

In accordance with Article 294 b of the *Companies Act* (ZGD-1),  
Krka, d. d., Novo mesto releases

## REPORT ON REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS OF KRKA, D. D., NOVO MESTO IN 2023

### Introduction

In accordance with Article 294 a of the *Companies Act*, Krka, d. d. Novo mesto (hereinafter 'the 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 'the AGM') to vote on pursuant to Article 294 a (1) of the *Companies Act*. The vote on the remuneration policy is an advisory vote. Pursuant to Paragraph 3, Article 294 a of the *Companies Act*, payments to management and supervisory body members must comply with the remuneration policy approved by the AGM. The company put its *Remuneration Policy* on vote at the 29th Annual General Meeting of 6 July 2023. Of total votes cast, 97.45% were in favour of adopting the document.

The remuneration policy is based on Krka's long-term development strategy and its sustainability policy and strategy. It encourages the Management Board for achieving the company's strategic objectives, focusing on its long-term development and sustainable operations. The Supervisory Board of Krka engages in adoption of that strategy. The Management and Supervisory Boards also endorse the sustainability policy and strategy of the company.

This remuneration report refers to the said document. In 2023, there were no deviations from the procedures laid down in the *Remuneration Policy*. The report includes a comprehensive overview of remunerations, including all bonuses rewarded to individual management and supervisory body members by the company.

### Remuneration of Management Board members

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

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

Fixed remunerations are determined in their respective contracts as multiples of the average salary of Krka employees in the last three months. The Supervisory Board determines them upon appointment of the members to the Management Board as per their individual areas of work. Multiple four (4) is applied to Milena Kastelic, Management Board member – Worker Director, acting as a workers' representative, who represents employee 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, the President of the Management Board, in charge of marketing, sales, human resources, investments, industrial property, and certain administrative services. They receive allowances for continuity of service and years of service under the same criteria as all other employees. In 2023, the average monthly salary at Krka totalled €3,327 gross, exclusive of annual leave pay, Christmas bonus, company performance bonuses, and other bonuses awarded for good work performance. The effective gross average salary was, therefore, in fact higher.

In accordance with bye-laws, Management Board members are also entitled to bonuses, compensations, and other payments to which Krka employees are entitled (years of service, continuity of service, anniversary bonuses, Christmas bonus, annual leave pay, other bonuses, compensations, and payments in accordance with bye-laws).

The Supervisory Board determines variable remuneration in line with the existing remuneration policy on the basis of the opinion of the relevant committee. Performance is evaluated based on the Krka Group consolidated data, except when performance criteria specify otherwise.

The Supervisory Board measures the Management Board performance according to financial and non-financial criteria, which encourage the Management Board to pursue the objectives set in Krka's long-term development strategy, its sustainability policy and strategy, and therefore aim for long-term development and sustainable operations.

Financial criteria prompt the company to launch and sell products of maximum customer value in as many markets as possible. They closely consider effective and efficient production and performance of other business functions, as well as good working capital management and risk management.

Non-financial criteria contribute to the same objectives in the long term, and to other objectives laid out by Krka's sustainability policy and sustainability strategy.

All performance criteria add to reaching the company's primary objective, i.e. running a profitable business while maximising company value, generating a profit, and acting for the benefit of the company, employees, shareholders, and the social community.

Krka sustainability policy and strategy set six aspects most important for stakeholders and Krka in the long term:

- Product quality and patient safety;
- Talent attraction and retention;
- Good leadership and governance practices;
- Accessible healthcare;
- Planet and climate change; and
- Compliance, integrity, and transparency.

Successful work of the Management Board in the above areas contributes to achieving best possible financial criteria.

The *ESG Policy* of Krka is published on SEOnet of the Ljubljana Stock Exchange. The summaries of company's activities as regards sustainable operations are also published in annual reports and on Krka websites.

Variable components of the Management Board member remunerations depend on their performance in achieving financial and non-financial criteria set out hereinafter.

Financial criteria are used to evaluate the performance of current operations and how they were satisfied in the past.

Non-financial criteria are applied to Management Board activities, augmenting successful business performance in the future. The Supervisory Board evaluates the work of the Management Board in this regard in the context of future effects (long-term performance).

Non-financial criteria account for 35.3% of total scores, while financial criteria account for the difference in evaluation of the Management Board performance.

Variable components of the Management Board member remunerations are determined annually in accordance with the *Remuneration Policy*. The Supervisory Board evaluates Management Board performance using seven (7) financial and six (6) non-financial indicators. The former include a total of eleven (11) units and weights, and the latter six (6). One unit of the variable remuneration in the relevant six-month or one year period amounts to the average fixed monthly remuneration of a Management Board member.

Financial criteria are as follows (the maximum number of allocated units which also represent weights, are given in brackets):

- Sales revenue growth (2);
- Sales volume growth (2);
- Sales revenue growth against competitors (1);
- Increase in cash flow from operating activities (1);
- Increase in operating profit (3);
- Return on equity against competitors (1);
- Dividends paid (1).

Non-financial criteria are as follows (the maximum number of allocated units which also represent weights, are given in brackets):

- Product quality and patient safety (1);
- Talent attraction and retention (1);
- Good leadership and governance practices (1);
- Accessible healthcare (1);
- Planet and climate change (1);
- Compliance, integrity, and transparency (1).

Until the 29th Annual General Meeting of 6 July 2023, the non-financial criteria were as follows (the maximum number of allocated units which also represent weights, are given in brackets):

- Corporate social responsibility, company reputation, public relations, investors relations (1);
- Activities in new indication areas (2);
- Implementation of new requirements, entry into new markets, new product launches (2);
- Investments, human resources, and information technology (1).

Here is the list of criteria for each indicator:

FINANCIAL CRITERIA		
Indicator	Criteria	No. of payment units
Sales revenue growth	Year on year: <ul style="list-style-type: none"> <li>• Up 4.1% or higher year on year</li> <li>• Up between 0.1% and 4.0% year on year</li> <li>• No change year on year</li> <li>• Down up to 5% year on year</li> </ul>	2 1.5 1 0.5
Sales volume growth	Year on year: <ul style="list-style-type: none"> <li>• Up 4.1% or higher year on year</li> <li>• Up between 0.1% and 4.0% year on year</li> <li>• No change year on year</li> <li>• Down up to 5% year on year</li> </ul>	2 1.5 1 0.5
Sales revenue growth against competitors	Growth rate equal or higher than that of competitors	1
Increase in cash flow from operating activities	Over 90% year-on-year attainment <ul style="list-style-type: none"> <li>• For 91% a bonus of 0.1 salary</li> <li>• For 92% a bonus of 0.2 salary, etc.</li> <li>• For 100% or over a bonus of 1 salary</li> </ul>	1
Increase in operating profit	Year on year: <ul style="list-style-type: none"> <li>• Up 2.1% or more year on year</li> <li>• Up between 0.1% and 2.0% year on year</li> <li>• Down up to 5% year on year</li> </ul>	3 2 1
Return on equity against competitors	Higher 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 CRITERIA		
Indicator	Criteria	No. of payment units
Product quality and patient safety	<ul style="list-style-type: none"> <li>• Very successful</li> <li>• Successful</li> <li>• Unsuccessful</li> </ul>	1 0.5 0
Talent attraction and retention	<ul style="list-style-type: none"> <li>• Very successful</li> <li>• Successful</li> <li>• Unsuccessful</li> </ul>	1 0.5 0
Good leadership and governance practices	<ul style="list-style-type: none"> <li>• Very successful</li> <li>• Successful</li> <li>• Unsuccessful</li> </ul>	1 0.5 0
Accessible healthcare	<ul style="list-style-type: none"> <li>• Very successful</li> <li>• Successful</li> <li>• Unsuccessful</li> </ul>	1 0.5 0
Planet and climate change	<ul style="list-style-type: none"> <li>• Very successful</li> <li>• Successful</li> <li>• Unsuccessful</li> </ul>	1 0.5 0
Compliance, integrity and transparency	<ul style="list-style-type: none"> <li>• Very successful</li> <li>• Successful</li> <li>• Unsuccessful</li> </ul>	1 0.5 0

Performance evaluation as per non-financial indicators is based on a written report of the Management Board. Activities that will bring results in the future are scored, and past achievements are monitored in this context.

The unit of variable remuneration payment in the relevant six-month or one year period is the average fixed monthly remuneration of the relevant Management Board member.

Financial criteria apply to performance evaluation in the current year or six-months (short-term performance) and in the past ten calendar years (long-term performance). The reward evaluation of all Management Board members comprises current period performance (60%), and performance over the past calendar years (40%). The Supervisory Board can adopt a resolution to change the weight for long-term performance to 50%.

A different approach is applied for non-financial criteria, rewarding the impact of current activities on future results.

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 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 remunerations for the President of the Management Board and Worker Director is additionally corrected. Variable remuneration of the President of the Management Board equals the number of units of a Management Board member times 1.2, while that of the Worker Director equals one third of the said units.

Variable remuneration is calculated and paid based on business results for the first six months (cut-off date: 30 June of the current year), when the first part of variable remuneration for the current year is calculated and paid. This part amounts up to seven (7) units for the President of the Management Board and up to six (6) units for all other Management Board members, but not exceeding 50% of variable remuneration annualised on the basis of current results. The remaining variable remunerations are deferred by twelve (12) months from the above cut-off date and 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.

A two-year deferral period applies to 50% of variable remuneration component for each financial year payable to members appointed to the Management Board for the first time after the adoption of the *Remuneration Policy*. Any member sitting on the Management Board under two years is not entitled to the deferred variable payment. In 2023, no such member sat on the Management Board.

The company can request that variable remuneration or its proportional part be returned within three (3) years from the 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
- On the basis of the special auditor's report which shows whether the criteria for determining the variable part of remuneration have been misapplied or whether material data or indicators have not been properly identified or taken into account.

Variable remuneration refund is made first by offsetting the allocated variable remunerations which have not yet been paid.

Management Board members are entitled to bonuses and fringe benefits as follows:

- Insurance total in the amount of the annual premium not exceeding 1/12 of the annual fixed remuneration of the relevant Management Board member. Supplementary pension insurance, accident insurance, supplementary health insurance, regular life insurance without unit-linked insurance, and comparable types of insurance are available, excluding unit-linked life insurance.
- Use of a company car, also for private purposes, valued up to €70,000, including VAT, or up to €90,000, including VAT, if the vehicle is environmentally friendly. The vehicle cannot be replaced earlier than after three years or mileage of at least 150,000 km, unless the Supervisory Board approves.
- Payment of membership fees for professional associations and clubs of up to €1,500 annually.
- A comprehensive annual medical examination. If it is performed by a medical institution outside Slovenia, the expenses are paid in comparable amounts payable to a medical institution in Slovenia.
- Members of the Management Board are also entitled to bonuses or fringe benefits to which all Krka employees are entitled.

Krka provides members of the Management Board with sufficient fixed assets of the company for their work and covers the related expenses as well as entertainment expenses in consideration of good practices in companies of comparable sizes and management codes valid in Slovenia.

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

Below is the remuneration paid to Management Board members in 2023 and 2022 by type of payment in each year. The table shows remunerations paid by Krka. In the 2019–2023 period, members of the Management Board received no remuneration from other Krka Group companies. They also had no financial benefits, receipts or services approved or provided for their activities by a third party. The difference between remuneration in this document and in the annual report arises because the cost principle applies to remuneration presented in annual reports.

No term of a Management Board member was terminated early in the reported five-year period, hence no related payments ensued. Also, no payments were made to any former Management Board members.

**Remuneration paid to Krka Management Board members in 2023**

€	Fixed remuneration			Variable remuneration		Total		Fixed remuneration to variable remuneration	
	Gross	Net payout	Net fringe benefits and other earnings	Gross	Net	Gross	Net	Fixed	Variable
Jože Colarič	507,972	199,925	17,121	874,005	341,348	1,381,977	558,394	37.4%	62.6%
Aleš Rotar	399,520	161,216	15,253	565,090	221,519	964,610	397,988	42.3%	57.7%
Vinko Zupančič	336,861	136,722	16,356	470,778	184,766	807,639	337,844	42.8%	57.2%
David Bratož	328,211	135,979	13,928	462,844	182,007	791,055	331,914	42.6%	57.4%
Milena Kastelic	201,760	85,949	12,200	87,361	35,276	289,121	133,425	71.0%	29.0%
<b>Total remuneration of Management Board members</b>	<b>1,774,324</b>	<b>719,791</b>	<b>74,858</b>	<b>2,460,078</b>	<b>964,916</b>	<b>4,234,402</b>	<b>1,759,565</b>	<b>42.9%</b>	<b>57.1%</b>

**Net fringe benefits and other earnings of Krka Management Board members in 2023**

€	Executive health insurance	Supplementary pension insurance	Anniversary bonuses	Other bonuses	Reimbursement of work-related costs	Annual leave pay	Total
Jože Colarič	10,894	2,904	0	1,117	61	2,145	17,121
Aleš Rotar	5,894	2,904	0	3,193	1,117	2,145	15,253
Vinko Zupančič	5,894	2,904	0	4,500	913	2,145	16,356
David Bratož	5,894	2,904	0	1,896	1,089	2,145	13,928
Milena Kastelic	5,894	2,904	0	83	1,174	2,145	12,200
<b>Total remuneration of Management Board members</b>	<b>34,470</b>	<b>14,520</b>	<b>0</b>	<b>10,789</b>	<b>4,354</b>	<b>10,725</b>	<b>74,858</b>

**Remuneration paid to Krka Management Board members in 2022**

€	Fixed remuneration			Variable remuneration		Total		Fixed remuneration to 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%
<b>Total remuneration of Management Board members</b>	<b>1,771,172</b>	<b>747,842</b>	<b>77,257</b>	<b>2,082,662</b>	<b>896,691</b>	<b>3,853,834</b>	<b>1,721,790</b>	<b>46.6%</b>	<b>53.4%</b>

**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	Annual leave pay	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
<b>Total remuneration of Management Board members</b>	<b>27,499</b>	<b>14,410</b>	<b>5,105</b>	<b>16,636</b>	<b>3,987</b>	<b>9,620</b>	<b>77,257</b>

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

€	Fixed remuneration			Variable remuneration		Total		Fixed remuneration to variable remuneration	
	Gross	Net payout	Net fringe benefits and other earnings	Gross	Net	Gross	Net	Fixed	Variable
2023	1,774,324	719,791	74,858	2,460,078	964,916	4,234,402	1,759,565	42.9%	57.1%
2023/2022 index	100	96	97	118	108	110	102		
2022	1,771,172	747,842	77,257	2,082,662	896,691	3,853,834	1,721,790	46.6%	53.4%
2022/2021 index	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%
2021/2020 index	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%
2020/2019 index	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%

**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	Annual leave pay	Total
2023	34,470	14,520	0	10,789	4,354	10,725	74,858
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

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.

€	2023	2022	2021	2020	2019
Average annual gross salary	3,361	3,038	2,878	2,874	2,844

The table below shows a Krka employee's average gross salary in the last five years, including Christmas bonuses and company performance.

€	2023	2022	2021	2020	2019
Average annual gross salary	3,984	3,623	3,449	3,401	3,292

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

€ thousand	2023	2022	2021	2020	2019
<b>Krka Group</b>					
<b>Revenue</b>	<b>1,806,391</b>	<b>1,717,453</b>	<b>1,565,802</b>	<b>1,534,941</b>	<b>1,493,409</b>
– Growth index	105	110	102	103	112
<b>Quantities sold (in millions of pieces)</b>	<b>17,459</b>	<b>16,554</b>	<b>15,854</b>	<b>15,477</b>	<b>14,402</b>
– Growth index	105	104	102	107	101
<b>Net cash from operating activities</b>	<b>227,254</b>	<b>467,651</b>	<b>386,097</b>	<b>360,759</b>	<b>349,523</b>
– Growth index	49	121	107	103	121
<b>Operating profit</b>	<b>399,621</b>	<b>381,211</b>	<b>354,788</b>	<b>390,744</b>	<b>274,195</b>
– Growth index	105	107	91	143	118
<b>Krka Group dividend payout ratio</b>	<b>56.3</b>	<b>56.6</b>	<b>53.6</b>	<b>54.3</b>	<b>58.2</b>
<b>Krka</b>					
<b>Revenue</b>	<b>1,674,572</b>	<b>1,553,514</b>	<b>1,381,367</b>	<b>1,447,112</b>	<b>1,390,248</b>
– Growth index	108	112	95	104	113
<b>Net cash flows from operating activities</b>	<b>155,399</b>	<b>407,733</b>	<b>348,239</b>	<b>352,510</b>	<b>276,996</b>
– Growth index	38	117	99	127	113
<b>Operating profit</b>	<b>322,308</b>	<b>357,870</b>	<b>273,325</b>	<b>338,882</b>	<b>263,852</b>
– Growth index	90	131	81	128	132

## Remuneration of Supervisory Board members

The composition of the Krka Supervisory Board in 2023 was as follows:

### Composition of the Krka Supervisory Board in 2023

	Jože Mermal	Luka Cerar*	Borut Jamnik**	Matej Lahovnik	Julijana Kristl	Mojca Osolnik Videmšek	Boris Žnidarič	Franc Šašek	Mateja Vrečer	Tomaz Sever
Function	President	Member	Member	Deputy President	Member	Member	Member	Deputy President	Member	Member
Committee membership	No	No	President of the Audit Committee until 6 July 2023	Member of the Audit Committee	Member of the Human Resource Committee	President of the Audit Committee since 19 July 2023	President of the Human Resource Committee and since 19 July 2023 member of the Audit Committee	Member of the Audit Committee	Member of the Human Resource Committee	Member of the Human Resource Committee
Representative of shareholders/employees	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Employees	Employees	Employees

\*Supervisory Board member since 7 July 2023

\*\*Supervisory Board member until 6 July 2023

Remuneration of Supervisory Board members was determined with Resolution no. 4 adopted at the 29th AGM of 6 July 2023. Before that, remuneration was paid to Supervisory Board members in accordance with Resolution 4 adopted at the 27th AGM of 8 July 2021.

Supervisory Board members receive the attendance fee of €360.00 gross per person for attending Supervisory Board meetings (€275.00 gross until 6 July 2023). 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 fee for participating in correspondence sessions amounts to 80% of the usual attendance fee. Irrespective of the above and of the number of attendances in a financial year, each member of the Supervisory Board is entitled to receive attendance fees up until the total amount of attendance fees reaches 50% of the basic annual pay for exercising their function on the Supervisory Board. Irrespective of the above and of the number of Supervisory Board and committee meetings attended in a financial year, the Supervisory Board members who are members of one or more Supervisory Board committees are entitled to receive attendance fees up until the total amount of attendance fees received, based either on attending Supervisory Board meetings or Supervisory Board committee meetings, reaches 75% of the basic annual pay for exercising their function.

In addition to attendance fees, Supervisory Board members receive a basic annual pay of €21,000.00 gross per person for serving on the Board (until 6 July 2023 basic pay was €15,500.00 gross per annum). 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 Supervisory 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 exercising their function up until the total amount of additional compensation reaches 50% of the basic annual pay for exercising the function of a Supervisory Board member. If the Supervisory Board member's term of office is shorter than the financial year, irrespective of the above and of the number of committees where an individual is a committee member or president, the person is entitled to additional compensation for serving on the Board up until its total amount reaches 50% of the basic annual pay for serving on the Supervisory Board, taking into account payments to which the member is 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 prolonged period of time, generally at least a month. With the consent of the Supervisory Board member, the Supervisory Board has the authority to assign special tasks to this member, decide on their duration and on additional compensation for performing special tasks in accordance with the resolution of the AGM. In accordance with this AGM resolution, the Supervisory Board also has the authority to decide on additional compensation for special tasks of Supervisory Board members resulting from objective circumstances at the company. Additional compensation for special tasks is only allowed for the time of actual task performance. The Supervisory Board can make a decision on such tasks retrospectively as an exception (especially if special tasks result from objective circumstances at Krka), but for the previous financial year at most. Members can receive additional compensation for special tasks in total amount of up to 50% of the basic pay for serving on the Supervisory Board per annum at most, regardless of the number of special tasks. Complexity of a special task and the related increase in workload and responsibility are considered when determining the additional compensation amount. Additional compensation is calculated according to the time required to actually perform the special task.

Supervisory Board members receive basic pay and additional compensation for serving on the Board, and are entitled to additional compensation for special tasks in proportionate monthly payments for the duration of their service or special task performance. The monthly payment amounts to one twelfth of the above annual amounts. Depending on circumstances, additional compensation for special tasks can also be paid as a lump sum when the special task is completed.

Limitations for total amounts of attendance fees and additional compensation paid to Supervisory Board members do not affect, in any way or form, their obligation to actively participate in all Supervisory Board meetings and meetings of the committees they are members of, and their legal liability.

The 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 can only be reimbursed if the permanent or the temporary residence of a Supervisory Board member or a Supervisory Board committee member and their places of work are at least 100 kilometres apart, and returning to the member's place of residence was not possible because public transport was unavailable or due to other objective reasons.

We present remuneration paid to Supervisory Board members in 2023 and 2022 below. The table shows remunerations paid by Krka. In the 2019–2023 period, members of the Supervisory Board received no remuneration from other Krka Group companies. They also received 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 2023

€	Pay for serving on the Board		Attendance fees		Commuting allowances		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
<b>Remuneration of Supervisory Board members – shareholder representatives</b>								
Jože Mermal	34,355	24,986	1,545	1,124	0	0	35,900	26,110
Luka Cerar*	16,331	11,877	720	524	519	378	17,570	12,779
Borut Jamnik**	14,516	10,557	1,705	1,240	0	0	16,221	11,797
Matej Lahovnik	31,669	23,033	2,781	2,023	938	682	35,388	25,738
Julijana Kristl	29,879	21,731	2,548	1,853	545	396	32,972	23,980
Mojca Osolnik Videmšek	31,064	22,593	2,781	2,023	347	253	34,192	24,869
Boris Žnidarič	34,488	25,083	3,124	2,272	488	355	38,100	27,710
<b>Remuneration of Supervisory Board members – employee representatives</b>								
Franc Šašek	31,669	23,033	3,276	2,383	0	0	34,945	25,416
Tomaž Sever	29,879	21,731	2,548	1,853	521	379	32,948	23,963
Mateja Vrečer	29,879	21,731	2,548	1,853	0	0	32,427	23,584
<b>Total remuneration of Supervisory Board members</b>	<b>283,729</b>	<b>206,355</b>	<b>23,576</b>	<b>17,148</b>	<b>3,358</b>	<b>2,443</b>	<b>310,663</b>	<b>225,946</b>

\*Supervisory Board member since 7 July 2023

\*\*Supervisory Board member until 6 July 2023

**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
<b>Remuneration of Supervisory Board members – shareholder representatives</b>								
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
<b>Remuneration of Supervisory Board members – employee representatives</b>								
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
<b>Total remuneration of Supervisory Board members</b>	<b>246,749</b>	<b>179,461</b>	<b>24,200</b>	<b>17,601</b>	<b>2,542</b>	<b>1,848</b>	<b>273,491</b>	<b>198,910</b>

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

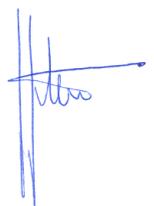
€	Pay for serving on the Board		Attendance fees		Commuting allowances		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2023	283,729	206,355	23,576	17,148	3,358	2,443	310,663	225,946
2023/2022 index	115	115	97	97	132	132	114	114
2022	246,749	179,461	24,200	17,601	2,542	1,848	273,491	198,910
2022/2021 index	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
2021/2020 index	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
2020/2019 index	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

\* The table includes remuneration of all Supervisory Board members in the individual years, not only of Board members in 2023.

Novo mesto, 25 March 2024



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



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

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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 2023, prepared by Company's management on 25 March 2024 and outlining all remuneration paid to members of the management and supervisory bodies in the financial year ended on 31 December 2023, as required by Article 294.b of the Companies Act (ZGD-1) (hereinafter: Remuneration Report).

### 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 2023 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.

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.



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.

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.

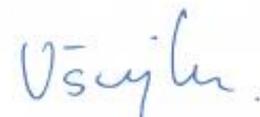
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### 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 2023 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, 25 March 2024

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.