable profit. In 2025, the Company generated profit of €395,372,279.64, of which €61,555,947.60 was allocated to reserves for treasury shares and €0.00 to other profit reserves. The remaining profit of €333,816,332.04 and the retained earnings of €58,755,115.03 comprised the distributable profit, which amounted to €392,571,447.07 as at 31 December 2025.

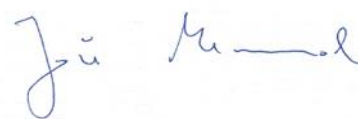
The Management Board and the Supervisory Board proposed to the AGM that distributable profit be appropriated as follows:

- To dividends €275,732,402.40 or €9.10 gross per share;
- To other profit reserves €58,419,522.33 and
- To retained earnings €58,419,522.34.

The motion was drawn up in consideration of the number of treasury shares as at 2,493,184. As the number of treasury shares is subject to change, the number of shares paying dividends is disclosed on the day of the AGM. The total allocation for dividends, other profit reserves, and retained earnings will be adjusted accordingly.

Conclusion

Based on our supervision carried out throughout the year, we assess that Krka's management, operations, and results delivered excellent performance in 2025. The Management and Supervisory Boards believe that the *2026-2030 Krka Group Development Strategy* updates enhance the foundations for Krka's success. The 2026 business plan is ambitious as well. In a time of growing global economic uncertainty, we would like to highlight three key advantages of Krka: being debt-free, managing all business functions in-house - from development and production to marketing and sales - and robust cash flows.



Jože Mermal
President of the Supervisory Board