

EXPLANATION OF PROPOSED RESOLUTIONS

For the 25th Annual General Meeting of Krka, d. d., Novo mesto due on 4 July 2019

At several meetings, the Management and Supervisory Boards of Krka, d. d., Novo mesto reviewed the materials for the call of the 25th AGM, prepared the motion of the Agenda and the proposal of resolutions as follows:

Add 1.

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

Add 2.

The Supervisory Board reviewed the 2018 Annual Report of Krka, d. d., Novo mesto and the Krka Group. There were no comments or reservations regarding the report, therefore the Board approved it unanimously. By this approval, the 2018 Annual Report of Krka, d. d., Novo mesto and the Krka Group was adopted. The Supervisory Board also discussed the Auditor's Report and the work of the certified auditor. The Supervisory Board had no comments on either of the two documents. The 2018 Annual Report also discloses the remuneration of members of the Management and Supervisory Boards.

The Management Board has prepared a proposal for allocation of the 2018 accumulated profit in total of €189,467,357.33. The Supervisory Board agreed with the proposal. The Supervisory and Management Boards jointly propose the AGM to adopt the resolution on the allocation of accumulated profit. In addition to this, the two Boards propose that the AGM discharges the Management and the Supervisory Boards of Krka, d. d., Novo mesto from their liabilities. The proposal is based on the strategic guidelines of the company regarding dividend policy.

Add 3.

Mojca Osolnik Videmšek, born in 1966, is a citizen of the Republic of Slovenia. She graduated in economics at the Faculty of Economics in Ljubljana. She is Director of GB Leasing, d. o. o., where she is primarily responsible for finances, general services, and risk management. Her previous position included top responsibilities at Gorenjska banka, d. d. From February to May 2014, she worked as Director of Directorate of Gorenjska banka, was a member of the Management Board until May 2019, and performed the function of the President of the Management Board for a short period of time. She was in charge of risk management – credit risk assessment, risk controlling, receivables at risk, and real estate management. Her responsibilities also included accounting and general services, legal affairs, internal auditing, and compliance.

Before taking up employment with Gorenjska banka, she was responsible for various demanding areas of work at NLB, d. d. She served Assistant and later Deputy Director of the NLB Group Corporate Governance Directorate, Director of Capital Investments Management and Control, Assistant Director of the NLB Group Governance Division, and Secretary-General and Director of the Office of the Management Board.

She also has experience in dealing with challenging tasks in public administration. Between 2001 and 2003, she was Director of the Administrative Office of the Prime Minister of the Republic of Slovenia and, for a short period of time in 2000, Secretary General at the Ministry

of Foreign Affairs. From September 1994 until April 1999, she worked as Head of the Office of the Prime Minister of the Republic of Slovenia.

She has many experiences in governance and control. Currently, she is Director of GB Leasing, d. o. o. In the past, she was a member of the Supervisory Board of KAD, d. d. for one term and a member of the Supervisory Board of Krka, d. d., Novo mesto for two terms and the President of the Audit Committee. She was a member of the Management Board of Euromarket banka, a. d., Podgorica, President of the General Meeting of Prospera plus, d. o. o., Ljubljana, and performed the function of the President of the Management Board of NLB Nova penzija a. d., Belgrade. She was also a member of the Supervisory Board of NLB Skladi; permanent authorised representative of the General Meeting of Prvi faktor, d. o. o., Ljubljana; a member of the Supervisory Board and the President of the Audit Committee of NLB Vita; Deputy President of the Management Board of NLB Nov penziski fond, Skopje; Deputy President of the Management Board of NLB Interfinanz AG, Zurich; President of the General Meeting at NLB Propria, d. o. o., Ljubljana; Deputy President of the Directors' Committee of NLB Montenegrobanka; President of the Supervisory Board of NLB Srbija d. o. o.; Deputy President of the Supervisory Board of Skupna pokojninska družba, d. d., Ljubljana; President of the Audit Committee at the Skupna pokojninska družba, d. d., Ljubljana; and a member of the Supervisory Board of Bankart, d. o. o., Ljubljana.

She holds a certificate of the Slovenian Directors' Association and is Deputy President of the Board of the Slovenian Directors' Association.

In compliance with the Corporate Governance Code criteria, she is not in conflict of interest, is independent with respect to Krka, and has provided a statement certifying this.

Process of finding, nominating, and evaluating candidates. In line with the Rules of Procedure of the Human Resource Committee of the Supervisory Board of Krka, the indicated procedures can be carried out by the Human Resource Committee, which advises the Supervisory Board on this matter. At their meeting of 10 April 2019, the members of the Supervisory Board of Krka decided that, as soon as possible, the Committee should find one or several most suitable candidates for a Supervisory Board member, shareholder representative, in order to allow for a timely preparation the proposal. At their regular meeting of 22 May 2019, the Committee prepared a proposal that Mojca Osolnik Videmšek be nominated to the Annual General Meeting for the election. On the same day, the proposal was submitted to the Supervisory Board, who approved it. During the evaluation of the nomination, the members of the Committee and the Supervisory Board have taken into account fulfilment of legal requirements and competency criteria as well as requirements determined by the Rules of Procedure of the Supervisory Board and Corporate Governance Code. The candidate provided the Committee with statements and evidence attesting her suitability and references for the membership of the Supervisory Board of Krka.

Add 4.

Also in 2019, 2020 and 2021, business performance of Krka, d. d., Novo mesto shall be audited by the appointed auditor, who shall prepare a report on the examination and audit of the financial statements and a business report. The Supervisory Board proposes that the audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d. o. o., Dunajska cesta 111, 1000 Ljubljana (hereafter referred to as EY) be appointed as the auditor for 2019, 2020 and 2021.

EY has relevant experience to audit business activities of the company and relevant references from Slovenia and abroad. EY was among first international consulting firms that opened its offices in Central and East Europe. In Slovenia, EY has been performing professional services since 1994. EY has entities in 152 countries through which it connects 175,000 employees.

In Slovenia, EY provides its services to leading corporations such as Petrol, Zavarovalnica Triglav and Nova Ljubljanska banka.

In the pharmaceutical industry in Slovenia, EY performs audit services also for Servier Pharma d. o. o. and Sanofi-Aventis d. o. o.

In the global pharmaceutical industry, EY performs audit services for Sanofi S.A., Abbott Laboratories, Abbvie Inc., Astellas Pharma Inc., Eli Lilly and Company, Gilead Sciences, Inc., and others.

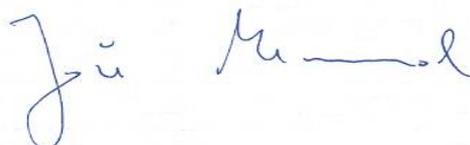
Add 5.

The AGM is informed that, at the 2nd meeting of the Works Council on 18 February 2019, the Works Council elected Tomaž Sever, Franc Šašek and Mateja Vrečer as employee representatives in the Supervisory Board for a five-year term starting on 21 June 2019.

Novo mesto, 24 May 2019



Jože Colarič
President of the Management Board and Chief Executive



Jože Mermal
President of the Supervisory Board