

2025
ANNUAL REPORT

KRKA

Living a healthy life.

Krka, d. d., Novo mesto

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In accordance with Commission Delegated Regulation (EU) 2019/815 and Paragraph 1 of Article 134 of the Market in Financial Instruments Act (ZTFI-1), the official and original version of the report is the one created in the European Single Electronic Format (ESEF), prepared in the Slovenian language and published via SEOnet, the official electronic dissemination information system of the Ljubljana Stock Exchange. This version of the annual report is a translation. 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.

INTRODUCTION

Statement by the President of the Management Board

Quality, efficiency, and flexibility matter at Krka

The Krka Group broke a series of records in 2025. We generated €2,041.0 million in sales, up 7% year on year. Net profit amounted to €403.7 million, yielding a 17.5% return on equity. Product sales volume increased by 5% on 2024. We have generated the highest earnings before interest, tax, depreciation and amortisation (EBITDA) to date, totalling €558.7 million, surpassing the 2024 record by 7.4%. To underscore, profit is pivotal for any company's growth, as it facilitates investments in new projects and cutting-edge technologies, and fosters knowledge and employee development.

The Krka Group remains financially stable, does not rely on debt financing, achieves adequate profitability for investors, and at the same time maintains independence. Our achievements reflect the careful, long-standing implementation of the strategy and the effective pursuit of objectives. They attest to the high quality, business flexibility, innovation, determination, and responsible work of anyone connected with Krka in any way. Fair collaboration with our business partners, expert support from various public institutions, and – last but not least – the trust of those who use our products must not be underestimated.

In-house research and development, a widespread market presence, a diverse product portfolio – above all for the treatment of chronic diseases – and a vertically integrated business model that reinforces our stability, robustness, and flexibility are crucial to our growth. We control the entire process, from research and development, API and finished product manufacturing, to marketing and sales. Although not commonly used in the pharmaceutical industry, this business model is one of the Krka Group's cornerstones of success. The model has proved to be an important advantage during times of global uncertainty.

Export accounting for 94% of total sales

Even though our registered office makes us a European company, we rank among the leading global manufacturers of generic pharmaceuticals by our sales volume. As per our development strategy, our sales structure is conveniently dispersed and relatively well balanced. The quality of our products ensures a stable position in markets and creates new business opportunities. Each client and each market significantly contributes to our business operations and I am pleased to announce that the Krka Group performed well across all its sales regions despite the uncertain business situation in 2025.

In 2025, Region East Europe remained our largest sales region, creating revenue of €713.4 million, up 10% on 2024. We recorded growth in all markets, except in Kazakhstan. In the Russian Federation, one of our key markets and our largest individual market, product sales generated €422.3 million, up 13% year on year. We remained the leading foreign provider of generic pharmaceuticals in the country. In Ukraine, another of our key markets, we maintained the second place among foreign providers of generic pharmaceuticals, creating €96.3 million in sales and surpassing the 2024 figure despite the complex situation. Sales in Belarus totalled €32.2 million, up €4.2 million or 15% on the previous year. In Mongolia, we created revenue of €18.6 million, up 11% year on year, maintaining our position as the leading foreign provider of medicines in the country. In Azerbaijan, our product sales reached €10.6 million, surpassing the 2024 figure, enabling us to maintain our position as the leading foreign provider of medicines in the country. Product sales in Armenia totalled €10 million, up 21% on 2024. We maintained the first place among providers of generic medicines in the country. In Kazakhstan, product sales totalled €20.9 million, down 11% year on year. Main reasons for the drop were year-on-year depreciation of the national currency and market changes. Product sales in Moldova generated €17.2 million, up 17% on 2024. We remained the leading provider of medicines in the country. We increased our product sales by 14% to €8.9 million, positioning us third among providers of generic pharmaceuticals in Kyrgyzstan. Product sales in Uzbekistan totalled €57.9 million, up 8% on 2024. We remained the leading provider of pharmaceuticals in the country. Our product sales in Georgia amounted to €10.2 million, matching 2024 sales, placing us seventh among all pharmaceutical providers in the country. Revenue in Tajikistan totalled €4.8 million, and in Turkmenistan €3.4 million, up 25% on 2024.

Region Central Europe generated product sales of €460 million, up 8%, driven by increased sales across all regional markets. In Poland, the largest regional market and one of Krka Group's key markets, product sales reached

€230.1 million, a 12% increase on 2024, ranking us third among foreign providers of generic pharmaceuticals. In Czechia, another of our key markets, year-on-year sales increased by 6% to €62.2 million, securing us fourth place among foreign providers of generic pharmaceuticals. In Hungary, another key market, sales increased slightly to €53.9 million, ranking us second among primarily foreign providers of generic pharmaceuticals in the country. In Slovakia, another key market and the fourth largest regional market, we recorded product sales of €43.2 million, a slight increase on 2024, and ranked fourth among all providers of generic pharmaceuticals. In Lithuania, we generated €37.5 million in sales, up 10%, and retained our position as the leading provider of generic pharmaceuticals. In Latvia, sales reached €20.4 million in 2025, a 7% year-on-year increase. We consolidated our position as the leading provider of generic pharmaceuticals in the country. In Estonia, sales totalled €12.7 million, a slight increase on 2024.

The markets of Region West Europe are collectively regarded as key markets for us. Regional sales amounted to €364.1 million in 2024, a 3% year-on-year increase. Germany, the Scandinavian countries and Finland, Portugal, Italy, and France were our most important markets in the region. Germany remained our key regional market, where we generated €86.8 million in sales, up 4%, securing eighth place among foreign providers of generic pharmaceuticals. Our cumulative sales in Italy, Portugal and Spain totalled €87.7 million, up 1% on 2024. In Scandinavia and Finland, sales increased by 10%, reaching €75.1 million. Sales increased in all five subregional markets in that order: Sweden, Finland, Norway, Denmark, and Iceland. Combined sales in France and the Benelux totalled €54.2 million, up 10% year on year. We recorded €12.8 million in revenue in Austria, also a 10% year-on-year increase.

Product sales increased in all markets of Region South-East Europe, totalling €290.2 million, up 8% on 2024. In Romania, one of our key markets and the largest regional one, year-on-year sales increased by 3% to €80.1 million, ranking us as the sixth-largest foreign provider of generic pharmaceuticals in the country. Sales in Croatia, another key regional market and the second-largest, totalled €52.1 million, up 6% on 2024, ranking us second among foreign providers of generic pharmaceuticals and second among animal health product manufacturers as well. Serbia generated €42.9 million in sales, up 10% year on year, ranking it third among regional markets. Sales in Bulgaria totalled €32.9 million, a 9% year-on-year increase. Our product sales in North Macedonia totalled €31.1 million, up just over 7% year on year, strengthening our position as the leading foreign provider of generic pharmaceuticals in the country. We recorded sales of €26.5 million, up 13%, and remained the leading foreign provider of generic pharmaceuticals in Bosnia and Herzegovina. In Kosovo, we recorded an 11% sales increase, placing us among the leading providers of medicines. Sales in Albania totalled €4.6 million, an almost 13% year-on-year increase. In Montenegro, we recorded sales totalling €4.1 million, up just over 23%.

Region Overseas Markets generated sales of €76.1 million. Prevailing circumstances hinder business operations in certain countries. We, however, effectively address challenges as they arise. Sales in the Middle East markets declined on the back of escalations in Iran and Yemen, but grew in all other regional markets. Product sales in the Far East and Africa were on par with 2024. Focusing on Central America, our Americas sales office also entered the Mexican market last year.

Our domestic market is smaller than other markets, but it is nevertheless our key market and generated €130.3 million in revenue from product and service sales in 2025. Of all medicines sold in Slovenia, one in five was made by Krka. Product sales were valued at €76.1 million, up 6%. Prescription pharmaceuticals accounted for 73% of total sales, non-prescription products for 23%, and animal health products for 4%. Health resort and tourist services generated €54.2 million, up 10% year-on-year, contributing a significant proportion to an 8% sales increase in the domestic market.

Increased sales across all our product groups

Our prescription pharmaceuticals, non-prescription products, and animal health products often account for leading market shares in their respective therapeutic categories, provide solid foundations for increasing sales, and – above all – significantly contribute to the health of humans and animals.

In 2025, the Krka Group generated €1,691.7 million in sales of prescription pharmaceuticals, up 8% on 2024. Sales of prescription pharmaceuticals accounted for good 83% of total revenue. Besides medicines for the treatment of the cardiovascular, central nervous, and gastrointestinal systems, we also prioritise medicines for the treatment of infections, diabetes mellitus, various types of cancer, and pain.

Non-prescription products generated €173.5 million or 8.5% of total sales, accounting for a significant proportion of our product portfolio. Our best-known and best-selling products included cough and cold products, analgesics, and vitamins and minerals. Sales of non-prescription products, up 1% last year, vary significantly by season.

In 2025, sales of animal health products totalled €114.7 million, up 3% on 2024, and accounted for 5.6% of total sales. Companion animal products motored sales growth in this segment, accounting for more than 75% of revenue. We also market products for farm animals.

Health and tourist services have complemented our product range for years, significantly contributing to the fulfilment of our mission through care for health and well-being. Terme Krka generated €54.2 million, up 10% year on year.

Revised development strategy

Ample opportunities lie ahead, encouraging us to set ambitious goals for the period until 2030. We focus on continued growth, bolstering innovation, and even more prudent resource management. The updated *2026–2030 Krka Group Development Strategy* rests on three pillars: ensuring access to medicines; the vertically integrated business model; and value creation.

The first pillar involves a continuous supply of high-quality, safe and effective innovative generic pharmaceuticals at affordable prices. The second pillar reflects our commitment to development, production, and reliable supplies of required product volumes to markets. The third pillar focuses on delivering positive effects of our operations, reflected by business results and value creation for all our stakeholders.

The updated strategy places even stronger emphasis on the development and production of combination medicines, the primary segment of Krka's innovations, whose added value is acknowledged by physicians and patients alike. We remain committed to developing new products and further upgrading our well-established products in the future as well. Established medicines play an important role and bring high added value to their users and Krka as well. We also intend to further promote long-standing business partnerships with chosen partners abroad, with whom we have established two companies to date, one in India and one in China.

The strategy until 2030 projects additional optimisations and upgrades, adaptations to regulatory changes, accelerated digitalisation and automation, further strengthening of sustainable business operations, and the upholding of the current dividend policy.

Approximately 10% of annual revenue for development

We continuously expand our product portfolio and design the marketing mix, which helps us remain among the leading suppliers of innovative generic pharmaceuticals. There are about 170 projects at various development stages, aiming to extend our range of medicines across key therapeutic classes, including high blood pressure, cholesterol, cardiovascular diseases, the gastrointestinal tract, diabetes, blood and blood-forming organs, and cancer.

The guiding principle of our development is improving patients' health and quality of life. For this purpose, we closely focus on complex products with high added value. A substantial part of this segment consists of combination medicines, containing two or more active substances for simpler, more effective, patient-tailored therapies. They have a significant development potential, and our portfolio includes over 150 to date.

We consistently exercise intellectual property rights to protect our innovative solutions. In 2025, we filed eleven patent applications for new technological solutions we had developed and evaluated as inventions at the global ranking level. Based on priority applications, we filed eight international and one European patent applications. We were also granted fifteen new patents in various countries. Overall, 250 valid patents protect our technological solutions, attesting to our innovativeness and long-term commitment to know-how, progress, and competitiveness.

Many new products and investment in established brands

We added seventeen new products to our portfolio in 2025: thirteen prescription pharmaceuticals, two non-prescription products, and two animal health products.

We devoted our special attention to newly formulating our already established products. We finalised over 900 registration procedures for new and established products and received approvals for more than 32,000 regulatory variations, ensuring the uninterrupted supply of our products across various markets in line with the latest regulatory requirements.

Sales of products launched in individual markets over the last five years accounted for 29% of total Krka Group sales, up five percentage points year on year. The increase is a testament to our ability to successfully introduce innovations and effectively implement them across international markets.

Optimisation of processes and supply chain

By optimising available resources across the controlling company and its subsidiaries and through cooperation with partners, we manufactured and packed 18.9 billion product units, on par with the record set in 2024. We significantly increased the proportion of combination medicines, containing two or more active substances in a single product, which proves our commitment to progressive therapies.

We significantly cut the average lead time from order to delivery through continuous process enhancements. This, in turn, boosted our responsiveness and process flexibility across the entire supply chain. In this way, we seized marketing opportunities and continued to optimise the inventory of raw materials and finished products.

The high level of in-house production of active substances is one of the essential advantages of the Krka Group. The majority of production R&D, and technological control takes place at our plants in Slovenia and abroad. This increases our resilience to fluctuations in the global supply network and enables us to maintain full control over the quality of our products.

We effectively managed purchasing also in 2025. We systematically managed key raw material prices and introduced alternative resources of active substances, excipients, and packaging materials of matching quality at competitive prices. This approach to managing procurement risks further strengthened supply stability in the volatile international environment.

Consolidation of foundations for further growth through upgrades

We allocated €95.5 million to investments in upgrades of production capacities. Investments primarily focused on upgrading several key production facilities and infrastructure, aiming to ensure continued growth and reliable supplies to our markets.

At the Notol Department, one of the production plants at our central site in Novo mesto, Slovenia, we replaced 16 packaging lines, installed robotic cells, and upgraded washing and granulation systems. We continued modernising the logistics system to ensure reliable operations for decades. Also, activities have been undertaken to extend facilities for the production of solid dosage forms. To enhance production capacity at the Notol 2 Department, our largest and most technologically advanced production plant in Novo mesto, Slovenia, additional equipment is being installed.

We implemented upgrades to the filling-and-packaging line at our third solid dosage production plant, complementary to our two major production centres, the Notol and Notol 2 Departments in Novo mesto, Slovenia. We continue to invest in additional capacities for tabletting mixture preparation and granulation, as well as logistics, to further improve the flow of supply processes. We finished the installation of a new suspension inspection line at the Sterile Products Department in Novo mesto, Slovenia, to enhance quality control and output capacity.

We increased production capacities for granulation and packaging at the Ljutomer plant in Slovenia, where two additional projects are underway: the introduction of uncoated soft-core lozenge production and the construction of an automated high-bay warehouse. In addition, we upgrade packaging lines to facilitate long-term production growth.

At the production and distribution centre in Jastrebarsko, Croatia, the installation of the secondary packaging line has increased production capacity for solid-form veterinary products, providing an opportunity to boost our presence in this segment. In Krško, Slovenia, we finished construction of the technologically advanced waste water treatment plant, which has been in trial operation since September 2025, and the air-conditioning project for the raw material warehouse, ensuring controlled storage conditions and increasing the reliability of production supplies.

We also continually invest in our subsidiary, Terme Krka, which operates health and wellness tourism programmes. We continued the renovation of swimming pools in Strunjan (Slovenia) and started the extensive refurbishment of the Hotel Vital in Dolenjske Toplice (Slovenia) to improve accommodation for guests and patients.

Construction of the plant in India is underway

At Krka Pharma Private Limited (Hyderabad, India), the joint venture established by Krka and Laurus Labs Ltd., construction of facilities for the development and production of oncology agents and solid dosage forms continued at a rapid pace. The design for execution and regulatory permits have been obtained, construction works have started as scheduled, and key technological equipment has been ordered. Construction and equipping of the production plant will be completed by the end of 2026, according to the plan, enabling production to commence. This year, we earmarked €20 million for the development of our joint venture to reinforce our long-term partnership and boost our presence in one of the world's most important pharmaceutical markets.

Building up trust of investors and excellence in capital markets

In 2025, the price of Krka shares increased by 46%, reflecting investors' trust in our business model and Krka Group's long-term orientation. At the end of the year, Krka had 47,882 shareholders, and the share remained the most traded security on the Ljubljana Stock Exchange.

We allocated 70.6% of the consolidated net profit attributable to equity holders of the controlling company generated in 2024 to dividend payouts. Gross dividend per share increased by 10.0% as we pursued a stable, reliable dividend policy.

For the sixth time, Krka received the Best Investor Relations Award of all listed companies from the Ljubljana Stock Exchange, reflecting our commitment to transparent, expert, and future-oriented communications with capital markets. In 2025, we participated in 13 investment conferences, meeting with investors from more than 15 countries. We organised three webcasts to present our quarterly business reports, and the Krka Investor Day to present the revised *2026–2030 Krka Group Development Strategy*.

Recruitment at home and abroad

We are aware that dedicated, professional, and responsible employees are essential to our long-term success. At the end of 2025, the Krka Group had 13,236 employees on its payroll, of which 42% outside Slovenia. Including agency workers, the Krka Group employed 13,281 persons. Almost half of the employees hold at least a university degree. Of those, 202 employees hold doctoral degrees, testifying to a high level of professionalism. The employee count increased by 3% in 2025.

Our recruitment strategy focuses on attracting, developing, and retaining employees, as well as creating a work environment that promotes professional growth, collaboration, and international integration. We pay special attention to personnel key to achieving our development, technological, and production objectives, while simultaneously continuing systematic investments in competencies, practical training, and educational programmes in cooperation with universities and other institutions. We are committed to remaining an attractive and responsible employer, ensuring long-term success of the Krka Group through carefully planned personnel development.

Krka the most reputable company in Slovenia again

The expert community and general public recognised Krka as the company with the best reputation in Slovenia again in 2025. Krka ranked first among 54 companies in the Slovenian Business Excellence survey conducted in 2025 by the Ninamedia agency.

It included 3,000 representatives from the expert community and the general public, who assessed the companies using 20 indicators across four categories: corporate visibility, performance, reputation, and sustainable operations. Krka scored above average across all categories, reflecting the high level of trust in our business operations.

2026 plans based on growth and investment

In line with the revised development strategy, we developed an ambitious yet rational 2026 business plan. We expect sales to continue to grow, generating €2.132 million in revenue from product and service sales and €405 million in net profit. Investments are planned at over €140 million, almost 50% up on 2025, primarily to expand and upgrade production and infrastructure facilities.

Employee count in Slovenia and abroad is expected to increase by 2%, in line with our needs to strengthen key competences and provide personnel for new development, production, and other business projects.

Responsible growth efforts

We are proud to be one of the leading global generic pharmaceutical companies, recognised in the markets as a reliable producer of high-quality innovative generic pharmaceuticals. We maintain our competitive advantage and keep pace with the times, sometimes even ahead of them, by constantly improving processes, fostering know-how, and introducing cutting-edge technological solutions. Expertise, creativity, responsibility, and effective collaboration are the foundations of our progress and enable us to strike solid partnerships in all environments where we operate.

Our determination, expertise, and clear values helped us to grow into a global company and become a recognisable international player. Committed to creating lasting added value for all our stakeholders and the broader community, we partner with the healthcare sector, economy, and society at large. Our clear strategy and competent employees keep us focused on sustainable development and long-term growth, benefiting society as a whole.



Jože Colarič
President of the Management Board and CEO

Financial highlights

Alternative performance measures

In this annual report, the Krka Group applies alternative performance measures specified in the European Securities and Markets Authority (ESMA) guidelines. The selected measures provide additional insight into the performance of both Krka Group and Krka. Unless expressly stated otherwise, values are expressed in € thousand. Proportions are shown as percentages or ratios between two categories.

Alternative performance measure	Calculation method	Criteria for measure selection
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Operating profit (EBIT) + Depreciation/Amortisation	Indicates company performance in its core operations and is a close approximation of cash flows from operating activities; The main source of shareholder returns; Allows comparison of business performance regardless of the financing structure and the company's business capital intensity
Operating profit (EBIT)	Operating income – Operating expenses	Indicates performance of company core operations; Allows comparison of business performance regardless of the financing structure
Investments	Purchase of property, plant and equipment + Purchase of intangible assets	Indicates assets held for acquisition, maintenance and upgrade of tangible fixed assets for increasing the extent of operations and further development of the Krka Group
EBITDA margin	Earnings before interest, tax, depreciation and amortisation (EBITDA)/Revenue	Shows relative performance of the company's core operations and is used to compare business performance with other companies, excluding the financing structure and capital intensity of the company's operations
EBIT margin	Operating profit (EBIT)/Revenue	Shows the company's pricing policy and the ability to control operating costs; Indicates relative core operations performance, excluding the financing structure
EBT margin	Profit before tax (EBT)/Revenue	Shows relative company performance, including the financial result
Net profit margin (ROS)	Net profit/Revenue	Shows overall company performance
Return on equity (ROE)	Net profit/((Equity as at 1 Jan + Equity as at 31 Dec)/2)	Shows company efficiency in generating profits based on shareholder's equity; Shows efficiency in terms of increasing company value for shareholders
Return on assets (ROA)	Net profit/((Assets as at 1 Jan + Assets as at 31 Dec)/2)	Shows efficiency of company's total asset management; The higher the number, the more efficient company operations
Liabilities/Equity	(Current liabilities + Non-current liabilities)/Equity	Indicates debt-to-equity ratio; Is an important metric for monitoring company capital adequacy and can be used to assess the extent of company reliance on external debt financing.

Alternative performance measure	Calculation method	Criteria for measure selection
Research and development expenses as a percentage of revenue	R&D expenses/Revenue	Shows Krka Group's development orientation; Is a strategic measure
Gross dividend per share	Dividend per share for the previous period as per the AGM resolution	Shows shareholders' participation in the company's profit
Price/Earnings ratio (P/E)	Closing price on the Ljubljana Stock Exchange as at 31 Dec/Earnings per share (EPS)	Shows how much investors in the market are willing to pay per €1 of company's earnings; Estimates the value of the company and its shares in the market
Book value per share	Equity as at 31 Dec/Total number of shares issued	Shows the share price arising from the book value of equity
Price/Book value (P/B)	Closing price on the Ljubljana Stock Exchange as at 31 Dec/Book value	Compares the company's share price in the market and its book value at a particular date; Indicates potential share overvaluing or undervaluing
Market capitalisation (year-end)	Closing price on the Ljubljana Stock Exchange as at 31 Dec x Total number of shares issued	Indicates the Krka Group market value relative to the company share price on the Ljubljana Stock Exchange
Current ratio	Current assets/Current liabilities	Shows company current liquidity and/or ability to settle current liabilities
Quick ratio	(Current assets – Inventories)/Current liabilities	Shows company current liquidity and/or ability to settle current liabilities, excluding inventories
Acid test ratio	(Investments + Cash and cash equivalents)/ Current liabilities	Shows company current liquidity and/or ability to settle current liabilities, including most liquid assets only
Receivables turnover ratio	Net credit sales/Average receivables	Measures how many times a year a company collects its average receivables, indicating its liquidity; Quantifies company effectiveness as per trade receivable management; Includes information on the average payment term of all company customers
Dividend payout ratio	Gross dividend per share for the year/Earnings per share from the previous year	Shows percentage of net profit paid to shareholders via dividends and not retained by a company to reinvest in core operations or to pay off debt
Dividend yield	Gross dividend per share/Share price as at 31 Dec on the Ljubljana Stock Exchange	Shows dividend yield for dividend beneficiaries relative to share market price
Gearing ratio	(Borrowings + Trade payables + Current liabilities from contracts with customers + Other current liabilities – Cash and cash equivalents)/Equity	Shows equity financing and indicates the financial risk level associated with the company; Indicates the company's capital adequacy
Net cash flow from operating activities	Calculation shown in the 'Statement of cash flows'	Shows cash flow generated by the company from operating activities before investment and financial decisions and the related proceeds and payments

Krka Group financial highlights

€ thousand	2025	2024	2023	2022	2021
Revenue	2,041,025	1,909,544	1,806,391	1,717,453	1,565,802
– Of that revenue from contracts with customers (products and services)	2,034,039	1,899,848	1,798,969	1,708,542	1,560,288
Earnings before interest, tax, depreciation and amortisation (EBITDA)[a]	558,651	520,085	504,215	488,895	463,625
Operating profit (EBIT)[b]	465,149	427,572	399,621	381,211	354,788
Profit before tax (EBT)	495,945	419,078	367,126	433,073	362,417
Net profit	403,672	356,202	313,732	363,662	308,150
Non-current assets (year-end)	1,059,759	1,022,901	1,059,267	1,125,025	1,075,052
Current assets (year-end)	1,982,899	1,826,120	1,705,024	1,562,475	1,461,936
Equity (year-end)	2,377,151	2,237,784	2,181,766	2,138,509	1,919,085
Non-current liabilities (year-end)	165,213	162,662	149,218	132,130	162,674
Current liabilities (year-end)	500,294	448,575	433,307	416,861	455,229
R&D expenses	188,158	184,855	178,582	162,580	154,559
Investments	95,493	117,049	131,932	105,974	66,386

Ratios	2025	2024	2023	2022	2021
EBITDA margin	27.4%	27.2%	27.9%	28.5%	29.6%
EBIT margin	22.8%	22.4%	22.1%	22.2%	22.7%
EBT margin	24.3%	21.9%	20.3%	25.2%	23.1%
Net profit margin (ROS)	19.8%	18.7%	17.4%	21.2%	19.7%
Return on equity (ROE)[c]	17.5%	16.1%	14.5%	17.9%	16.8%
Return on assets (ROA)[d]	13.7%	12.7%	11.5%	13.9%	12.9%
Liabilities/Equity	0.280	0.273	0.267	0.257	0.322
R&D expenses/Revenue	9.2%	9.7%	9.9%	9.5%	9.9%

Number of employees	2025	2024	2023	2022	2021
Year-end	13,236	12,810	11,780	11,598	11,511
Average	13,016	11,984	11,667	11,569	11,581

Share information	2025	2024	2023	2022	2021
Total number of shares issued	32,793,448	32,793,448	32,793,448	32,793,448	32,793,448
Earnings per share in €[e]	13.21	11.60	10.14	11.69	9.92
Gross dividend per share in €	8.25	7.50	6.60	5.63	5.00
Closing price on LJSE at the end of the period in €	203.00	139.00	110.00	92.00	118.00
Price/Earnings ratio (P/E)	15.37	11.99	10.85	7.87	11.90
Book value in €[f]	72.49	68.24	66.53	65.21	58.52
Price/Book value (P/B)	2.80	2.04	1.65	1.41	2.02
Market capitalisation in € thousand (year-end)	6,657,070	4,558,289	3,607,279	3,016,997	3,869,627

[a] The difference between operating income and expenses increased by accumulated depreciation
[b] The difference between operating income and expenses
[c] Net profit/Average shareholders' equity in the year
[d] Net profit/Average total asset balance in the year
[5] Net profit for the year attributable to majority equity holders of the Krka Group/Average number of shares issued in the year, excluding treasury shares
[f] Equity as at 31 Dec/Total number of shares issued

At a glance

The Krka Group consists of the controlling company, Krka, d. d., Novo mesto, a subsidiary in Slovenia, Terme Krka, d. o. o., Novo mesto, and 33 subsidiaries outside Slovenia.

The Krka Group develops, produces, markets, and sells human health products (prescription pharmaceuticals and non-prescription products), animal health products, and health resort and tourist services.

Production takes place in the controlling company in Slovenia and at Krka subsidiaries in the Russian Federation, Poland, Croatia, and Germany. In addition to production, these subsidiaries, apart from Krka-Rus in the Russian Federation, deal with marketing and sales. In China, production takes place in leased production facilities. Other subsidiaries outside Slovenia market and/or sell Krka products, but do not have production capacities.

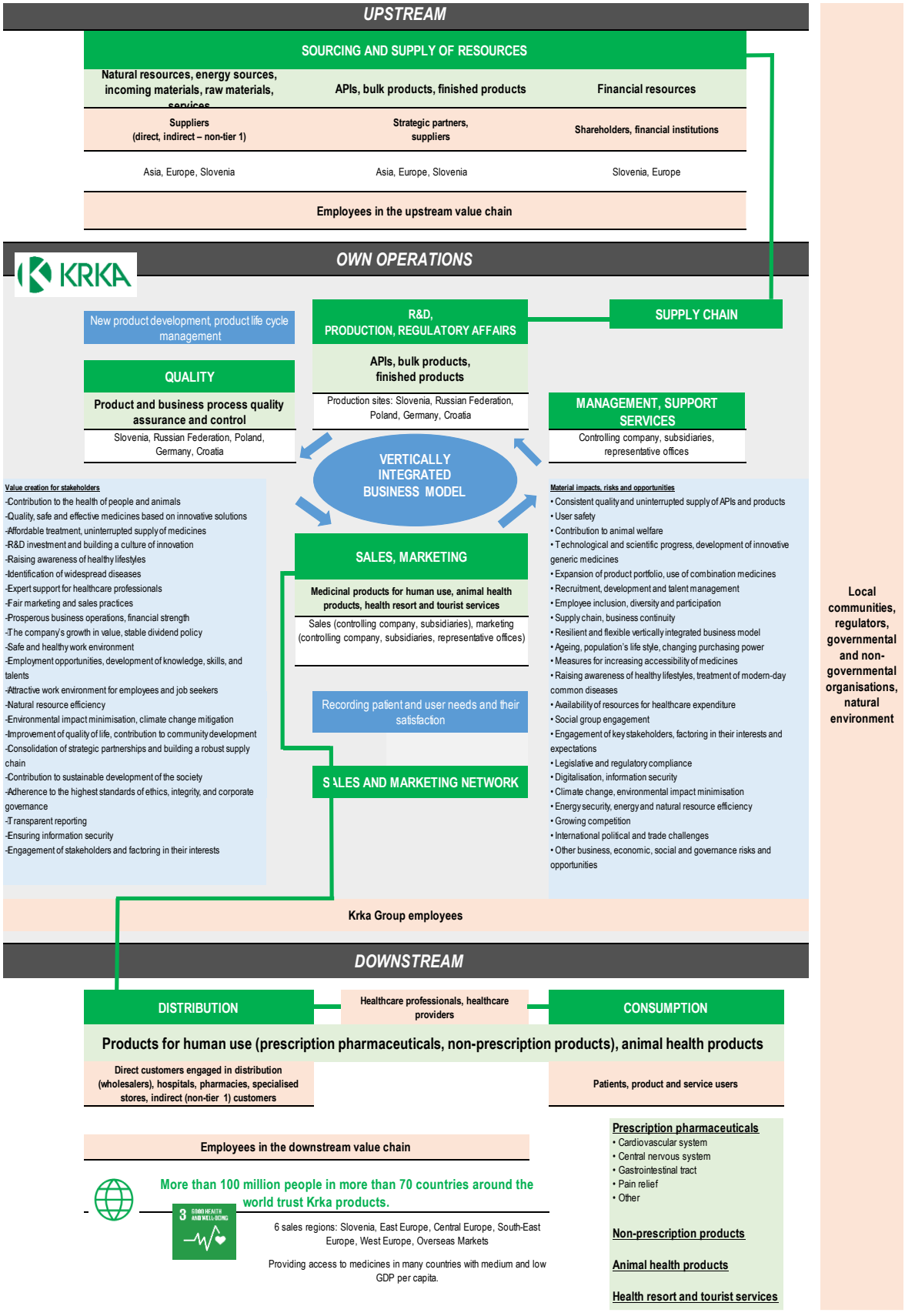
Terme Krka, d. o. o., Novo mesto provides health resort and tourist services and operates through the following branches: Terme Dolenjske Toplice; Terme Šmarješke Toplice; Hoteli Otočec; and Talaso Strunjan. Terme Krka is also the majority owner of Golf Grad Otočec, d. o. o.

In 2024, Krka and Laurus Labs Ltd. from India established the company KRKA Pharma Private Limited, in Hyderabad, India, which they jointly control under a contractual agreement. Krka holds a 51% stake in the joint venture. The Krka Group accounts for the investment in the joint venture under the equity method.

ID card

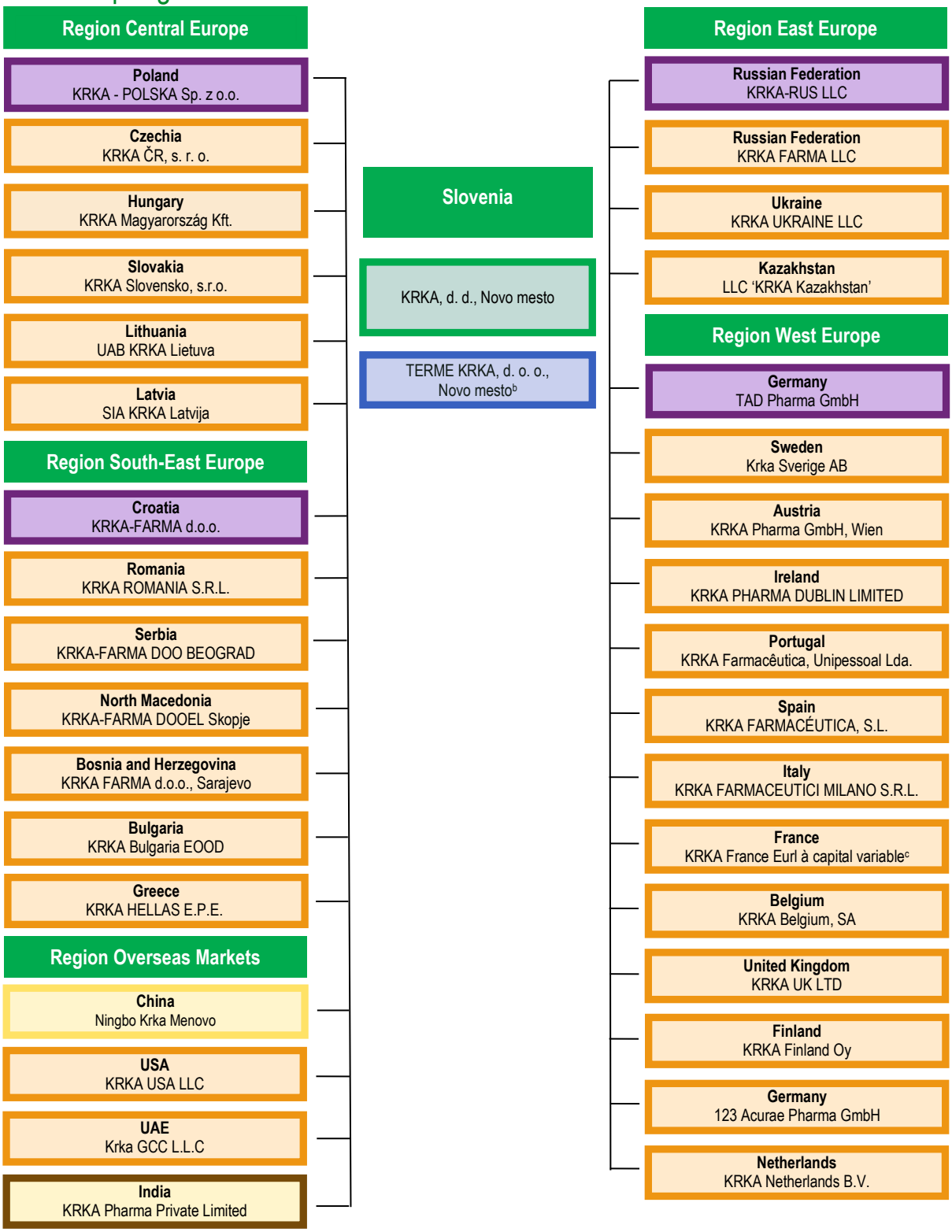
Krka, d. d., Novo mesto	
Registered office	Šmarješka cesta 6, 8501 Novo mesto, Slovenia
Telephone	+386 7 331 21 11
E-mail	info@krka.biz
Website	www.krka.biz
Core business	Manufacture of pharmaceutical preparations
Business classification code	21.200
Year established	1954
Registration entry	1/00097/00, District Court of Novo mesto, Slovenia
Tax number	82646716
VAT registration number	SI82646716
Company ID number	5043611000
Share capital	€54,732,264.71
Total number of shares issued	32,793,448 ordinary registered no-par value shares

Krka Group business model[1]



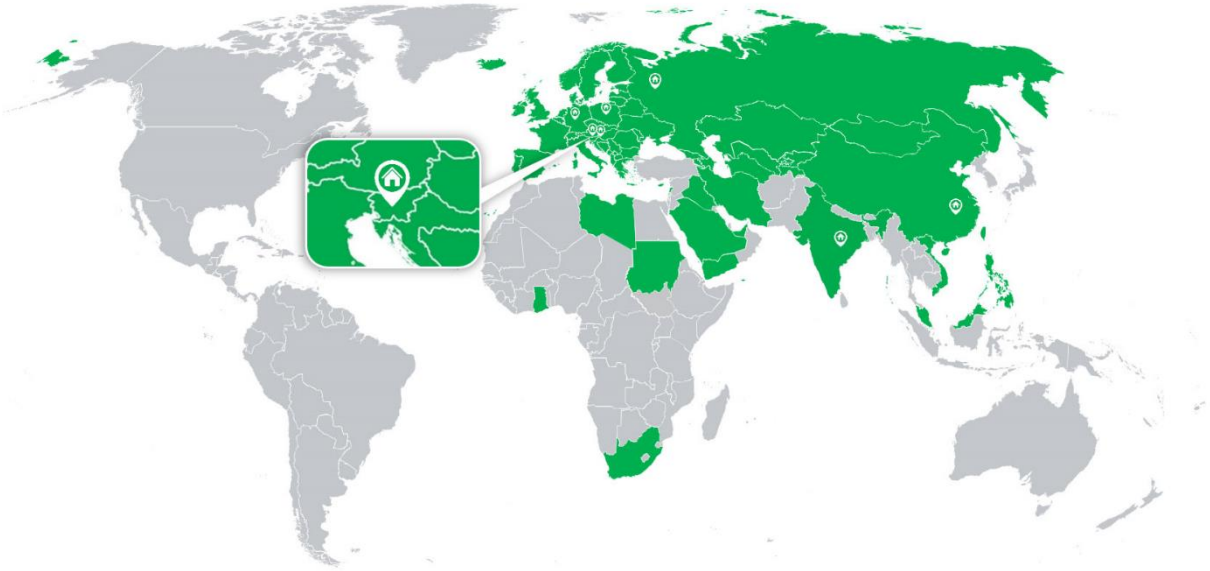
[1] Note to ESRS 2 SBM-1 – Strategy, business model and value chain

Krka Group organisational chart



[a] The Chinese company Ningbo Menovo Pharmaceutical Co. Ltd. owns 40% shareholding of Ningbo Krka Menovo Pharmaceutical Co. Ltd.
[b] The subsidiary Terme Krka, d. o. o. holds a 100% shareholding in Golf Grad Otočec, d. o. o.
[c] The subsidiary KRKA France Eurl holds a 100% shareholding in HCS bvba in Belgium.

Krka in global markets



2025 milestones

Business performance

- The Krka Group generated revenue of €2,041.0 million, up 7% on 2024, and net profit of €403.7 million.
- Krka maintained financial stability and remained debt-free. Current operations, all investments, and R&D financing drew funds from robust cash flows from operating activities.
- At the 31st AGM, the Management Board presented the 2024 annual report, including the auditor's report and the Supervisory Board report on its verification and approval of the 2024 annual report, and the 2024 report on remuneration of Management and Supervisory Board members.
- Shareholders received dividends of €8.25 gross per share, up almost 10% on 2024.
- We marked the 20th anniversary of business operations under the management of Jože Colarič, President of the Management Board and CEO.
- We participated in thirteen investment conferences and organised three webcasts to present our business operations to investors and analysts.
- We regularly informed the financial and general public about our business achievements in compliance with applicable regulations and stock exchange reporting rules.
- We celebrated ten years of Milprazon, our companion animal product. In 2015, we launched this milbemycin/praziquantel combination product as the first generic manufacturer in most markets. The product already achieved 20% market share in Europe in the third year after its launch and has maintained it to this date.
- We passed the 30th audit of the quality management system conducted by the Slovenian Institute of Quality and Metrology (SIQ) without any observations. All five of our certifications – ISO 9001, ISO 14001, HACCP, ISO 45001, and ISO/IEC 27001 – were renewed.
- On 3 December 2025, we scored 55 out of 100 in the 2025 S&P Global Corporate Sustainability Assessment (CSA) performed by S&P Global, the international credit and ESG rating agency. The received independent ESG score confirms the outlined direction of the Krka Group's sustainable business operations and ESG governance.

Visibility

- We again scored highly in the Slovenian Business Excellence survey, conducted by an independent Slovenian agency, maintaining our position among the top Slovenian companies. The overall excellence score factored in corporate recognition, performance, reputation, and sustainability.
- At the 20th Slovenian Economy Summit, where leading Slovenian business representatives focused on the country's economic development, President of the Republic of Slovenia Dr Nataša Pirc Musar awarded President of the Management Board and CEO of Krka, Jože Colarič, a high state honour – the Golden Order of Merit. Colarič was commended for his outstanding contributions to the development of the Slovenian economy and the pharmaceutical industry, as well as for his socially engaged patronage and efforts to enhance Slovenia's recognition on the international stage.
- At the investor conference organised by the Zagreb and Ljubljana Stock Exchanges, we received the Best Investor Relations Award for the sixth time.

- Also in 2025, we were one of the recipients of the Slovenian reputable employer awards conferred by the Slovenian employment portal MojeDelo.com. To date, we have been named the most reputable employer in Slovenia seven times.

- We received the TOP Education Management certificate at the Edutainment convention for the fourth consecutive year. Our slogan, 'The company's strength comes from its people, people's strength comes from knowledge,' received a special commendation for the best educational motto of 2025.

- At its Innovation Days, the Chamber of Commerce of Dolenjska and Bela Krajina awarded the best innovations in the region. Of 34 submitted regional innovations, we received eight awards: four gold, three silver, and one bronze.

- At the Slovenian Chamber of Commerce and Industry Innovation Day, our innovations received one gold and one silver award: the gold for a bilayer tablet combining immediate-release sartan and prolonged-release indapamide for the treatment of hypertension; and the silver for pomalidomide-containing medicine used for immunotherapy in oncology patients.

- At the Days of The Olympic Committee of Slovenia – Association of Sports Federations, we received the Sports-Friendly Company certificate. The certificate is awarded to companies that systematically embed sport and physical activity into their organisational culture, strategy documents, and daily activities. We received the certificate as a second-generation company. The standards for this level of the certificate are higher and require that the work environment supports employees' physical activity comprehensively.

- Prof. Dr Franc Vrečer, our retired colleague, a former member of the Scientific Committee of the Krka Prizes Council, and a full professor at the Faculty of Pharmacy at the University of Ljubljana, received the Puh Award for lifetime achievements in the development of pharmaceutical products and technological processes in the industry.

- Our all-inclusive online platform for international communication of corporate, product, and other content was shortlisted as a finalist for the WEBSI award for digital achievements by Slovenian creators.

Sustainability

- We effectively manage material sustainability impacts, risks and opportunities to ensure long-term business performance and create value for stakeholders. Last year, we presented six groups of sustainability areas that affect Krka's long-term ability to implement its strategy, maintain stable operations, and achieve business objectives.

- As every year, worker assemblies allowed us to exchange information, opinions, and initiatives, strengthening mutual trust, encouraging worker participation, and improving the working atmosphere.

- We made donations to healthcare institutions, increasing the affordability of treatment. We donated a new warmer with integrated resuscitation to the Gynaecology and Obstetrics Ward at the Brežice General Hospital. Advanced technology and integrated medical devices enable healthcare personnel to provide even better support to the youngest patients.

- Through our organisation's support for education, we contribute to achieving one of the United Nations' 2030 Agenda goals – reducing mortality from noncommunicable diseases by one-third by 2030. We organised several international symposia, which – among other topics – also spotlighted complex modern-day pain management and brought together cardiology and internal medicine specialists, who explored practical solutions in antihypertensive therapies.

- The symposium on the occasion of the 10th anniversary of the Septabene brand highlighted its success story, rooted in knowledge, vision, and an understanding of patient needs.

- We received the Slovenian 2025 Energy Efficient Project Award for the efficient use of residual heat from waste water in the equalisation basin at our waste water treatment plant.

- Krka received the Dean's Recognition Award for productive cooperation and support in the development of the Faculty of Chemistry and Chemical Engineering of the University of Maribor.

- On the occasion of Earth Day, Gimnazija Novo mesto grammar school officially opened a new biology prep room, for which we made a financial contribution. The prep room serves students who do research during lessons, when writing papers, and when preparing for biology and other natural science contests.

- We arranged a trip for children from eleven primary special education schools to attend the qualification rounds of the Ski Jumping World Cup competition in Planica.

- At the 19th traditional meeting with Krka's sponsorship recipients, the Talent-of-the-Year Awards were presented to four accomplished young people for their achievements in sports or the arts. We presented Krka Awards in recognition of twelve additional young athletes and artists.

- We foster good relationships in the environment in which we operate, so we again arranged a meeting with our neighbours to present our business, plans, and achievements, particularly in environmental protection.

- As part of our social responsibility initiative, Krka's Week of Charity and Volunteering, employees from 22 countries participated for the 12th consecutive year, promoting volunteerism, mutual assistance, and intergenerational connection. We donated funds to the Paraplegic Society of Dolenjska, Bela Krajina, and Posavje for a wheelchair (mobility) ramp to enable easy, safe vehicle boarding. Employees of the Druga Violina restaurant in Ljubljana received our donation to organise a team-building event. The restaurant operates under the guidance of the Dolfka Boštjančič centre for training, work, and care in Draga, Slovenia, which provides employment opportunities to persons with special needs.

- At the ceremony marking the 70th anniversary of the Novo mesto Firefighter Association, its management received the keys to a new firefighter vehicle, primarily sponsored by Krka.

- We participated in the European Mobility Week. We marked the first ten years of sustainable mobility with an extensive campaign that counted green kilometres on foot, by bike, or by public transport. Our employees in 18 countries, where we have subsidiaries, commuted to work by sustainable means of transport.

- We upheld our unique and long-standing tradition of Krka Prizes by awarding secondary school, undergraduate, and graduate-level prizes for the 55th consecutive time. Recipients also had the opportunity to present their papers at a scientific symposium.

- On International Volunteer Day, we presented the Volunteer of the Year Award and thanked Krka employees for their dedication as blood donors.

- Krka's Culture and Arts Society continued promotion of cultural and artistic activities in 2025. Among other events, the Society, in collaboration with the Miran Jarc library and Mladinska knjiga, a Slovenian publishing house, hosted the 46th Dolenjska Book Fair. Book lovers had the opportunity to enjoy new book releases and a rich accompanying programme.

- The voluntary industrial plant fire brigade Prostovoljno industrijsko gasilsko društvo Krka (PIGD Krka), which is part of the largest industrial fire brigade in Slovenia, marked its 55th year of existence. It teams up with Krka's Industrial Fire Brigade and Fire Protection Department to ensure prevention, training, and a safe working environment. They carried out over 60 fire drills at Krka's facilities last year.

Employees

- We arranged a meeting of the Krka Premium Elite Club for 51 Krka Group employees from 18 countries, who made significant contributions to achieving the set goals. Their innovative work with doctors and pharmacists sets them apart in their respective markets.

- We organised an international public relations conference to exchange best communication practices, and conferred the Krka Comm Award for the best communication project on Krka Ukraine.

- We introduced the motivational campaign ‘Let’s go, team!’ for colleagues in our marketing and sales network across the Krka Group to foster close connections and motivation to achieve goals.

- The 4th International Technology Conference brought together 250 Krka employees from Slovenia, Poland, the Russian Federation, and Croatia, whose jobs involve pharmaceutical technology. They exchanged the latest know-how and experience to enable faster, more efficient market entries for generic pharmaceuticals.

- The 22nd Regulatory and Pharmacovigilance Conference, held in a hybrid format and attended by more than 300 employees from 35 countries, focused on our approach to responding to new regulatory requirements in the Eurasian Economic Union, managing the complexity of European variation procedures, implementing digital projects, and strengthening our sustainability commitment in line with ESG principles.

- Marketing and sales employees from the Krka Group, who stand out for their performance, attitude to work, and team spirit, assembled at the 27th Marketing and Sales Conference.

- Two international events brought together over 70 employees from Digital Marketing, Marketing Applications, and Analytics.

- The 5th International Accounting and Business Conference was held in Novo mesto (Slovenia) under the slogan ‘United for excellence and success’. A total of 166 employees from Corporate Performance Management, Terme Krka, and Krka subsidiaries from 37 countries attended lectures, round tables and workshops.

- Top-performing marketing and sales employees received Marketing Awards.

- More than 250 participants from 37 countries gathered at the Brand Managers’ Meeting, gaining insights into the future of multichannel marketing.

- A total of 73 Krka employees from 20 countries were enrolled in programmes for expert and project teams.

- At the traditional Krka Awards Day, plaques were awarded to long-serving employees, best employees, best managers, and colleagues who excelled in innovation. The recipients of the prestigious Boris Andrijanič Awards for Remarkable Achievements were Dr Natalija Škrbina Zajc, the team leader at Pharmaceutical R&D, and Jože Primc, the long-standing Director of Animal Health.

- The 21st Krka International Leadership School, a comprehensive training programme for managers and department heads, concluded with a certificate-awarding ceremony. The 20th cohort of Krka employees graduated from the Krka Operational Leadership School.

- We thanked our colleagues and organisational units that submitted the most useful proposals and improvements for their innovation efforts, which contributed to our company’s progress. Most of them have already rolled out with international effect, as they are applied across the Krka Group.

- On the occasion of its 45th anniversary, we organised a sightseeing tour of the Ljutomer Department for employees and their family members.

- A total of 179 Krka employees who successfully completed various education programmes, gaining knowledge and practical skills for work in highly automated processes and with computer-controlled technological systems, received national vocational qualification certificates. Since 2000, we have been the only company in Slovenia to offer national vocational qualification programmes for the pharmaceutical industry.

- We continued the long-standing tradition of Krka sports days, awarding trophies to the top sports teams and proclaiming the best male and female athletes of 2025.

- Last year, we continued our tradition of hosting an annual event for our recently retired colleagues, at which the company management thanked them for their loyalty and contributions to Krka's success.

- The Krka Fairy Land, an event dedicated to the children of our employees, took place at the Otočec sports centre (Slovenia), hosting almost 4,000 children and their parents from Krka sites across Slovenia.

Event after the accounting period

The event after the accounting period had no impact on the 2025 financial statements.

Repurchase of treasury shares

The Company repurchased 49,807 treasury shares between 1 January 2026 and 16 March 2026 and thus held 2,484,634 treasury shares at the end of this period, accounting for 7.58% of total shares.

BUSINESS REPORT

Corporate governance statement[2]

Krka employs a two-tier corporate governance system. The Management Board runs the Company and is overseen by the Supervisory Board. Corporate governance is based on the legislation of the Republic of Slovenia, Slovenian and international good practice, and Krka's bye-laws.

Governing bodies are:
- Annual General Meeting (AGM);
- Supervisory Board; and
- Management Board.

Annual General Meeting

Under the Slovenian *Companies Act* (ZGD-1), the Company's highest body is the Annual General Meeting (AGM). The AGM is convened when it serves the Company's interests or when required under the *Companies Act* (ZGD-1) or Krka's *Articles of Association* (Article 6.20).

It is where shareholders directly participate in the Company's governance, and all fundamental and statutory decisions are taken. Each share, except for treasury shares, represents one vote at the AGM. Krka has only one share class: ordinary no-par value shares.

The AGM primarily decides on:
- The appropriation of distributable profit;
- The appointment or dismissal of Supervisory Board members;
- The granting of discharge to members of management or supervisory bodies;
- Amendments to the *Articles of Association*;
- Measures to increase or decrease equity;
- Changes in the Company's status and dissolution;
- The appointment of an auditor;
- The remuneration policy for management and supervisory bodies in an advisory vote;
- Adoption of the annual report if not approved by the Supervisory Board;
- Other matters as stipulated by the *Articles of Association* or law.

Krka's AGM makes decisions by a majority of votes cast, unless otherwise specified by law or the *Articles of Association*.

In accordance with Article 6.24 of the *Articles of Association*, a three-quarters majority is required for decisions on:
- Amendments to the Articles of Association;
- Reduction of share capital;
- Increase and conditional increase of share capital;
- Changes in the Company's status and dissolution;
- Exclusion of shareholder's pre-emptive rights in the issuance of new shares;
- Early dismissal of Supervisory Board members;
- Other matters as stipulated by law or the Articles of Association.

The Management Board calls the regular AGM once a year, at least 30 days before the due date. Upon request, all the materials for each AGM can be viewed at the Company's registered office starting from the notice date.

All shareholders entered in the shareholder register as at the record date, which is published in the notice, have the right to attend and vote at the AGM. The same applies to their representatives and proxies.

[2] The text referred to by the 'Sustainability statement' is typed in green in the 'Corporate governance statement'.

At the AGM, the Management Board provides shareholders with all information required to assess the agenda, taking into account all legal or other information disclosure restrictions.

In the 2025 AGM notice, per Item 8.2 of the *Corporate Governance Code for Listed Companies* in force, the Company requested all major shareholders to publicly disclose their investment policies in respect of their shareholdings in the Company, in particular their voting policy, the type and frequency of their engagement in the Company's governance, and the flow of their communication with the Company's managerial and supervisory bodies.

At the **31th AGM** of **10 July 2025**, the shareholders:

- Received the Management Board annual report for 2024, including the auditor's report, the Supervisory Board report verifying and endorsing the 2024 annual report, and the 2024 Management and Supervisory Board remuneration report;
- Adopted the resolution on the appropriation of distributable profit for 2024;
- Discharged the Management and Supervisory Boards of liability for 2024;
- Elected Sanja Savič and Boštjan Furlan, as well as the existing members Jože Mermal and Prof. Dr Julijana Kristl, to the Supervisory Board for a five-year term commencing on 22 August 2025;
- Appointed the audit firm KPMG Slovenija, podjetje za revidiranje, d. o. o., Železna cesta 8a, 1000 Ljubljana, to audit the financial statements of Krka, d. d., Novo mesto, the consolidated financial statements of the Krka Group, and the consolidated sustainability reports of the Krka Group for the financial years 2025, 2026, 2027, and 2028.

According to the 2026 financial calendar, the regular AGM is set for 9 July. The Company must give 30 days clear notice before the AGM is held and publish it on the AJPES website, in the Company's printed or online publication if it is due for publication at the time of the notice, and on the Company's website. The notice must also comply with the *Financial Instruments Market Act*.

Further information on shareholders and voting rights is available under 'Investor and share information'. As at 31 December 2025, there were no restrictions on the transfer or voting rights of Krka shares. No share carried any special control rights. No share carried any special control rights.

Supervisory Board

The Supervisory Board supervises the Company's operations and business management and selects and appoints members to the Management Board. The body meets at least four times a year. Under the *Articles of Association*, the Supervisory Board pre-approves the annual business and financial plan and the strategy for adoption by the Management Board. It also carries out other tasks in accordance with the *Companies Act*. It primarily approves (a) the appointment, removal, and remuneration of the Head of Internal Audit; (b) the act regulating the purpose, meaning, and duties of Internal Audit; and (c) the annual and multi-year plans of Internal Audit. It is also briefed about the annual Internal Audit report. The President of the Supervisory Board concludes contracts with the external auditor. The Management Board can only invite shareholders in the AGM notice to attend and vote at the AGM even if they are not physically present at the meeting if permission is granted by the Supervisory Board (Item 6.21 of the *Articles of Association*).

The *Articles of Association* stipulate the **composition** of the Supervisory Board. The Supervisory Board has nine members: six are elected by the AGM, and the Company's Works Council elects three employee representatives.[3] The President of the Supervisory Board is always elected from the AGM-appointed members. Members are appointed for a five-year term and can be reappointed.

At the 31st regular AGM on 10 July 2025, the terms of office of Jože Mermal, Dr Boris Žnidarič, Prof. Dr Julijana Kristl, and Prof. Dr Matej Lahovnik expired. The AGM elected Jože Mermal, Prof. Dr Julijana Kristl, Boštjan Furlan, and Sanja Savič to new five-year terms. Another two shareholder representatives sit on the Supervisory Board: Luka Cerar elected by the AGM on 6 July 2023, and Mojca Osolnik Videmšek re-elected by the AGM on 11 July 2024.

The President of the Supervisory Board is Jože Mermal. His deputies are Prof. Dr Julijana Kristl, a shareholder

[3] Note to ESRS 2 GOV-1 – The role of the administrative, management, and supervisory bodies (21(b) Representation of employees and other workers)

representative, and Dr Mateja Vrečer, an employee representative. If the President of the Supervisory Board is absent, the shareholder representative replaces him, and if the latter is also absent, the employee representative replaces him in turn.

The Supervisory Board's performance complies with legislation, the recommendations of professional associations, primarily the Slovenian Directors' Association, and other good-practice recommendations, particularly the *Slovenian Corporate Governance Code*.

Supervisory Board members' **remuneration, reimbursement, and other benefits** are not directly linked to the Company's performance and are disclosed in the 'Financial report' under the 'Notes to the consolidated financial statements' (note '30. Related party transactions') and in the Report on Remuneration of Management and Supervisory Board Members of Krka, d. d., Novo mesto, which the AGM reviews. In addition to attendance fees, members receive fixed amounts for exercising their functions and additional payments for membership on committees, chairing the Supervisory Board, acting as a deputy to its president, presiding over committees, and for special undertakings. All remuneration amounts were fixed by resolutions passed at the 29th regular AGM in 2023.

Supervisory Board members report to the Company and competent institutions on any acquisitions or disposals of Company shares, and Krka makes the information public. Please find the disclosure on how many Krka **shares** Supervisory Board members hold in the 'Financial report' under the 'Notes to the consolidated financial statements' (note '30. Related party transactions').

In addition to the *Companies Act*, the *Rules of Procedure of the Supervisory Board* govern any potential **conflict of interest of the members**. Supervisory Board members must consider the Company's objectives when discharging their duties and accordingly subordinate any personal interests or individual interests of third parties. All members were asked to complete a conflict of interest questionnaire. The questionnaire is available on the Krka website. The *Rules of Procedure of the Supervisory Board* outline steps to be taken by members in the event of a **conflict of interest**. The document is available at http://www.krka.si/sl/za-vlagatelje/arhivi/dokumenti-o-upravljanju-druzbe/. A conflict of interest may constitute grounds for abstaining from the vote. Any non-temporary material conflict of interest may be grounds for terminating a member's term of office and is assessed when drafting the proposal for that person's election.

The work of the Supervisory Board and related committees is detailed in '2025 Supervisory Board report', published on SEOnet (http://seonet.ljse.si) of the Ljubljana Stock Exchange, ESPI of the Warsaw Stock Exchange, and Krka's webpages together with the *2025 Annual Report*.

Supervisory Board members

Jože Mermal
President of the Supervisory Board

Jože Mermal (born 1954) comes from Ljubljana and holds a university degree in economics. Since 2019, when BTC introduced the one-tier management system, Mermal has chaired the company's management board. He had successfully managed BTC for over 26 years before that, having worked creatively in many senior managerial positions since 1978.

He was the driving force behind the project to restructure and transform public warehouses into a thriving, dynamic, and rapidly expanding company that has also become one of Europe's largest business, shopping, entertainment, recreation, culture, and innovation centres: BTC City. As the founder and strategist of BTC, he has been supporting investments in development to achieve the company's long-term goal: making BTC an open company for future generations. Under his stewardship, the company has forged long-term business partnerships through various initiatives, creating a unique business ecosystem and seeking new opportunities and challenges in an age of mass society, globalisation, innovation, and sustainable development. BTC has received a plethora of awards and prizes for various community projects.

In partnership with the Municipality of Ljubljana, he has been involved in setting up the Šmartinska District Partnership, a 230-hectare urban regeneration project for the city of Ljubljana. Crystal Palace, the Radisson Blu Plaza Hotel, and Ikea have been constructed as part of the project. He has also collaborated with the Municipality of Ljubljana in setting up the Intermodal Logistic Terminal (ILT) Ljubljana.

Under his management, ABC Accelerator was established in 2015. Its principal function is to develop a start-up business ecosystem. He also holds key managerial roles in various sports organisations and at international sporting events. He is also involved in cultural, educational, humanitarian, and scientific events.

He has received several awards for his work, including Manager of the Year in 1997 and the Primus Award for Excellence in Communication from the Slovenian Public Relations Society in 2001. He is a keen advocate of culture and was named Cultural Patron of the Year in 2011. His visionary leadership and creativity at BTC earned him the Vision Manager Award in 2012, conferred by public relations experts from south-eastern Europe. In 2013, the Municipality of Ljubljana conferred the Marjan Rožanc Award on Mermal for sporting achievements. The Chamber of Commerce and Industry of Slovenia awarded him in 2013 for exceptional business and entrepreneurial achievements in the large companies category. Under Mermal's management, BTC has become the first – and, to this date, the only – Slovenian company listed on the London Stock Exchange. In 2015, he received a gold plaque from the Managers' Association of Slovenia for more than two decades of support. The highest managerial lifetime achievement award followed it: the Best Manager of South-Eastern Europe 2016 award, bestowed by the Independent Agency for the Selection and Promotion of Managers. Mermal was awarded the title of a 2017 honorary citizen of Ljubljana, the highest honour bestowed by the Municipality of Ljubljana, for his contribution to the renown, significance, and development of the municipality and its inter-city and international relations. At the awards for best managers and companies from central and south-eastern Europe, he received the Best Manager and Best Company in Europe lifetime achievement award in 2019. In 2020, the Managers' Association of Slovenia awarded Mermal the Lifetime Achievement Award in Management. In 2024, he was honoured with two lifetime achievement awards. At the Fourth World Congress of Entrepreneurs in Montenegro, he was presented with the Stvaratelji za stoljeća 2023 grand award and recognition for his lifetime entrepreneurial accomplishments. He also received the SPORTO award for his exceptional promotion of sports brands.

Luka Cerar

Luka Cerar (born 1976) holds a master's degree in international finance. He is the Vice President Finance (CFO) for the European region at Albaugh TKI, d. o. o. He is accountable for finance, treasury, controlling, strategic planning, reporting, IT, and taxation across Europe, the Near East, and Africa, where fifteen Albaugh's legal entities operate at three production sites. Albaugh is one of the global leaders in the production and sale of post-patent crop and plant protection products.

Before joining Albaugh, Cerar worked as CFO of the Atlantic Grupa in Slovenia. He gained ample experience in the pharmaceutical industry. Between 2001 and 2019, he completed many demanding strategic and financial assignments at Novartis and Sandoz, also having worked abroad for 12 years in Austria, Germany, Denmark, and Croatia. His most recent posts at Novartis' subsidiary in Slovenia were as finance director and director. He received the 2018 Team of the Year award from Novartis Slovenia and an award from Novartis in 2016 for improving performance analyses. Sandoz awarded him in 2013 for the best practice in finance.

Cerar graduated in economics from the Faculty of Economics in Ljubljana in 2000. He continued his studies in the UK and France, at Westminster Business School and SKEMA Business School, respectively, where he earned his master's degree in international finance in 2004. In 2007, Cerar earned the Novartis Business Diploma from Harvard Business School.

Cerar holds a certificate issued by the Slovenian Directors' Association, which evidences his qualifications to sit on a supervisory or management board.

Boštjan Furlan

Boštjan Furlan (born 1972) is a mechanical engineer. He is a member of the executive board at Forvia Hella, one of the leading automotive technology companies, and directs Hella Saturnus Slovenija d. o. o. He is in charge of the Lighting Business Division and companies in Germany, Slovenia, and Slovakia. He draws up strategic and short-term plans, manages strategic group projects, and is involved in process optimisation, investments, innovation, and new business opportunities in world markets, aligned with trends in the automotive industry. He is also responsible for key customers. Digitalisation, automation, lean manufacturing, efficient processes, and the restructuring of the product portfolio are his primary concern. As the director, he regularly handles risk management, business organisation, key human resource issues, investments, and new product launches.

From 2014 to 2020, Furlan successfully led the restructuring of Hella Saturnus Slovenija. He advanced his managerial and recruitment skills through training programmes, including LEAD Program Hella, Management Academy GL, and Talent Review Management. He completed courses in innovation, development, manufacturing, and quality assurance under ISO TS 16949 and BiQS.

He holds a Certificate of Qualification for members of supervisory boards or boards of directors issued by Nebra d. o. o., Ljubljana, Slovenia.

Prof. Dr Julijana Kristl
Deputy President of the Supervisory Board and President of the Supervisory Board's Human Resource Committee

Julijana Kristl holds a PhD in pharmaceutical sciences and worked at the Faculty of Pharmacy at the University of Ljubljana from 1977 until 2021. She upskilled through programmes at the University of Geneva and the University of Lyon, as well as within the pharmaceutical industry.

Her scientific career began in pharmaceutical technology. Her greatest achievements include sustainable development and deploying pharmaceutical nanotechnology in Slovenia and beyond. Her work initially focused on developing and evaluating API nanodelivery systems that support innovative modes and new treatment mechanisms. Other notable achievements include lipid and polymer nanostructure (various nanoparticles and nanofibres) research and development, the discovery of mechanisms to increase active substance solubility and bioavailability, and the understanding of the correlation between structural composition and real-time cell response upon contact. Owing to her achievements, she is a pharmaceutical nanotechnologist of global renown. In 2021, the Ministry of Education, Science and Sport of the Republic of Slovenia awarded Kristl the Zois Lifetime Achievement Award. She was awarded emeritus status by the University of Ljubljana in 2022 for her significant contributions to the development of pharmaceutical science and for her dedicated pedagogical and scientific work.

Throughout her career, she held many managerial posts, including Vice-Dean, Head of the Chair of Pharmaceutical Technology, Dean of the Faculty of Pharmacy, and Vice-Rector at the University of Ljubljana (two terms). She is an active member of many prominent state-level commissions and committees. Since 2021, she has actively participated in the council of the Slovenian Quality Assurance Agency for Higher Education, Slovenian Directors' Association, Slovenian Pharmaceutical Society, and the Outstanding Achievements Awards and Recognition Committee of the Republic of Slovenia.

Professor emeritus, she is committed to research and to gaining and sharing know-how with students and the scientific and business communities. She sets high professional goals, is future-focused, and acts in the community's best interests. Her knowledge, personal skills, independence, and autonomy provide a solid foundation for a successful tenure on the Supervisory Board of Krka.

Mojca Osolnik Videmšek
President of the Audit Committee

Mojca Osolnik Videmšek (born 1966) holds a university degree in economics. She sits on the management board of Gorenjska banka, d. d., a bank, and is responsible for operations, information technology, and digital transformation. A bank employee since 2014, she sat on the management board in charge of finance and risk management, then served as the director of the bank's subsidiary GB Leasing, d. o. o. She has been on the management board of the bank again since 2022.

Before taking up employment with Gorenjska banka, she was responsible for various areas of work at another Slovenian bank, NLB, d. d., primarily concerning corporate governance of the bank and the NLB Group, human resource management, and corporate communications. As director of Capital Investments Management and Control, she sat on several supervisory boards and chaired audit committees of subsidiaries in Slovenia and abroad.

She has additionally acquired expertise through executive roles in public administration. Between 1994 and 2003, she headed the Office of the Prime Minister of the Republic of Slovenia; directed the Administrative Office of the Prime Minister of the Republic of Slovenia; and – for a short period of time – acted as Secretary General at the Ministry of Foreign Affairs

of the Republic of Slovenia. She holds a certificate from the Slovenian Directors' Association. She sat on the management board of the Slovenian Directors' Association for three terms of office.

Sanja Savič

Sanja Savič (born 1981) holds a master's degree in law and has more than 20 years of experience working in international environments at the four largest audit firms. Until October 2025, she served as the head of the legal department at PwC Svetovanje, d. o. o., and still works for them under a contract. She has also been serving as a consultant. Savič primarily focuses on corporate, labour, and tax matters, as well as corporate compliance.

She has been serving as a legal consultant to many Slovenian and international companies across various industries, including automotive, pharmaceutical, finance, food, real estate, aviation, waste management, publishing, wholesale, education, IT, energy, and telecommunications. She has managed many acquisitions, due diligence reviews, and corporate restructurings. Her broad insight includes personal data protection and the establishment and winding up of companies.

Besides legal affairs, she also handles business development, strategy development, and talent development. She actively participates in expert and economic associations. Savič is a member of the Strategic Council for Taxes at the Chamber of Commerce and Industry of Slovenia; a co-chair of the AmCham Future of Work and Education Committee; a member of the Section of Young Managers and the Artemida Award Selection Committee at the Managers' Association of Slovenia; and a member of the Section of Corporate Lawyers.

She holds a certificate from the Slovenian Directors' Association, which evidences her qualifications to sit on a supervisory or management board. In 2020, she successfully finished a course in sustainable business strategy at Harvard Business School Online.

Dr Mari Božič

Mari Božič (born 1964) is Assistant Head of Pharmaceutical Development. She has been with Krka since 1981. Holding a degree in economics, she has specialised in business economics, completed postgraduate studies in management, and earned a doctoral degree in quality management. She built on her secondary school knowledge of pharmacy and chemistry through work experience in various pharmaceutical production, research, and development departments. In 2004, the Slovenian Institute of Quality and Metrology (SIQ) certified Božič as an internal auditor for the quality management system.

Bolstered by her work experience, her expertise was instrumental in establishing the quality system at Pharmaceutical Development Pilot Plant in 2002. She took over its management in 2007 and has successfully performed her duties for nearly 17 years. During the expansion of development facilities, she joined several project teams, including the construction of the Pharmaceutical Development Pilot Plant, the largest project.

Since 2005, she has been a member of the Krka Works Council and has served as its President since 2023. She is also a member of the Association of Works Councils of Slovenia. Continuously upskilling, Božič participates in conferences, publishes articles, and has co-authored two scientific monographs. In October 2024, she was elected president of the Strategic Council of the Faculty of Organizational Sciences for a four-year term of office.

The Works Council appointed Božič as an employee representative to the Supervisory Board for a five-year term of office, commencing on 21 June 2024. She holds a certificate from the Slovenian Directors' Association, which evidences her qualifications to sit on a supervisory or management board. Božič is a member of the Slovenian Directors' Association, and was appointed to the Programme Council for the 2025–2029 term.

Tomaž Sever

Tomaž Sever was born in 1967. After graduating as a mechanical engineer, he earned a master's in management and organisational sciences. He has been employed at Krka since 1995. He is Deputy Director of Sales and Director of Region Central Europe, entrusted with market research; establishing and expanding Krka's presence in individual markets; specifying the product range; recommending pricing strategies for individual markets; taking part in the preparation of sales campaigns; designing, developing, and managing distribution channels; and participating in the sales network creation

abroad. Before joining Krka, he worked for IBM Slovenia from 1992 to 1995, first as an information systems sales representative and later as a manager of information system installation projects.

Sever has been an employee representative on the Krka Supervisory Board for four terms. The Works Council elected him to the Supervisory Board as an employee representative for another term of office, commencing on 21 June 2024.

Dr Mateja Vrečer
Deputy President of the Supervisory Board

Mateja Vrečer has worked at Krka since 1990. She started as a pharmaceutical engineering graduate, later passing the pharmaceutical engineering certification examination, and then pursued a master's degree and a doctorate in pharmaceutical sciences. She started out in Research and Development, managing product registration and launch campaigns in Slovenia. In 1997, she was appointed Deputy Director of Quality Management, and in March 2007, she took up the role of Head of International Quality Assurance. She managed customer complaints, contractors, supplier verifications and approvals, and headed inspections and partner audits. In September 2011, she accepted the position of Director of Quality Management.

In 2023, she received the Boris Andrijanič Award for Remarkable Achievements.

She has served several terms as an employee representative on the Krka Supervisory Board. The Works Council appointed Vrečer as an employee representative for another term of office, commencing on 21 June 2024.

Borut Šterbenc
Independent Accounting and Audit Expert, Member of the Audit Committee

Certified auditor Borut Šterbenc (born 1978 in Ljubljana) holds a university degree in economics. He graduated from the Faculty of Economics, University of Ljubljana. On 1 January 2020, he assumed chairmanship of the management board of Kolpa, d. d., Metlika. Up to 2011, he was a project manager at KPMG, where he planned, led, and conducted complex audits in many Slovenian companies, including Krka, Intereuropa, Sava, NEK, and Lama. Šterbenc is also a supervisory board member at Pokojninska družba A, d. d. and an experienced rapporteur to governance and supervisory bodies. He is a certified auditor registered with the Agencija za nadzor nad revidiranjem (Agency for Public Oversight of Auditing). He also holds a certificate of professional competence for supervisory and management board membership issued by the Slovenian Directors' Association. He is fluent in English, Croatian, and Russian.

Management Board

The Management Board's primary **duties** are to:

- Manage the Company and make business decisions directly and independently;
- Adopt the development strategy of the Krka Group following endorsement by the Supervisory Board;
- Ensure appropriate risk management; and
- Act with the reasonable care and diligence of a good and honest manager and protect business secrets.

The Management Board has **five members**:

- President of the Management Board;
- Three members, and
- A worker director representing employee interests regarding human resource and social issues.[4]

The President and other members of the Management Board of Krka were not members of any governance or supervisory bodies outside the Krka Group **in 2025**.

The term of office of Management Board members is six years. Members can be reappointed. The candidacy procedure and selection of the Management Board members took place in 2021, when the Supervisory Board appointed the Management Board for a term of office commencing on 1 January 2022.

[4] Note to ESRS 2 GOV-1 – The role of the administrative, management, and supervisory bodies (21(b) Representation of employees and other workers)

The Rules of Procedure of the Management Board set out the **operational functions and allocation of responsibilities within the Management Board**. The body's operating approach is to coordinate opinions and make decisions by consensus. Management Board members also have executive management duties in line with the *Rules of Organisation* and the *Rules of Procedure of the Management Board*. Every member is responsible for a specific number of organisational units, facilitating direct cooperation between the Management Board and the directors of those units.

Internal committees assist the Management Board in its work. The committees bring together Management Board members, managerial staff, and experts from individual sectors in Krka. They prepare the business policy and strategic guidelines for specific areas and have decision-making authority to implement annual plans and discussing benchmarks for certain product and service groups and business functions. Some committees also have responsibilities for managing material impacts, risks and opportunities.

Committee	Chaired by	Members	Core responsibilities
Directors' Committee	President of the Management Board and CEO	Member of the Management Board, Member of the Management Board and Director of Pharmaceutical R&D and Production, Member of the Management Board and Director of API R&D, Production and Supply Chain, Member of the Management Board – Worker Director, Assistant Chief Executive, and directors or heads of organisational units (legal affairs, human resources, new products, quality, marketing, sales, finance, corporate performance management, information technology, engineering and technical services, public relations, internal audit, occupational safety and health, industrial property, and public services)	Monitoring annual targets to achieve Krka Group long-term strategic goals and actions to improve business process efficiency
Sales Committee	President of the Management Board and CEO	Directors or heads of organisational units (sales, marketing) and directors of key markets	Supervising the compliance with Krka Group strategic goals in implementing the sales strategy, decision-making about sales activities, and reporting to the Management Board on sales, risks, and sales activities
Development Committee	Member of the Management Board and Director of Pharmaceutical R&D and Production	President of the Management Board and CEO, Member of the Management Board and Director of API R&D, Production and Supply Chain, and directors or heads of organisational units (pharmaceutical R&D and production, API R&D, production and supply chain, new products, marketing, sales, quality, engineering and technical services, legal affairs, industrial property protection, and medical affairs)	Supervising the implementation of development projects and the management of associated risks, and ensuring the alignment of development projects with Krka Group strategic goals
Quality Committee	President of the Management Board and CEO	Member of the Management Board, Member of the Management Board and Director of Pharmaceutical R&D and Production, Member of the Management Board and Director of API R&D, Production and Supply Chain, and directors or heads of organisational units (quality, pharmaceutical R&D and production, API R&D, production and supply chain, new products, purchasing, marketing, sales, information technology, engineering and technical services, and occupational safety and health)	Supervising the quality management system's operation, including quality, environment, occupational safety and health, food safety, information security, business continuity and other matters, and monitoring the attainment of strategic criteria and goals, and risks associated with quality

Investment Committee	President of the Management Board and CEO	Member of the Management Board, Member of the Management Board and Director of Pharmaceutical R&D and Production, Member of the Management Board and Director of API R&D, Production and Supply Chain, and directors or heads of organisational units (engineering and technical services, corporate performance management, marketing, sales, new products, quality, and information technology)	Supervising investment activities, ensuring efficient resource use and the attainment of strategic benchmarks in investments, fixed asset acquisition, and major maintenance works, and monitoring the risk associated with investment project implementation
Human Resource Committee	President of the Management Board and CEO	Member of the Management Board, Member of the Management Board and Director of Pharmaceutical R&D and Production, Member of the Management Board and Director of API R&D, Production and Supply Chain, Member of the Management Board – Worker Director, and directors of key organisational units (human resources, quality, marketing, sales, and corporate performance management)	Supervising the compliance with Krka Group strategic goals in implementing the human resource strategy, monitoring the implementation of human resource targets, adopting actions to improve the human resource policy and working conditions, and reporting to the Management Board on human resource activities, risks, and proposed actions
Information Technology Committee	Member of the Management Board responsible for information technology	President of the Management Board and CEO, Member of the Management Board and Director of Pharmaceutical R&D and Production, Member of the Management Board and Director of API R&D, Production and Supply Chain, and directors or heads of organisational units (information technology, quality, Information Security Officer)	Supervising the operation of IT systems and ensuring their availability, security and compliance, monitoring the compliance with Krka Group strategic goals in implementing the IT strategy, promoting digitalisation and deployment of modern technologies and artificial intelligence into business processes, and reporting to the Management Board on the status of IT processes, risks, and proposed actions
Economics and Finance Committee	Member of the Management Board responsible for economics and finance	Directors or heads of organisational units (corporate performance management, engineering and technical services, information technology, quality, marketing, API R&D, production and supply chain, pharmaceutical R&D and production)	Supervising the cost-effectiveness of business processes and the performance of and/or return on investment projects, monitoring the implementation of the financial strategy to attain Krka Group strategic goals, and reporting to the Management Board on economic indicators, risks, and proposed actions
Corporate Identity Committee	President of the Management Board and CEO	Member of the Management Board, Member of the Management Board and Director of Pharmaceutical R&D and Production, and directors or heads of organisational units (public relations, human resources, marketing, sales)	Devising and reviewing the corporate communication strategy, adopting actions to improve corporate image and transparency, and reporting to the Management Board on the company's reputation, risks, and proposed actions
Sustainability Committee	Member of the Management Board responsible for sustainability	Member of the Management Board and Director of Pharmaceutical R&D and Production, Member of the Management Board and Director of API R&D, Production and Supply Chain, Assistant Chief Executive, Sustainability Coordinator, directors or heads of organisational units (marketing, sales, quality, corporate performance management, human resources, public relations, occupational safety and health, pharmaceutical R&D, purchasing, environmental protection)	Supervising the implementation of sustainability policies and strategy, and key activities to manage material sustainability impacts, risks, and opportunities

Remuneration, reimbursements, and other benefits for Management Board members are established in accordance with the *Remuneration Policy for Management and Supervisory Bodies* (Article 294a of the *Companies Act*) and detailed in individual management service contracts between the Supervisory Board and each Management Board member, aligning with the aforementioned remuneration policy. In compliance with the *Companies Act*, a consultative resolution at the AGM decides the remuneration policy for management and supervisory bodies.

In 2025, all remuneration paid to Management Board members was settled **in cash**. The data are disclosed in the 'Financial report' under the 'Notes to the consolidated financial statements' (note '30. Related party transactions') and in the *Report on Remuneration of Management and Supervisory Board Members of Krka, d. d., Novo mesto*, which is reviewed by the AGM (Article 294b of the *Companies Act*).

Management Board members and their related parties report to the Company and the competent institutions on any **acquisition or disposal of** the Company's or related parties' **shares**. Krka makes this information public.

The obligations of Management Board members regarding potential conflicts of interest are regulated by the *Companies Act* and guided by the *Rules of Procedure of the Management Board*, which adhere to best practices, notably those outlined in the *Corporate Governance Code for Listed Companies*. In accordance with the *Rules of Procedure of the Management Board*, members are required to demonstrate unwavering loyalty to the Company. They must disclose any conflict of interest to the Supervisory and Management Boards immediately, but no later than three days after it arises. Throughout their tenure, they are obliged to adhere to regulations prohibiting anticompetitive practices. Under the *Rules of Procedure*, they can accept seats on supervisory bodies of companies outside the Krka Group only after notifying and obtaining approval from the Supervisory Board of Krka. In 2025, no member of the Management Board of Krka was a member of a supervisory body of any company outside the Krka Group. The existence of any conflict of interest is assessed prior to their nomination.

As regards the Management Board's powers, the shareholders adopted a resolution at the 29th AGM held on 6 July 2023, **authorising** the Management Board to **acquire treasury shares** over a 36-month period, provided that aggregate holding of treasury shares, including newly acquired shares and those already held, do not exceed 10% of the Company's share capital. The Company informed the public about the treasury share repurchase programme on the Ljubljana Stock Exchange SEOnet website (http://seonet.ljse.si).

Management Board Members

Jože Colarič
President of the Management Board and CEO

Jože Colarič (born 1955 in Brežice, Slovenia) completed his secondary education at Gimnazija Novo mesto (Slovenia), then pursued his studies at the Faculty of Economics in Ljubljana, graduating in 1979.

He has been employed at Krka since 1982. He started in the Finance Sector, initially heading Foreign Currency Payments, and later was promoted to Assistant Director. In 1989, he began managing the Exports Department within the Import-Export Sector. Two years later, he became Deputy Director of Import-Export.

Early in 1993, Colarič was appointed Deputy Chief Executive for Marketing and Finance. In September of the same year, he also assumed management of the Marketing-and-Sales Sector.

In 1997, he was appointed to the Management Board. The following year, the Supervisory Board appointed him Deputy President of the Management Board, and in 2002, endorsed him as a future president of the Management Board, making him responsible for nominating candidates for the new Management Board team.

At its meeting on 12 July 2004, the Supervisory Board appointed Colarič as President of the Management Board and Chief Executive Officer. His five-year term of office began on 1 January 2005. At their meeting of 21 January 2009, the Supervisory Board appointed him for another six-year term of office commencing on 1 January 2010. Under his management, Krka has developed into a leading global generic pharmaceutical company, establishing a strong foundation for future expansion. Colarič's approach is driven by Krka's in-house expertise, continuous product development, annual investments, talent acquisition, and regular dividend payments. In 2015, the Supervisory Board unanimously appointed

him President of the Management Board and CEO for a new six-year term of office commencing on 1 January 2016. When that term of office ended, the Supervisory Board appointed him President of the Management Board and CEO for another six-year term of office commencing on 1 January 2022. The Supervisory Board unanimously approved the unchanged Management Board put forward by Colarič and the Worker Director proposed by the Works Council for the 2022–2027 term of office. The Management Board composition remains unchanged for the 2022 to 2027 term of office.

Dr Aleš Rotar
Member of the Management Board and Director of Pharmaceutical R&D and Production

Aleš Rotar (born 1960 in Zadar, Croatia) graduated in pharmacy from the Ljubljana Faculty of Natural Sciences and Engineering in 1984, and earned a master's degree seven years later. In 1993, he received his MBA from IEDC, Brdo. He earned his doctorate from the Faculty of Pharmacy, Ljubljana, in 2000.

He started working at Krka in the Stability Department in 1984. In 1991, he was appointed Head of Pharmaceutical Technology and two years later Head of Pharmaceutical Development within Research and Development. In 1998, he was appointed Deputy Director; in 1999, he was appointed Director of Research and Development.

He was appointed to the Management Board in 2001. He began his second term on 31 July 2002 and was reappointed from 31 July 2007 to 31 December 2009. Rotar has been Director of Research and Development since 2002. At its meeting on 29 July 2009, the Supervisory Board reappointed him to the Management Board for a further six-year term of office, commencing on 1 January 2010. Rotar has played a key role in advancing Krka's in-house research and development, contributing significantly to expanding knowledge and establishing business functions. Recognising his strong performance, in November 2015, the Supervisory Board unanimously appointed Rotar to the Management Board for a new term of office from 2016 to 2021, following a nomination by Colarič. During that term, he successfully integrated development and production processes into Pharmaceutical R&D and Production, one of Krka's largest organisational units. Synergies between experts from development and production enhanced technology transfer and product life-cycle management, leading to higher production output. During his term of office, Krka almost doubled product launches.

Following his 2021 nomination by Colarič, the Supervisory Board unanimously appointed him to the Management Board for another six-year term of office commencing on 1 January 2022.

Dr Vinko Zupančič
Member of the Management Board and Director of API R&D, Production and Supply Chain

Vinko Zupančič (born 1971 in Novo mesto, Slovenia) finished his secondary education at Gimnazija Novo mesto. He graduated from the Faculty of Pharmacy in Ljubljana in 1996, earning a master's degree in pharmacy. In 1998, he passed a certification examination in pharmacy and in 2010, earned a doctorate from the Faculty of Pharmacy.

He joined Krka in 1997 as a trainee in Warehousing and Product Supply Transport. In 1998, he became a warehouse systems specialist and then a senior warehouse systems specialist. In 2000, he assumed the role of assistant to the Head of Warehouse and Transport Services. In 2002, he became Deputy Head of Supply Chain in Product Supply. Commencing on 1 February 2004, Zupančič took up his appointment as Director at Krka's representative office in Bangalore, India. He returned to Krka in Slovenia on 1 July 2005 as Head of Supply Chain in Product Supply. He was appointed Deputy Director of Product Supply on 1 December 2008, and Director of Product Supply on 1 January 2010.

On 29 July 2009, the Supervisory Board appointed him to the Management Board for a six-year term commencing on 1 January 2010. Krka's significant competitive edge lies in manufacturing most of the APIs and raw materials we require, thereby improving product economics and reducing response time. Zupančič has been integral to the success of this strategy. Following his 2015 nomination by Colarič, the Supervisory Board unanimously appointed him to the Management Board for a term of office from 2016 to 2021. He successfully managed raw material development, production, and the supply chain during that term. He played a key role in supply chain management for finished products, from improving raw material economics to optimising processes. He is also credited with continuously streamlining warehousing capacity and optimising road and other modes of transport.

Following his 2021 nomination by Colarič, the Supervisory Board unanimously appointed him to the Management Board for another six-year term of office commencing on 1 January 2022.

David Bratož
Member of the Management Board

David Bratož (born 1976 in Novo mesto, Slovenia) holds a university degree in economics. Having finished his secondary education at Gimnazija Novo mesto, he continued his studies at the Faculty of Economics in Ljubljana. He graduated in 2000, specialising in finance.

Bratož began his career at Krka in 2001 in the Finance department, where he managed several major projects. In 2003, he began working in Sales, Region Central Europe, primarily responsible for the Polish market. Owing to his strong performance, he was appointed Director of Krka - Polska in 2007, where he managed marketing, sales, production, and distribution operations. Two years later, he was appointed President of the Board of Directors.

Bratož and his team worked together to make Krka - Polska one of the largest and most successful Krka subsidiaries. During his tenure in Poland, product sales and production volume doubled, earning him and Krka - Polska numerous awards.

Bratož has extensive knowledge across all business functions of a large corporation. Following his 2015 nomination by Colarič, the Supervisory Board appointed him to the Management Board for his first term of office from 2016 to 2021. He contributed to the revision of our development strategy and was also responsible for overseeing finance, the economics of international and domestic business operations, Krka Group controlling, business intelligence, and the development of business informatics. He spearheaded the implementation of business compliance, corporate integrity, and personal data protection at the Company. During his term of office, Krka accelerated digitalisation, adopted cloud technologies, and enhanced information security. He leads the expert team tasked with enhancing sustainable management at the Company. As a member of the Management Board, Bratož liaises closely with the Works Council and the two trade unions. He is also responsible for employee recreation, work-time meals, housing matters, and Krka's societies.

He is a member of the management board of the Chamber of Commerce and Industry of Slovenia and the president of the management board of the Chamber of Commerce of Dolenjska and Bela krajina.

Following his 2021 nomination by Colarič, the Supervisory Board unanimously appointed him to the Management Board for another six-year term of office commencing on 1 January 2022.

Milena Kastelic
Member of the Management Board – Worker Director; Deputy Director of Pharmaceutical Production

Milena Kastelic (born 1968 in Novo mesto) holds a degree in food technology. After finishing her secondary education at Gimnazija Novo mesto in 1986, she enrolled at the Biotechnical Faculty at the University of Ljubljana. In 1991, she won the Prešeren Award for her undergraduate diploma thesis, 'Evaluation of glucoamylase activity in yeast *Saccharomyces diastaticus*'. In 1993, she completed training in work design at the REFA Association in Germany.

She began her career at Krka in 1992 and has been a valuable member of the team ever since. Over nearly three decades, her professional journey has been closely tied to herbs, the production of non-prescription products, and prescription pharmaceuticals for human use and animal health. She completed her traineeship in the Auxiliary Medicinal Products and Herbs Programme with an assignment on the technology of drying plant-based raw materials. She worked as a production technologist for five years. In 1996, she became the Head of the Plant for the Production of Herbal Medicines, today's Bršljin Department, which she successfully managed until April 2018. From January 2016 until July 2021, Kastelic also headed the Semi-Solid, Liquid and Other Products Department. In July 2021, she took up the position of Deputy Director of Pharmaceutical Production. She also delivers employee training.

As Krka's internal auditor for 15 years, she has played a key role in enhancing the Company's business processes. This role enabled her to gain insights into the operations of various organisational units, the significance of their close collaboration, and the outcomes of their collective efforts.

In 2015, the Works Council nominated her for the role of Worker Director. The Supervisory Board appointed her to the Management Board as Worker Director for her first term of office from 2016 to 2021. Kastelic is well-trusted by the employees, which led to her reappointment as Worker Director by the Works Council in 2021.

Consequently, the Supervisory Board unanimously appointed her to the Management Board as Worker Director for a further six-year term of office commencing on 1 January 2022.

2025 Diversity Policy for Management and Supervisory Boards

Since 2020, Krka has adhered to its *Diversity Policy for Management and Supervisory Bodies*, further strengthening it in 2024 with the introduction of the *Diversity, Equity, and Inclusion Policy for the Krka Group*.

At the end of 2025, the Company's five-member Management Board consisted of one female and four male members, while the nine-member Supervisory Board included five female and four male members. In total, there were six female and eight male members of the Management and Supervisory Board. In 2025, women accounted for 55.6% of the Supervisory Board structure, constituting 42.9% of the Management and Supervisory Boards.

In 2025, the gender representation, calculated as the average ratio of females to males, was 0.25 for the Management Board and 1.25 for the Supervisory Board.

The Directors' Committee, which is subordinate to the Management Board, serves as the highest internal body of Krka and the Krka Group. At the end of 2025, the Directors' Committee comprised 12 men (57.1%) and 9 women (42.9%). At the end of 2025, Krka's subsidiaries and representative offices were led by 20 female directors (37.7%) and 33 male directors (62.3%).[5]

Key areas of the *Diversity Policy for Management and Supervisory Bodies of Krka* include gender, age, and qualification profile diversity. The policy pursues a balanced gender structure, suitable interdisciplinarity, and an age structure that allows for the transfer of experiences and knowledge. The policy primarily addresses the diversity of the Management and Supervisory Boards.

The *Diversity, Equity and Inclusion Policy of the Krka Group* applies to all Krka employees. It serves as the basis for further reinforcing our expectations of business partners throughout the entire value chain.

Krka has always ensured equal opportunities for its employees, irrespective of gender, race, colour, age, health status or disability, religious or political beliefs, any other belief, trade union affiliation, national or social origin, family status, financial standing, sexual orientation, or any other personal particulars.

The *Diversity Policy for Management and Supervisory Bodies of Krka* is monitored by: (a) Human Resource Committee of the Supervisory Board; (b) Supervisory Board; (c) Management Board; (d) Works Council; (e) any committees involved in procedures for selecting members to management and supervisory bodies; and (f) Human Resources of Krka.

Krka integrates the principles of the *Diversity, Equity and Inclusion Policy of the Krka Group* into its strategy, activities, and values, ensuring the necessary resources and support for its implementation, monitoring, and updating. Heads at all levels are responsible for ensuring compliance with these provisions.

Governance of the Krka Group

The Krka Group comprises the controlling company Krka and subsidiaries in Slovenia and abroad. Generally, Krka is the sole owner of the subsidiaries incorporated as limited liability companies.

Uniform governance, organisation, and operation rules are applied to all companies in the Krka Group, unless otherwise required by national legislation. The controlling company sets the strategies and objectives for all individual subsidiaries in the Krka Group and monitors their implementation. To ensure cohesive management and supervision across the Group, the controlling company's Management Board also acts as the AGM of all subsidiaries.

One exception is the joint venture in India, established in 2024 by Krka and Laurus Labs Ltd. from India. Krka holds

[5] Note to ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies (21(a) The number of executive and non-executive members; 21(d) Percentage by gender and gender representation)

a 51% stake in the new company, while Laurus holds 49%. Krka has three representatives on the company's five-member Board of Directors, including the President.

Another significant exception is Ningbo Krka Menovo Pharmaceutical Co. Ltd., a subsidiary in China, where Krka holds a 60% shareholding and the Chinese partner, Ningbo Menovo, holds a 40% shareholding. Krka has two representatives on the company's three-member Board of Directors, one of whom is the President.

Internal audit

Internal auditors perform their duties in the Krka Group based on the Internal Audit Strategy and the Annual Work Plan in compliance with the applicable rules (*Global Internal Audit Standards*, the *Code of Internal Audit Principles*, and the *Code of Professional Ethics of Internal Auditors*).

In accordance with the 2025 Annual Work Plan, nineteen regular internal audits were conducted using the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology. The COSO methodology is globally recognised and provides a comprehensive basis for monitoring risk management and internal control systems. Internal auditors use this methodology to assess the achievement of audit objectives in several categories: business operations, reporting, and compliance with the regulations of each audit area.

Internal audit reviewed processes in: sales, R&D – biotechnology, medical research and pharmacovigilance, industrial property, bulk product and packaging technologies, sterile and non-sterile liquid production, strategic marketing, technical and computer system validations, technical procurement, technical services, and business operations IT support. Regular internal audits were also conducted in several subsidiaries and representative offices in Slovenia and abroad. Moreover, internal auditors provided consulting services in line with the aforementioned standards. In 2025, Internal Audit was involved in the update of the *2026–2030 Krka Group Development Strategy*.

Internal auditors provided assurance that the internal control systems in the audited areas and processes had been established, functioning, and effective in achieving set objectives. However, opportunities for improvement were identified, resulting in recommendations categorised by individual risk levels, along with the ongoing follow-up of their implementation.

Internal auditors work with the Krka Supervisory Board, its Audit Committee, and external auditors. In line with the standards, Internal Audit has been subject to four independent external quality assessments (last in 2024). Each time, we received an overall opinion confirming that Internal Audit activities generally conform with the relevant standards.

Internal controls and risk management relating to financial and tax reporting

The Krka Group has established internal controls, i.e. guidelines and procedures at every level of operation to manage financial, and tax reporting risks. Internal controls ensure the reliability of reporting and compliance with applicable legislation and other internal and external regulations. The Management Board is responsible for establishing internal control and risk management mechanisms while ensuring transparent reporting in line with regulations and good practice. Our internal controls ensure the reliability of information for decision-making and reporting.

Accounting controls, including internal tax controls, are based on the principles of veracity and segregation of duties, transaction controls, updated accounting records, reconciliation of accounting balances and the actual balance, separation of record-keeping from payment transactions, professionalism of the accounting staff, and independence. Implementing standard information systems in subsidiaries and developing business information systems facilitate the exchange of accounting data between the subsidiaries and the controlling company, and therefore also control of information.

The *Krka Group Tax Strategy*, *Krka Group Tax Code of Conduct*, and the *Krka Group Tax Conduct Statement* set out the policy, objectives, guidelines, and principles of tax management, including transfer pricing, based on principles and rules of ethical conduct and good business practices and standards of conduct, which are defined in Krka's *Code of Conduct*. The *Tax Strategy* and the *Krka Group Tax Conduct Statement* are available at www.krka.si.

The basic guidelines and principles that the Krka Group follows in the tax field are to: comply with the legislation in the country in which we operate; settle tax liabilities voluntarily and on time; avoid risky tax decisions; consider the tax

perspective when changes occur or when introducing new business models or transactions; track changes in tax legislation and continuously train employees involved in the tax process; work with tax authorities and ensure open, fair and constructive cooperation, and maintain a good partnership. All this should be ensured through the appropriate organisation and functioning of the Krka Group's tax function and clearly defined responsibilities.

Accounting and tax controls are closely linked to information technology controls, which, among other things, serve to restrict and control access to networks, data, and applications and the completeness and accuracy of data capture and processing. Authorised external agents also verify the compliance of operations and the existence of the requisite controls within information systems annually.

We manage risks related to the consolidated financial statements of the Krka Group by directing the accounting activities and their supervision in the subsidiaries and by auditing the annual financial statements of the majority of Krka Group subsidiaries.

External audit

The audit firm KPMG SLOVENIJA, podjetje za revidiranje, d. o. o., audits the financial statements of the controlling company, the consolidated financial statements of the Krka Group, and the Sustainability statement. The shareholders appointed the audit firm as the auditor for financial years 2025, 2026, 2027, and 2028 at the 31st Annual General Meeting of Krka held on 10 July 2025. The external auditor reports audit findings to the Management Board, Supervisory Board, and the Audit Committee of the Supervisory Board.

Transactions between Krka and the audit firm KPMG SLOVENIJA, podjetje za revidiranje, d. o. o., and transactions between the Krka Group companies and individual audit firms are disclosed in the 'Financial report' under the 'Notes to the consolidated financial statements' ('35. Transactions with the audit firm').

Composition of Supervisory Board of Krka as at 31 December 2025

Name and surname	Jože Mermal	Luka Cerar	Boštjan Furlan[a]	Julijana Kristl	Mojca Osolnik Videmšek	Sanja Savič[a]	Mari Božič	Mateja Vrečer	Tomaž Sever
Function	President	Member	Member	Deputy President[b]	Member	Member	Member	Deputy President	Member
First appointed	2015	2023	2025	2010	2019	2025	2024	2005	2005
Duration of current term of office	2030	2028	2030	2025	2029	2030	2029	2029	2029
Representing	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Employees	Employees	Employees
Meeting attendance record	7/7	7/7	2/2 since member	7/7	7/7	2/2 since member	7/7	7/7	7/7
Gender	Male	Male	Male	Female	Female	Female	Female	Female	Male
Citizenship	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1954	1976	1972	1953	1966	1981	1964	1966	1967
Education and qualifications	University degree in economics	University degree in economics and master's degree in international finance	University degree in mechanical engineering	PhD in pharmaceutical sciences	University degree in economics	Master's degree in law	PhD in quality management	PhD in pharmaceutical sciences	University degree in mechanical engineering and master's degree in management and organisational sciences
Independent according to *Corporate Governance Code for Listed Companies*	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Conflict of interest in the financial year	In 2025, no permanent or relevant conflicts of interest were identified in respect of any Supervisory Board member. Statements of independence are published on the Company website.								
Committee membership	No	Member of the Audit Committee	Member of the Audit Committee	President of the Human Resource Committee since 17 September 2025[c]	President of the Audit Committee	Member of the Audit Committee and the Human Resource Committee	No	Member of the Human Resource Committee and the Audit Committee	Member of the Human Resource Committee and the Audit Committee
Attendance record at regular committee meetings	Not a member	6/6	1/1 since member	3/3	6/6	1/1 at Audit Committee meetings since member	Not a member	3/3 at Human Resource Committee meetings and 6/6 at Audit Committee meetings	3/3 at Human Resource Committee meetings and 6/6 at Audit Committee meetings since member
Membership of supervisory bodies of other companies	Supervisory Board members, especially shareholder representatives, have seats on supervisory or management boards of other companies, but not to the extent that would influence their work on the Supervisory Board of Krka. They comply with the provisions of the *Companies Act* (ZGD-1).								
Leading or managerial position in public administration or with regulatory bodies that would allow lobbying	No member held such a position in 2025 or during the preceding two-year reference period.								
ESG expertise under ESRS[6, 7]	Received several awards for his visionary work in the economy and activities in culture, sports, education, and the humanitarian field (S1, S3, S4, G1)	Contributed significantly to the development of expertise and practice in the financial field as an expert in international finance, analyses, and strategic planning (S2, S4, G1)	Leadership experience in process optimisation and efficiency, risk management, and business organisation (G1	Long-time professor and dean at the Faculty of Pharmacy; Extraordinary achievements include developing and establishing pharmaceutical nanotechnology in	Leadership experience in banking, risk management, compliance, and corporate governance support (E1, S4, G1)	Authored many scientific papers on corporate governance, taxation, compliance, and labour law; As a legal expert, she advised companies in the energy sector and in waste management (S1, S4, G1)	Long-standing work on quality, employee inclusion, and participation in management; Elected employee representative on the Supervisory Board (S1, S4, G1)	Experience in the field of quality (Head of Quality Management at Krka); Elected to the Supervisory Board as an employee representative (S1, S2, S4, G1)	Leadership and organisational experience in responsible sales (Deputy Director of Sales at Krka); Elected to the Supervisory Board as an employee representative (S1, S4, G1)

[a] Until 21 August 2025, Prof. Dr Matej Lahovnik and Dr Boris Žnidarič were members of the Supervisory Board.
[b] Until 21 August 2025, Prof. Dr Matej Lahovnik was Deputy President of the Supervisory Board.
[c] Until 21 August 2025, Dr Boris Žnidarič was President of the Human Resource Committee.

In 2025, all members of the Supervisory Board were independent[8]. Their independence was assessed using a questionnaire from the *Corporate Governance Code for Listed Companies*, adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association.

[6] Notes to ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies (21. (c) experience relevant to the sectors, products and geographic locations of the undertaking)
[7] Notes to G1 ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies (5. (a) the role of the administrative, management and supervisory bodies related to business conduct; and 5. (b) the expertise of the administrative, management and supervisory bodies on business conduct matters)
[8] Notes to ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies (21. (e) the percentage of independent board members)

External members of committees as at 31 December 2025

Audit Committee

Name and surname	Borut Šterbenc
Function	Independent external expert of the Audit Committee in accordance with Article 280 of the *Companies Act*
Meeting attendance record	6/6
Gender	Male
Citizenship	Slovenian
Year of birth	1978
Education and qualifications	Holds a university degree in economics with experience in planning, leading, and conducting complex audits; Is a certified auditorregistered with the Agency for Public Oversight of Auditing
Independent according to *Corporate Governance Code for Listed Companies*	Yes
Membership of supervisory bodies of other companies	Member of the hedge fund committee of Pokojninska družba A, d. d
ESG expertise	Transparency in terms of reporting and business operations; Is a certified auditor

Composition of Management Board of Krka as at 31 December 2025

Name and surname	Jože Colarič	Aleš Rotar	Vinko Zupančič	David Bratož	Milena Kastelic
Function	President	Member	Member	Member	Member, Worker Director
Remit on the Management Board	Marketing, sales, human resources, investments, public relations, legal affairs, new products to a certain extent, certain administrative services	Research and development of finished products, new products, quality management, occupational health and safety	API R&D and production, supply chain management	Corporate performance management, finance, information technology, sustainable operations (including an analysis of impacts, risks, and opportunities in this area that are significant for the Krka Group), relations with trade unions and works council, certain administrative services	Acts as a workers' representative and represents their interests in human resource and social issues
First appointment to the Management Board	1997	2001	2010	2016	2016
Duration of current term of office	By the end of 2027				
Gender	Male	Male	Male	Male	Female
Citizenship	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1955	1960	1971	1976	1968
Education and qualifications	University degree in economics	PhD in pharmaceutical sciences	PhD in pharmaceutical sciences	University degree in economics	University degree in food technology
Membership of supervisory bodies of non-related parties	No	No	No	No	No
Independent	Yes. Members' independence is assessed upon their appointment. Under the *Rules of Procedure of the Management Board*, members must immediately disclose any conflicts of interest. The *Rules of Procedure of the Management Board* propose measures to manage such conflicts.				
Leading or managerial position in public administration or with regulatory bodies that would allow lobbying	No member held such a position in 2025 or during the preceding two-year reference period.				
ESG expertise[9, 10]	Extensive leadership experience; Numerous awards for running a large corporation; An outstanding reputation as a good businessman; Under his leadership, Krka developed into one of the leading international generic manufacturers (E1, E2, E3, E4, E5, S1, S3, S4, G1)	Knowledge of and extensive experience in the development and production of quality products for accessible healthcare (managing development, research, pharmaceutical production, new products) (E1, E2, E5, S1, S2, S4, G1)	Supply chain management, contributed to the uninterrupted supply of medicines in markets and a resilient and flexible vertically integrated business model (E1, E2, E5, S2, S4, G1)	Responsible for sustainability improvements with regard to Krka's[1] operations; Contributed to the development of the local community (Krka's societies); Contributed to tax and reporting transparency (responsible for the relevant organisational unit) (E1, E2, E3, E4, E5, S1, S2, S3, S4, G1)	Effective representation of workers' interests concerning human resource and social issues as well as health and safety at work (S1, S2, S3, S4, G1)

[1] Participation of the relevant Management Board member in training and professional meetings on sustainable operations

Year	Training and events outside Krka	Internal training sessions	Total hours
2023	3	2	20.1
2024	4	3	26.4
2025	1	0	3.2

An independent external body has not verified the information regarding the training of the relevant Management Board member.

The composition and amount of the Management Board members' remuneration are disclosed in the 'Financial report' under the 'Notes to the consolidated financial statements' ('30. Related party transactions'). Further details are available in the *Report on Remuneration of Management and Supervisory Board Members of Krka, d. d., Novo mesto*, which is presented to the AGM. Since 2022, it has been available as part of the AGM materials.

[9] Note to ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies (21(c) Experience relevant to the sectors, products and geographic locations of the undertaking)

[10] Note to G1 ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies (5(a) The role of the administrative, management and supervisory bodies related to business conduct; and 5(b) The expertise of the administrative, management and supervisory bodies on business conduct matters)

Corporate Governance Code compliance statement

In 2025, Krka's code of reference was the *Slovenian Corporate Governance Code for Listed Companies* (hereinafter: the *Code*), adopted on 2 December 2024 by the Ljubljana Stock Exchange and the Slovenian Directors' Association. The *Code* entered into force on 1 January 2025 and is published on the Ljubljana Stock Exchange website.

We, the Management and Supervisory Boards of Krka, tovarna zdravil, d. d., Novo mesto, Slovenia, hereby declare that in 2025, individual members of the Management and Supervisory Boards and the Management and Supervisory Boards as bodies of a listed company acted in compliance with the principles and recommendations of the *Code*. Some of the recommendations were not implemented in full. However, we have always endeavoured to implement these recommendations and to identify suitable ways to do so. Any derogations from the *Code* are explained below.

In the context of self-assessment, the Supervisory Board can establish an annual training plan for its members and determine indicative training costs. In 2025, no proposal for additional training was put forward, so the plan was not adopted (Item 15.1 of the *Code*).

Supervisory Board members evaluated the Board's performance in full accordance with the methods and the *Supervisory Board Assessment Manual* prepared by the Slovenian Directors' Association. The evaluation was carried out professionally and objectively. Since external professional support was not required in 2025, no external assessment of the Supervisory Board's performance was conducted in collaboration with a specialised institution or other experts (Items 16.2 and 16.4 of the *Code*). The Internal Audit of Krka monitors corporate governance procedures to the extent required by *International Standards for the Professional Practice of Internal Auditing*.

We use a digital application to securely distribute Supervisory Board materials. Supervisory Board members can access the archive until the end of their terms in office (Items 14.2 and 14.6 of the *Code*), which complies with our *Information Security Policy*.

According to our *Rules of Procedure of the Supervisory Board*, the President of the Supervisory Board has two deputies: a shareholder representative and an employee representative. This is necessary to ensure employee representatives are included in the bodies' key activities. The *Rules of Procedure of the Supervisory Board* state that when the president is absent or unavailable to attend, the shareholder representative is first to assume the president's duties, and only in the former's absence does the employee representative assume this role. This ensures we do not deviate significantly from the *Code*, which stipulates that only a shareholder representative may act as Deputy President of the Supervisory Board (Item 17.4 of the *Code*).

In 2025, Krka's 'Corporate governance statement' was reviewed by an external auditor as part of the regular audit. No additional external assessment of the adequacy of the statement was performed (Item 5.6 of the *Code*).

In the 'Corporate governance statement' section of Krka's *2025 Annual Report*, we do not list any association of the Management and Supervisory Board members with any governance or supervisory bodies of non-related companies in the uniform tables (Attachments C1 and C2 to the *Code* in force). The Management Board members do not hold corporate governance and supervisory roles outside the Krka Group, while information about the Supervisory Board members' engagements is included in their CVs (Item 5.5 of the *Code*).

In line with the *Remuneration Policy for Management and Supervisory Bodies*, variable remuneration is always paid in two instalments: the first part mid-year based on semi-annual results; and the second part as back pay after the Supervisory Board confirms the annual report at their meeting (Item 23.2 of the *Code*).

The Supervisory Board revised the Management Board variable remuneration criteria in 2012, 2014, 2016, and 2018, taking into account additional Management Board duties related to business strategy, changes in the business climate, and remuneration trends. In 2022, the Supervisory Board further adjusted the remuneration policy and submitted it to the AGM for approval for the first time. In line with the shareholders' comments at this AGM, the Supervisory Board revised the remuneration policy again in 2023. It was approved with 97.45% of the vote during the consultative voting at the 29th AGM in 2023. The Supervisory Board did not set the criteria annually, as recommended in Item 14.11 of the *Code*, because they relate to the Krka Group's long-term development strategy.

Under the *Rules of Procedure of the Management Board*, Management Board members may sit on supervisory boards of non-related companies only after informing and obtaining approval from the Company's Supervisory Board. This is a partial derogation from Item 21.6 of the *Code*, which applies to all companies, not just non-related ones.

On the proposal of the Audit Committee, the Supervisory Board proposed to the AGM that the existing audit firm, KPMG Slovenija, podjetje za revidiranje, d. o. o., which has demonstrated a high standard of work over the past three years, be reappointed as the auditor of the financial statements of Krka, d. d., Novo mesto, and of the consolidated financial statements of the Krka Group, as well as for the audit of the Krka Group's consolidated sustainability report, for the financial years 2025, 2026, 2027, and 2028. The Committee and the Supervisory Board therefore did not establish criteria for the selection between competing auditors (Item 28.1 of the *Code*).

We publish contact details for investors and the public on our website, but do not list names of individuals (Item 31.2 of the *Code*), as multiple people are responsible for different areas.

We also published the Rules of Procedure of the Supervisory Board. In the 2025 'Corporate governance statement', we disclosed the composition, remits, and other aspects concerning the operation of our bodies, providing all essential information on corporate governance. We did not publish any additional operational documents related to the bodies' performance in 2025 (Item 32.7 of the *Code*).

Two members of the Supervisory Board, i.e., employee representatives, could be regarded as members of the wider management team under certain criteria (Item 13 of the *Code*). This is despite the fact that they cannot make entirely independent decisions in their respective areas of work concerning financial resource allocations, employment, or strategy. These two members have served for more than three terms of office, but are not dependent members (Statement of independence of Supervisory Board members).

We also adhered to the majority of the provisions of the applicable *Best Practice for GPW Listed Companies* code, which applies to companies listed on the Warsaw Stock Exchange. We explain discrepancies in a separate document published through the Warsaw Stock Exchange dissemination system.

Novo mesto, 23 March 2026



Jože Colarič
President of the Management Board and CEO



Jože Mermal
President of the Supervisory Board

Signatories to the ‘Governance statement’ and its constituent parts



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

Krka Group development strategy

The current Krka Group development strategy covering the five years from 2026 to 2030 was prepared by the Management Board and approved by the Supervisory Board of Krka in November 2025. The strategy focuses on maximising added value for the Krka Group and investors. It covers all areas of the Krka Group operations, especially its core pharmaceutical and chemical activities. The strategy views the Krka Group as an international corporation, as it operates through subsidiaries and representative offices abroad, as well as through collaborative ventures with partners in all locations where it operates. It regards all business processes within the Krka Group, from development and production to marketing and sales, including all support processes. The Krka Group revises its development strategy every two years. The next revision is planned for autumn 2027.

Krka's development strategy focuses on strengthening the Krka Group strategic advantages and seizing opportunities. It is based on reinforcing the most important elements of our vertically integrated business model, serving as the foundation for our future growth and development. We regularly invest in research and development to enhance and expand our broad product portfolio across key therapeutic areas, particularly for treating chronic diseases. Focusing on cost-efficiency, we can secure sufficient quantities of high-quality, safe, and effective products. In marketing and sales, we leverage our own network, which is one of our key competitive advantages.

The generic pharmaceuticals market has entered a new phase, where gaining a competitive edge increasingly depends on the ability to supply adequate quantities of high-quality products, and focusing exclusively on new products is no longer enough. Markets occasionally experience product shortages due to supply chain issues, which are also linked to increasingly stringent quality controls and strict regulatory requirements. It is therefore even more important today than in the past to maintain the product portfolio from the perspective of the product life cycle and regulatory compliance.

Our business model and strategy are based on organic growth, built on carefully planned entries into new markets and the strengthening of our position in individual markets. Our production volume follows stable demand growth, which is expected to continue for medicines used to treat chronic diseases as life expectancy increases. Our in-house production capacities are increasingly complemented by our long-term partners and joint ventures, enabling flexibility and rapid volume increases. The objective of our joint venture in India is to expand production and development capacities significantly.

The development strategy builds on the mission, vision, and values of the Krka Group.

Mission, vision, and values
MISSION Living a healthy life.
VISION We are continually consolidating our position as one of the leading generic pharmaceutical companies in the world.
VALUES Speed and flexibility Partnership and trust Creativity and efficiency

Krka's strategic pillars

Our development strategy is defined within three strategic pillars.

PROVIDING ACCESS TO MEDICINES | **VERTICAL INTEGRATION** | **VALUE CREATION**

STRATEGIC PILLAR No. 1: PROVIDING ACCESS TO MEDICINES

Our primary goals and activities associated with this strategic pillar focus on the efficient use of our marketing-and-sales network and on strategic planning to enable both value and volume growth in sales, optimal product distribution, and the strengthening of the Krka brand reputation. To deliver on our mission of 'Living a healthy life', it is important to provide uninterrupted, sufficient supplies of high-quality, safe, and effective medicines to more than 100 million users across more than 70 markets, divided into six sales regions. Our key therapeutic areas are medicines for treating chronic diseases, primarily cardiovascular, central nervous system, and gastrointestinal conditions, as well as treatments for diabetes and pain, non-prescription products, and animal health products. Chronic diseases affect a wide proportion of the global population, often as a result of modern lifestyle and demographic trends such as the ageing population and increasing life expectancy. We are among the leading companies in the development and supply of combination medicines.

Key strategic objectives

- To attain at least a 5% annual sales growth on average.
- To strengthen our position among the five leading generic pharmaceutical companies in all traditional markets.

Key activities for achieving objectives

- Efficient utilisation of our own marketing and sales network
- Competitive product portfolio for chronic diseases
- Optimal and uninterrupted product distribution
- Organic growth and targeted acquisitions or joint ventures
- Strengthening the reputation of the Krka brand

STRATEGIC PILLAR No. 2: VERTICAL INTEGRATION

To ensure an uninterrupted supply of sufficient product quantities and further strengthen our product portfolio, it is important to operate efficiently and leverage the advantages of our vertically integrated business model. This provides us with robust operational resilience and allows for agile responses to market changes. Long-term strategic partnerships and joint ventures, which we are increasingly integrating into our business model, are also gaining importance. Key goals and activities include the development and production of active ingredients, the supply chain, the development and production of medicines, quality assurance and control, and efficient registration procedures. Strategic investments in expanding production capacities and state-of-the-art technological equipment are also of primary importance. These investments are also made with strategic partners and in joint ventures.

Key strategic objectives

- To regularly allocate 10% of revenue to research and development.
- To allocate an average of €150 million per year to expand and upgrade production, development capacities, and infrastructure facilities.

Activities for achieving objectives

- Development and manufacture of finished dosage forms (FDF) and APIs
- Efficient supply chain and sufficient manufacturing volumes

- High standards of quality assurance and control
- Efficient registration procedures
- Product lifecycle management
- Strategic investment, partnerships, and joint ventures

STRATEGIC PILLAR No. 3: VALUE CREATION

This strategic pillar focuses on goals and activities to generate long-term value for Krka's key stakeholders, including users of our medicines, investors, employees, and the broader social community. Through strategic planning, we strive to ensure that the positive impacts of our operations reach all stakeholders and contribute to strong business results. Accordingly, we plan for adequate profitability of our business operations, a long-term dividend policy, development and management of employee potential, a safe and healthy work environment, sustainable business practices, as well as corporate compliance and corporate integrity.

Key strategic objectives

- To achieve an average EBITDA margin of at least 25%.
- To allocate at least 50% of net profit attributable to majority shareholders for dividend payouts.

Key activities for achieving objectives

- Long-term profitability
- Long-term stable dividend policy
- Development and management of employee potential
- Safe and healthy work environment
- Sustainable business practices

Strategic objective success is measured against performance criteria established at three levels: the Krka Group, product and service groups, and business functions. The Management Board monitors the Group's performance criteria, while the relevant committees (Sales Committee; Development Committee; Economics and Finance Committee; Information Technology Committee; Human Resource Committee; Investment Committee; Quality Committee; Corporate Identity Committee; and Sustainability Committee) monitor criteria at the level of product and service groups and business functions. The guiding principle in managing the criteria system is to increase the competitiveness of the Krka Group as a whole and of individual Group companies. To maintain and improve the Krka Group's standing on the global stage, we leverage external opportunities and maximise internal strengths, particularly through coordinated, synergistic collaboration among organisational units within the Krka Group and the efficient management of partnerships across the value-added chain.

Please find detailed information about the *Development Strategy* at the corporate web pages at www.krka.biz.

Strategic goals and strategic activities in detail

STRATEGIC PILLAR No. 1: PROVIDING ACCESS TO MEDICINES

To attain at least a 5% annual sales growth on average.
To attain sales growth at least equal to the growth of local generic markets or leading providers of generic medicines in those markets. To maintain or achieve a leading position among generic pharmaceutical companies in traditional markets (in Regions East Europe, Central Europe, South-East Europe, Slovenia) and in selected therapeutic classes, while improving our position in selected western European and Asian markets.
To strengthen our position as one of the five leading generic pharmaceutical companies in all our traditional markets, which involves increasing our sales and market shares, especially in therapeutic classes with a traditionally strong Krka's presence (cardiovascular system, central nervous system, gastrointestinal tract, and pain relief), and in classes with a high growth potential (antithrombotic agents).
To maximise sales potential in all six sales regions and to focus primarily on key markets (the Russian Federation, Poland, Ukraine, Germany, Slovenia, Romania, Hungary, Czechia, Slovakia, and Croatia), key customers, and key products. In addition to key markets, Uzbekistan, Serbia, Bulgaria, and Vietnam are also important.
To enhance the visibility of Krka (Krka and TAD brands) and our market position in the markets of the Region West Europe, primarily through our subsidiaries, and to rank among the ten leading generic pharmaceutical companies in all markets of this region.
To market our products under our brand names in the Region Overseas Markets through partnerships with unrelated parties and through our subsidiaries. To continue production, registration and sales activities, and to win tenders in China through direct presence in the market. To continue activities for establishing production in the joint venture in India to ensure supply for Krka's existing and new markets, and to start activities for product registration and sales.
To ensure growth through long-term partnerships, joint ventures, targeted acquisitions, and organic growth. The primary goal is to increase sales by entering new markets and adding new products.
To provide a competitive and innovative product portfolio, including core products from key therapeutic areas for the treatment of chronic diseases in total sales, and aim to ensure the highest possible share of vertically integrated products, new products, and combination medicines. To develop heart failure and obesity therapeutic areas in addition to key therapeutic areas.
To rationally extend the non-prescription product range with products that complement key therapeutic areas within the prescription pharmaceuticals segment. To focus on Slovenia and the markets of Regions East Europe and South-East Europe.
To strengthen our position among providers of animal health products for companion animals.
To focus on companion animal products – the most promising segment in animal health – accounting for more than 70% of animal health sales. To supplement the range of antiparasitics and pain relief medicines with dermatologicals and cardiovascular agents. To maintain the range of products for farm animals. To focus on our key markets and markets in Region West Europe.
To strengthen partnerships and cooperation with distributors, pharmacies, pharmacy chains, and other key customers to achieve long-term growth in profitable sales.

STRATEGIC PILLAR No. 2: VERTICAL INTEGRATION

To strengthen and optimise the vertically integrated business model, proven to be an effective strategic guideline and a comparative advantage.
To timely supply sufficient product quantities to fulfil sales orders across all markets.
To introduce innovative products in key therapeutic areas, namely combinations, innovative delivery systems, and dosage forms.
To continue developing complex products, including complex peptide-based therapeutics, and enter new therapeutic areas as an innovative generic manufacturer.
To develop generic medicines, prepare relevant registration documents before data protection expires, and obtain marketing authorisations before the product patent or marketing protection expires, to be one of the first generic entrants.
To ensure cost competitiveness and manage further sales growth of established products under life cycle management principles, while taking into account new regulatory requirements on the safety and quality of medicines and obtaining additional marketing authorisations for new markets.
To manage the development and production of vertically integrated active ingredients manufactured at Krka and our contractual partners using Krka-owned technological processes and provide sufficient quantities of high-quality and cost-competitive active ingredients to be incorporated in our finished products.
To allocate 10% of revenue to research and development for continuous development of know-how and advanced technologies, and seek synergies in development through joint ventures and long-term partnerships.
To strengthen all types of connections with external institutions and companies in the field of development and elsewhere.

To ensure high standards of product quality, safety, and efficacy.
To carry out investments, major maintenance works, and advanced technical services to secure Krka Group's production, development, and technological capacities, including subsidiaries and joint ventures.
To allocate an average of €150 million per year to expand and upgrade production, development capacities, and infrastructure facilities.

STRATEGIC PILLAR No. 3: VALUE CREATION

To keep the focus on maximising the long-term profitability of the products sold from development and production to sales of finished products, including all other functions within the Krka Group, and to achieve an average EBITDA margin of at least 25%.
To strengthen professional and cost synergies within the Krka Group and maximise the utilisation of competitive advantages in the business environments of our business units abroad, including partnerships and joint ventures.
To pursue a stable dividend policy and consider the Krka Group's financial requirements for investments and acquisitions when determining the net profit share for dividend payment each year, and to allocate at least 50% of the net profit of the majority shareholders for dividends.
To strengthen, through targeted attraction, development, retention, and management of employee potential in an international environment, the Krka Group's internationalisation, and to ensure long-term workforce stability and the activation of all human resources to achieve the strategic and operational goals of the Krka Group.
To maintain and continuously improve a safe and healthy work environment while ensuring uninterrupted business operations.
To reduce the impact of financial risks on the Krka Group operations, especially credit and currency risks.
To effectively identify and manage sustainability risks, impacts, and opportunities to strengthen Krka's competitive advantages and maintain its long-term ability to achieve strategic goals and create value for stakeholders.
To upgrade the Krka Group's sustainability culture, integrate sustainability aspects into corporate governance and business decisions, and maintain our economic, social and environmental responsibility to the environments in which we operate.
To ensure transparent reporting, provide up-to-date information to investors and the financial community, and enhance the appeal of Krka share to investors.
To exploit the potential of digitalisation in all business phases, including the use of artificial intelligence tools.
To ensure the highest level of Krka's reputation and build trust among all stakeholders.
To uphold the highest standards of corporate ethics, integrity, and transparency in business operations.
To maintain independence.

Delivering on Krka Group objectives in 2025 and 2026 Krka Group business plan

Indicator	2025	2026 Plan
Product and service sales	€2,034 million	€2,132 million
Sales in markets outside Slovenia	94%	94%
Prescription pharmaceuticals (the primary product category)	83%	> 80%
Net profit	€403.7 million	€405 million
Increase in total number of employees in Slovenia and abroad	3%	2%
Investment in expanding and modernising production facilities and infrastructure	€95.5 million	€140 million

The 2026 business objectives derive from the *2026–2030 Krka Group Development Strategy* and are based on estimates, assessments, projections, and other available data. The Management Board believes projections are reasonable. In the event of major changes in the business environment, e.g., price erosion, rising raw material prices, exchange rate fluctuations for certain key currencies, or a decrease in demand for pharmaceutical products, actual operating results may deviate from the plan.

Sustainability management of the Krka Group

Sustainability management, which addresses environmental, social and corporate governance matters, is a fundamental driver of Krka's ability to **create long-term value and efficiently implement the Krka Group's development strategy**. Quality, innovation, talent management, the highest standards of corporate governance and responsible environmental and natural resource management have been the cornerstones of our growth and development for decades.

We strive to efficiently manage sustainability impacts, risks and opportunities and deliver on sustainability targets while ensuring transparent reporting. ESG governance and sustainability management are thoroughly integrated into our development strategy and business model. The *Annual report* again includes the sustainability statement formulated in compliance with the European Sustainability Reporting Standards. The sustainability statement was subject to an external audit.

We carefully plan the development of our products and all processes that impact both lives and the environment in which we operate. By upholding expertise, professionalism, ethical conduct, and stringent quality standards across all aspects of our operations, we establish trust with the patients and partners. Guided by sustainable management principles, we strive to improve our performance in nature protection, health and safety of people and animals, while actively shaping our social landscape.

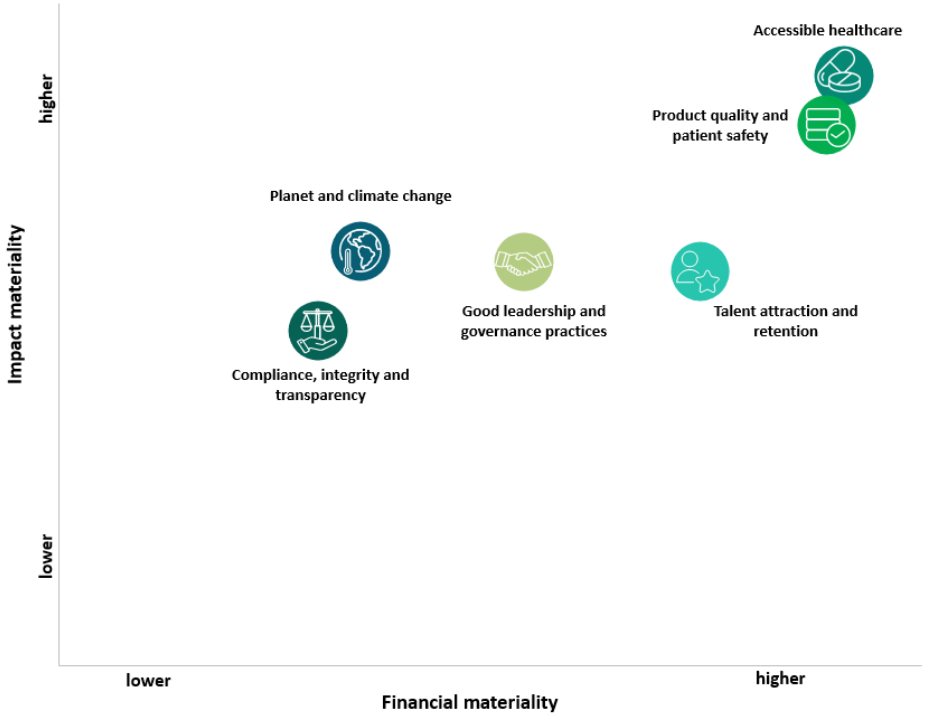
Krka's strategic sustainability areas

We have identified six strategically important sustainability areas, in which the impact of our operations on the social or natural environment is the most significant. These areas also relate to material sustainability-related impacts, risks and opportunities of the Krka Group.



Double materiality matrix of Krka's strategic sustainability areas

In assessing double materiality, we mapped strategically important sustainability areas within a double materiality matrix. The y-axis presents key sustainability areas based on the relative impact of Krka's operations and the value chain on the natural and social environment, reflecting impact materiality and addressing actual and potential positive or negative impacts. The x-axis presents sustainability areas regarding the actual or potential financial impact of sustainability-related risks and opportunities arising from these six strategic areas on Krka Group operations and financial results.



Strategically important sustainability areas are divided into sub-areas.



Accessible healthcare (S)

- Patient-tailored product portfolio
- R&D and a culture of innovation
- Uninterrupted supply of medicines
- Accessible medicines
- Efficient registration procedures
- Expert support for healthcare professionals
- Initiatives for raising awareness about healthy lifestyles and identification of widespread diseases



Product quality and patient safety (S)

- Integrated quality management system
- Quality, safety and efficacy of medicines and APIs
- Fair disclosure of adverse reactions, product labelling and anti-counterfeiting



Talent attraction and retention (S)

- Health, safety and well-being of employees
- Recruitment, development and talent management
- Employee diversity, inclusion and participation



Good leadership and governance practices (G)

- Supply chain and business continuity
- Resilient and flexible vertically integrated business model
- Animal welfare
- Information security
- Management diversity, independence and competence
- Contribution to local community development
- Sustainability-linked remuneration
- Prosperous business operations and financial strength
- Working conditions and workers' rights in the value chain
- Affected communities' rights



Planet and climate change (E)

- Climate change
- Circular economy
- Biodiversity and ecosystems
- Water and marine resources
- Pollution



Compliance, integrity and transparency (G)

- Legislative and regulatory compliance
- Comprehensive and accessible reporting
- Fair marketing and sales practices
- Tax policy and transparency
- Ethics in clinical trials and R&D

Policy, strategic goal and indicator compliance

In 2022, we made an important step forward in integrating sustainability perspective in our strategic planning and business operations in line with the Krka Group key strategic objectives up to 2026. We adopted strategic goals related to key sustainability areas. We integrated the entire sustainability management topic into the revised *2024–2028 Krka Group Development Strategy* and updated our strategic sustainability (ESG) goals accordingly. In 2025, we revised the goals to augment the monitoring of our management of material sustainability impacts, risks and opportunities. We included the goals into the revised *2026–2030 Krka Group Development Strategy* and outlined them in the *2026–2030 Strategic ESG Goals of the Krka Group*, published on Krka's website.

The Krka Group's *Environmental, Social and Governance (ESG) Policy* (hereinafter *ESG Policy*) applies to the controlling company and all its subsidiaries, demonstrating our commitment to applying sustainability principles and encouraging their integration into business processes across Krka's value chain. The *Policy* was discussed and adopted by Krka's Supervisory and Management Boards and published on SEOnet of the Ljubljana Stock Exchange, ESPI of the Warsaw Stock Exchange, and Krka's website. Alongside the *ESG Policy*, specific policies and other corporate documents are relevant in managing sustainability impacts, risks and opportunities, in particular *Krka's Code of Conduct*, the *Rules on Fraud Prevention, Detection and Investigation*, the *Quality Manual*, *Krka's Code of Promotion*, the occupational safety and health policy, the *Environmental Policy of the Krka Group*, the *Human Rights Policy of the Krka Group*, the *Diversity, Equity and Inclusion Policy of the Krka Group*, the *Due Diligence Policy of the Krka Group*, and the *Code of Conduct for Business Partners of the Krka Group*. Their adoption enhanced the Krka Group's corporate compliance.

Contribution to United Nations Sustainable Development Goals (UN SDG)

We identified the key United Nations Sustainable Development Goals that our operations help advance. **Goal 3 'Good health and well-being'** is the most significant, as our core business can play a major role in advancing it.

Main sustainable development goals from the Krka Group perspective



ESG score



On 3 December 2025, Krka received the **S&P Global CSA score of 55 out of 100** from S&P Global, the international credit and ESG rating agency.

The independent sustainability score reaffirms the outlined direction of the Krka Group's sustainable management practices and ESG governance, prioritising our corporate social responsibility and care for the health and well-being of patients. We provide them with access to high-quality, safe, and effective medicines produced in accordance with the highest standards of good manufacturing practice. Throughout this process, we prioritise environmental protection and reducing our environmental impact. Furthermore, we uphold the highest standards of business conduct, integrity, and transparency in the governance of the Krka Group.

In 2025, we further detailed our commitment to ensuring uninterrupted access to medicines, developing innovative generic products for the treatment of chronic diseases, and creating value under the three strategic pillars of the *2026–2030 Krka Group Development Strategy*. Doing so should deliver positive effects of our business to all Krka stakeholders. By achieving the goals, we pursue our mission '*Living a healthy life*'.

The score encourages and commits us to improve the sustainability practices of the Krka Group going forward.

ESG goals

In 2025, we updated our strategic ESG goals in key sustainability areas and incorporated them in the *2026–2030 Krka Group Development Strategy*, approved by Krka's Supervisory and Management Boards. Strategic ESG goals of the Krka Group enable us to monitor the management of material sustainability impacts, risks, and opportunities. The summary of strategic ESG goals is published on Krka's corporate website. Specific goals are detailed under relevant topical standards in the sustainability statement.

Strategic sustainability area	Indicator	Target	2025	2024	Area
Planet and climate change	Specific use of energy (energy use in MWh/million product units) (physical volume of production – in-house)	<22 MWh/ million product units	21.9	21.7	E1 – Climate change (Additional explanations to the targets: E1-4 – Targets related to climate change mitigation and adaptation)
	Scope 1 and 2 carbon footprint reduction compared to 2019 (up to 2030 target)	–48%	-48.7%	–48.4%	
	Number of deviations from legal requirements within operational monitoring of all emissions into the environment (air, water)	0	3	4	E2 – Pollution Additional explanations to the targets: E2-3 – Targets related to pollution)
	Water intensity (water use in m³/€ million net revenue) – entire Krka Group	Annual reduction by 1%	1,158	1,176	E3 – Water and marine resources (Additional explanations to the targets: E3-3 – Targets related to water and marine resources)
	Specific water consumption (water use in m³/million product units) (physical volume of production – in-house, excluding Terme Krka)	Annual reduction by 1%	89.7	81.5	
	Specific quantity of waste (waste in kg/thousand product units) (physical volume of production – in-house, excluding Terme Krka)	Annual reduction by 1%	0.72	0.73	E5 – Resource use and circular economy (Additional explanations to the targets: E5-3 – Targets related to resource use and circular economy
	Share of non-recyclable waste (including Terme Krka)	Annual reduction by 1%	67%	68%	
	Use of regenerated solvents (Krka Group, excluding Terme Krka)	>30%	34.0%	31.4%	

Objectives of reducing the Krka Group's carbon footprint by 2050

The Krka Group intends to further reduce its carbon footprint. We will monitor trends and leverage the best available decarbonisation techniques in transport and the supply of carbon-neutral energy sources (renewables, hydrogen, etc.) and utilise them in our processes wherever feasible. We will monitor requirements under the CS3D Directive regarding the preparation of the transition plan aligned with the *Paris Agreement* and climate neutrality by 2050. Emerging technologies, carbon-free energy sources, and new legislation will have a considerable impact on the effective implementation of sustainable environmental policies in the near future. Maintaining growth, development, and competitiveness in the global market is paramount for Krka.

Strategic sustainability area	Indicator	Target	2025	2024	Area
Product quality and patient safety	Critical non-compliances identified in inspections by authorised bodies or partner audits	0	0	0	S4 – Consumers and end-users (Additional explanations to the targets: S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
	Justified complaints to released batches ratio	<1.5%	0.64%	0.75%	
Accessible healthcare	Improving our product accessibility through annual sales volume growth	5% (annual average)	5%	2%	
	Improving our product accessibility through sales volume growth of medicines for treating chronic non-communicable diseases (cardiovascular diseases and diabetes) and direct contribution to sustainable development goals from the 2030 Agenda (UN)	3% (annual average)	7.2 %	7.2%	
	Improving the accessibility of our combination medicines for treating cardiovascular diseases, diabetes, and pain through annual sales volume growth of combination medicines	5% (annual average)	7%	10%	
	Direct customer satisfaction, measured by the CSI index	>80%	92.8%	93.3%	
	R&D expenses/revenue	10%	9.2%	9.7%	
Talent attraction and retention	Average training hours per employee (per year)	40	49.0	43.8	S1 – Own workforce (Additional explanations to the targets: S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
	Resources invested in training relative to revenue (per year)	0.35–0.5%	0.44%	0.44%	
	Key and promising employees among all employees	≥10%	13%	14%	
	Average organisational climate score	≥3.6	4.0	3.8	
	Maintaining and ensuring appropriate gender split (male-to-female ratio)	≥50% women	60%	60%	
	Employee turnover (per year)	≤15%	12.4%	12.6%	
	Share of female employees in senior management positions	≥50%	45%	47%	
	Rate of work-related injuries	<10	3.10	4.88	

Strategic sustainability area	Indicator	Target	2025	2024	Area
Compliance, integrity and transparency	Employees trained in sustainability, corporate compliance and human rights	All employees every two years	12,671	5,222	S1 – Own workforce (Additional explanations to the targets: S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
	Employees trained in sustainability		1,618	10,257	
	Documented cases of fraud, corruption, non-compliance, unethical, unprofessional, or unlawful conduct by employees	0	0	0	
	Cases of human rights violations	0	0	0	
	Unethical or legally inappropriate marketing activity claims	0	0	0	S4 – Consumers and end-users (Additional explanations to the targets: S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
	Off-label promotion claims	0	0	0	

2026 macroeconomic forecast

The Krka Group's dispersed international operations and vertically integrated business model ensure stable performance, even amid fluctuating and changing conditions in key sales markets.

Economic growth in Europe in 2025 exceeded initial expectations, reaching 1.4%, primarily due to the resilience of the European economy and its ability to navigate unprecedented shocks. In 2026, growth is expected to remain at a similar level, as key conditions are not expected to change despite persistent uncertainty and a challenging external environment.

Inflation in the euro area declined in 2025 and stabilised at 2.1%. In 2026, it is expected to hover around the target level of 2%. Across the broader European economy, inflation stagnated in 2025 at 2.5%. In 2026, it is expected to decline to 2.2%, mainly due to a slowdown in wage growth, which is reflected in lower price growth for services and food.

Private consumption grew somewhat more slowly than expected in 2025. Although household disposable income continued to increase, the savings rate remained relatively high, limiting consumption growth. In 2026, private consumption growth is expected to be more balanced, while public consumption growth is expected to slow due to lower wage growth in the public sector.

The downward trend in the unemployment rate in the European economy is expected to continue. Immigration will play an increasingly important role in meeting labour demand. Expected productivity gains and wage moderation are likely to lead to a marked slowdown in the growth of labour costs.

In 2025, the EU general government deficit edged up to 3.3% of GDP. In 2026, fiscal policies across individual countries are expected to diverge significantly, while the general government deficit across the European economy is expected to remain unchanged. The public debt-to-GDP ratio of the European economy increased to 83.2% in 2025. Owing to the persistently high general government deficit and elevated public debt-servicing costs, it is expected to increase again in 2026, to 84.5%.

Economic growth in the Russian Federation slowed to 1.0% in 2025 and is expected to decelerate further to 0.7% in 2026. Reduced fiscal policy flexibility is expected to lead to a higher tax burden, while persistent inflationary pressures are expected to result in the continuation of a tight monetary policy, thereby constraining economic activity. Inflation eased in 2025 and stood at 5.6% at year-end. The downward trend is expected to continue in 2026, with annual inflation projected to decline to 5.0%. However, one-off factors, such as increases in fuel and food prices and the forthcoming VAT increase, are expected to temporarily intensify inflationary pressures. The central bank remains committed to maintaining a tight

monetary policy in order to bring inflation down to its target level. At the end of 2025, the key interest rate stood at 16.0%, and is expected to decline to 12% in 2026.

Risk management

In accordance with legislation and good practice, risk management comes under the remit of the Management Board, which regularly reports on risks and adopted measures to the Audit Committee and the Supervisory Board. In every evaluation of business performance, the Audit Committee and the Supervisory Board are briefed about operational, business, and financial risk management. The '2025 Supervisory Board report' outlines the risk management work of the Audit Committee and the Supervisory Board. The Krka Group monitors its exposure to diverse risks daily and implements measures to manage those risks.

Three lines model of risk management

First line: management, directors, and heads of business areas

They are responsible for strategic operations, including risk management for related to implementing the development strategy of Krka and achieving its objectives. They are accountable for providing products and services, managing risks in day-to-day operations, and performing internal controls. The Management Board reports to the Supervisory Board and its committees, which ensure strategic guidelines, integrity, and oversight.

Second line: Quality Committee, Information Technology Committee, Investment Committee, Development Committee, Sales Committee, Human Resource Committee, Sustainability Committee, Business Continuity Officer, Information Security Officer, Chief Compliance Officer, Sustainability Coordinator.

They monitor risks and prepare expert assessments with recommendations for their mitigation, while ensuring that risks remain at an acceptable level. They report to the Management Board and propose risk-management measures within their areas of responsibility. Risks are also managed through accounting and application controls, as well as physical security measures. Descriptions of the committees are provided in Krka's Corporate governance statement.

Third line: Internal Audit

Internal Audit provides independent and impartial assurance and offers advice on matters related to achieving Krka Group objectives, including risk management, in accordance with the *International Standards for the Professional Practice of Internal Auditing*. It ensures that activities related to internal auditing are aligned, coordinated, communicated effectively, and carried out in cooperation with the first and second lines of risk management. It reports directly to the Supervisory Board and the Audit Committee. This preserves its independence and objectivity, and protects the interests of Krka without any potential conflicts of interest.

In addition to the responsible persons in these lines, external assurance providers, who are not part of the Krka Group – such as external auditors, external supervisors, inspectors, and assessors – also play an important role.

Risk management is integrated into all business processes across the Group. The controlling company centrally manages financial risks at the Group level, while subsidiaries independently manage business and ESG risks in accordance with the controlling company's guidelines. We apply numerous standard operating procedures relating to quality systems, other bye-laws, and instructions that outline the activities and responsibilities crucial to enabling uninterrupted operations and mitigating risks.

In our risk management efforts, we use the Krka Group *Risk Register*, which provides a comprehensive overview of risks across the entire Group and serves to timely identify and manage factors that may hinder the achievement of our objectives. It is updated at least once every two years, and each time the *Krka Group Development Strategy* is revised. The Risk Register was updated in 2024.

We use the following risk management support tools:

- The *Integrity Plan* complements the *Risk Register* and addresses matters of ethics, integrity, and compliance;
- Guidelines from the *Business Continuity Strategy* (ISO 22301);
- Guidelines from the *Information Security Management Systems* (ISO 27001);
- Principles of good manufacturing practice (GMP), other good practices;
- HACCP principles;
- ISO 14971 for managing quality requirements for medical devices;
- ISO 14001 for environmental management systems and the *Krka Group Environmental Policy;*
- ISO 9001 for quality management;
- ISO 45001 for occupational health and safety management systems;
- ISO 13485 for medical devices;
- Guidelines relating to the integration of quality management in all business processes (*Quality Manual, Krka Group Quality Policy*); and
- *Krka Group Environmental, Social and Governance (ESG) Policy*.

Sustainability risks in the environmental, social, and governance (ESG) areas are integrated into the *Krka Group Development Strategy*, encompassing all aspects of sustainable business operations, including strategic ESG goals. They are managed as part of various risks and included in the risk management processes. Governance approaches for specific strategic sustainability areas are defined in the *ESG Policy* (material ESG topics), adopted by the Krka Management Board and Supervisory Board. They are also addressed in the *Sustainability Statement*, per the *European Sustainability Reporting Standards* (*ESRS*), as part of identifying and assessing impacts, risks, and opportunities, as well as in the double materiality assessment. This also includes establishing new business policies and activities and upgrading existing ones to effectively manage sustainability risks and opportunities, and to reduce the negative impacts of Krka's operations on the natural and social environment. The Sustainability Committee, Supervisory Board, Management Board, ESG coordinator, and ESG managers designated for specific organisational areas share the responsibility for Krka's sustainable management.

Below, we outline Krka's significant operating risks and our corresponding risk management approaches. Every risk assessment is based on the extent of the damage and the likelihood of its occurrence. The extent of the damage can be assessed as light, moderate, or severe, and the probability of its occurrence can be low, moderate, or high. The final assessment of an individual risk is made by simultaneously considering both assessments, with due regard to the effectiveness of risk control measures already in place. Based on this, the risk is categorised as low, moderate, or high. In specific areas, we incorporate ESG risks. We have also defined a category of general ESG risks and emerging ESG risks that are not covered by other risk categories. We are gradually integrating these risks into existing risk management areas while developing a systematic risk management approach. We ensure this by establishing policies, setting ESG goals and key performance indicators, and ensuring their appropriate strategic positioning.

OPERATIONAL RISKS AND BUSINESS CONTINUITY				
Risk area	**Risk description**	**Control activities**	**Preliminary risk assessment**	**Latest risk assessment**
Availability of critical resources to ensure production and sales of key products	Unplanned stoppages and unavailability of key resources for production and sales of finished products (employees, buildings, equipment, various materials, utilities, information, epidemiological situation)	Business continuity management system, business impact analysis, requirement for the availability of critical resources and services, risk analysis by area; measures to increase process resilience against disturbance and mitigate consequences of incidents, supervision of hygiene, organisational, and technical measure implementation to prevent the spread of infections, business continuity plans for critical processes, training, tests, and drills	Moderate	Moderate
Supply of APIs and finished products	Failure to ensure timely and competitive procurement of production materials and finished products, and inefficient utilisation of production resources	Careful supply chain planning in consideration of the economic, health, and political situation around the world, pandemics, natural disasters, explosions, etc., careful planning of production material inventories, maintaining contingency stocks, ensuring several sources from various locations; providing adequate production capacities at Krka's sites and alternative sites, presence of Krka experts at certain production sites of contract manufacturers, establishing remote technology transfer, fast adaptation to sudden increases in product demand by providing additional resources and adjusting priorities; setting up alternative transport routes for production materials and finished products, establishing additional warehouse capacities with external providers	Moderate	Moderate
Quality management	Loss of a manufacturing authorisation, distribution permit, or marketing authorisation	Adhering to legal and regulatory requirements and implementing necessary activities to achieve compliance in the Krka Group and with key strategic partners; maintenance and continuous improvement of the established quality management system at all production sites of the Krka Group and with key strategic partners; and oversight of processes and product quality	Moderate	Moderate
Technical services	Inadequate supplies of energy and industrial media to processes and substandard technical maintenance	Alternative energy supply resources, robustly designed media supply systems, redundant system and equipment capacities, provision of key spare parts, and carefully planned maintenance processes; adhering to legislation and other regulations and trends; employee education and training, monitoring of employee competence	Moderate	Moderate
Information technology	Business process disruption due to disruptions in information resources	Independent security checks and preventive measures to rectify disruption; assessment of different types of risks, information technology continuity plan, recovery procedures following major incidents and disasters	Moderate	Moderate

OPERATIONAL RISKS AND BUSINESS CONTINUITY				
Risk area	**Risk description**	**Control activities**	**Preliminary risk assessment**	**Latest risk assessment**
Employees	Workplace accidents or injuries, infectious diseases (epidemic, pandemic)	Risk assessment system for technological procedures, system for workplace risk assessment, preventive measures, implementation of sanitary, health-related, and organisational precautionary measures that prevent the introduction and spread of potential infections, while also ensuring uninterrupted continuity of all work processes	Moderate	Moderate
	Issues arising from the epidemiological situation in the country, unplanned increase in absences, and shortages of personnel in the labour market	Employee interchangeability, new recruitment methods, appropriate and regular communication with employees, employee education and training, reorientation of activities to basic processes in the case of a significant loss of available personnel (e.g. pandemic, natural and other disasters)		
Protection of property	Alienation and destruction of property	Security plan, systematic threat assessment, and implementation of necessary measures	Moderate	Moderate

BUSINESS RISKS				
Risk area	**Risk description**	**Control activities**	**Preliminary risk assessment**	**Latest risk assessment**
Research and development	Ineffectiveness of development processes; inadequacy of regulatory procedures and supply of new products	Detailed planning of development projects and management of regulatory processes	Moderate	Moderate
Marketing and sales	Regulation of the international business environment and sales markets, and inadequacy of marketing activities	Responding to changing geopolitical situations and statutory requirements related to business operations in markets, establishing standardised, compliant, and transparent sales and marketing activities, continuously educating and testing employees' knowledge, using modern communication tools and channels	Moderate	Moderate
Intellectual property	Infringement of third-party intellectual property rights or unjustified use of Krka's intellectual property	Monitoring the patent landscape, respecting third-party intellectual property rights, and forming provisions where required	Moderate	Moderate
Quality management	Substandard quality of processes that fail to ensure product suitability and regulatory compliance, substandard quality of products, and failure to maintain the validity of manufacturing authorisations, GMP certificates, and other certificates	Adhering to legal and regulatory requirements, implementation of improvements and new statutory requirements in routine work processes, planning of control procedures and quality assurance, regular evaluation and assessment of quality risks, supervision of quality assurance for products, processes and services, successful inspections and audits, achievement of expected quality and performance indicators, adherence to quality-related strategic objectives	Moderate	Moderate

BUSINESS RISKS				
Risk area	**Risk description**	**Control activities**	**Preliminary risk assessment**	**Latest risk assessment**
Environmental protection	Climate change, waste removal issues, environmental pollution due to hazardous substance spills and emissions during emergencies; deviation from environmental emission limits, and loss of reputation due to excessive environmental pollution	Effective control of the environmental management process, monitoring of regulatory requirements, continuous emission monitoring; application of best available techniques to reduce environmental impact, safe storage and responsible handling of hazardous substances, maintaining a high level of environmental awareness among employees and contractors, partnering with multiple top-tier business partners in waste management	Moderate	Moderate
Investment projects	Poor decisions on investing in production and other capacities, and implementation of investments	Constant supervision of all project phases, plan monitoring, systematic selection of contractors, adhering to legislation, other regulations, standards and guidelines, use of best available techniques	Moderate	Moderate
Human resources	Issues with providing key and qualified personnel, and social dialogue with employees	Systematic work with key personnel, remuneration system, employee development, continuous education and training, measuring of the organisational culture and climate	Moderate	Moderate
	Reduced availability of suitably qualified workforce with scientific and technical expertise, as well as manufacturing employees	Monitoring of demographical changes, employer branding, scholarships, availability of mandatory work placements, investment in knowledge – national vocational qualification	Moderate	Moderate
Legal matters	Inadequate legal regulation of business relations and non-compliance with or incorrect interpretation of legislation, issues arising from potential court and other legal proceedings, especially disputes	Monitoring legislation and legal practice, involving the Legal Affairs department in the execution of legal transactions, cooperating with external specialised legal experts when required	Moderate	Moderate

FINANCIAL RISKS				
Risk area	**Risk description**	**Risk management method**	**Preliminary risk assessment**	**Latest risk assessment**
Foreign exchange risk	Potential major financial losses due to unfavourable movements in foreign exchange rates	Financial market tracking; monitoring currency exposure; working with leading global financial institutions; monitoring new practices of foreign exchange risk hedging; use of financial instruments; natural hedging	High	Moderate
Credit risk	Customers defaulting on payment prompt receivable write-off accrual	Credit rating calculations; limiting maximum exposure to individual customers; active management of receivables; utilisation of instruments for insurance of payments and receivables with a credit insurance company	Moderate	Moderate
Liquidity risk	Insufficient liquid assets for settling operating and financial liabilities	Credit lines agreed in advance and planned liquidity requirements; cash pooling	Moderate	Moderate
Risk of damage to property	Damage to property caused by natural disasters and other risk factors	Systematic risk assessments for buildings; implementation of measures in accordance with fire safety studies; arrangement of appropriate insurance, continuous development of the business continuity system	Moderate	Moderate

FINANCIAL RISKS				
Risk area	**Risk description**	**Risk management method**	**Preliminary risk assessment**	**Latest risk assessment**
Risk of claims for damages and civil actions	Claims for damages by third parties due to loss events caused unintentionally and accidentally by Krka's activities, property, or products placed on the market	Insurance for civil, employer and environmental liability; product liability insurance; and clinical trials liability insurance	Moderate	Moderate
Risk of financial losses due to business interruption	Financial loss resulting from interruption of production due to property damage	Insurance of labour costs, amortisation and depreciation, other operating expenses and operating profit, and technical and organisational measures to reduce the impact of business interruption, continuous development of the business continuity system	Moderate	Moderate

OTHER ESG RISKS AND EMERGING ESG RISKS				
Risk area	**Risk description**	**Risk management method**	**Preliminary risk assessment**	**Latest risk assessment**
Transition into a carbon-neutral society	Risks associated with developing an action plan for transitioning into a carbon-neutral society and the impact on Group investments, strategy, business model, and competitiveness	Development of a strategy and action plan that aligns with regulatory requirements; meticulous investment planning in accordance with legislation and considering physical and transitional climate risks; climate scenario analysis, and assessment of climate risk impacts	NA	Moderate
Responsibility for ESG risks in the value chain outside the Krka Group	Liability for ESG risks in the value chain and non-compliance with the requirements of the *Directive on Corporate Sustainability Due Diligence* (*CS3D*)	Planning and implementation of policies and activities to ensure compliance with sustainability regulations, timely implementation of *CS3D* requirements	NA	Moderate
Sustainability reporting compliance	Non-compliance of sustainability reporting with *ESRS*	Development of policies to enhance ESG management and frameworks for sustainability reporting in compliance with the requirements of the *Corporate Sustainability Reporting Directive* (*CSRD*) and standards, establishment of internal controls for sustainability reporting and systems for data collection and ensuring their integrity	NA	Moderate
Comprehensive management of ESG risks	Failure to meet stakeholder expectations and regulatory requirements, reduced competitiveness, loss of reputation, increased capital costs, decreased company value, and lower ESG score	Activities to enhance ESG management, management of ESG risks, and ensuring sustainability reporting compliance	NA	Moderate

Operational risks and business continuity

Availability of critical resources to ensure the production and sales of key products

Major emergencies causing prolonged interruptions in production and sales could compromise the existence of the Krka Group. We analyse their impact on operations to estimate the criticality of processes and risks to operations. As a result of these activities, the Business Continuity Officer prepares a *Business Impact Analysis*, a *Risk Assessment,* and a *Business Continuity Management Strategy,* together with the persons involved in critical processes. Krka's Management Board discusses and adopts these documents. They are revised at least every five years or sooner if significant technological and/or organisational changes occur, new threats emerge, or existing ones escalate.

We implement effective measures to protect employees, property, and other key resources, and to prevent emergencies. We have designed disaster relief plans for emergencies, including measures to mitigate direct damage, and emergency operations plans to restore normal operations as swiftly as possible. Based on the *Business Continuity Strategy*, we prepare business continuity plans for each critical process or service. In agreement with the Business Continuity Officer, we appoint persons responsible for critical processes to prepare and maintain these plans. Critical process or critical service managers and the Business Continuity Officer approve the plans.

The adequacy of plans is reviewed at least annually to ensure alignment with the business continuity policy and strategy. Exercises and operational stress tests are pivotal in evaluating the implementation of specific business continuity measures. The Quality Committee reviews the adequacy of their implementation annually. By identifying and implementing appropriate preventive and other measures, we ensure that critical resources are adequately available to ensure the production and sales of key products.

Risks related to supply of APIs and finished products

We continuously monitor the supply market, suppliers, and prices of production materials to ensure the required quantities align with annual, quarterly, and monthly production supply planning and with the standard operating procedure (SOP). We carefully plan our inventories and maintain contingency stocks to ensure uninterrupted access to the production materials required to manufacture finished products.

We apply the adopted criteria to assess and select our suppliers, and we regularly audit them. Twice a year, the Quality Committee discusses the findings of past audits, indicators, supplier risk assessment, and the audit plan for the next period. A regular supplier audit is conducted every three years. In the case of emergencies and deviations, a risk assessment and an audit are conducted immediately. When selecting our contractual partners, we primarily focus on appropriate material specification, regulatory compliance, guaranteed quality and environmental protection, price competitiveness, and supply reliability. Relevant SOPs govern the selection and evaluation of a contractual partner that manufactures finished products and the implementation and management of the transfer. SOPs are part of the quality system described in the 'Quality management risks' subsection. Further information on audits and routine controls is available in the 'Pharmaceutical quality system oversight' subsection of the 'Quality' section.

We ensure the timely supply of finished products by managing the planning operations and monitoring the execution of all product supply stages. Production material inventories are planned according to sales forecasts. Inventory levels are regularly checked, and we maintain contingency stocks of strategically important production materials. We have several independent supply sources for APIs and production materials required for key products.

We carefully plan the optimal utilisation of production capacities and measure production efficiency. In this respect, we introduce measures for continuous process improvement. We procure new equipment and make new investments to fulfil sales demands, expanding our production capacities and contract manufacturing cooperations.

We adhere to good manufacturing practices in production processes and provide a suitable production environment. We ensure that production equipment operates reliably and to a high standard through regular and preventive maintenance. In major emergencies, we can ensure the manufacture of key products across multiple production lines at several Krka production plants and at contract manufacturing facilities.

We comply with good warehousing and manufacturing practices when warehousing production materials, bulk products, and finished products. Several standalone warehouses are available in the case of major emergencies. We organise the transport of production materials and products using our vehicles and those of our selected partners. All vehicles are equipped to ensure appropriate transport conditions and safety. We have established several transport routes (maritime, air, and road) worldwide, ensuring the uninterrupted delivery of materials even in emergencies.

Technical service risks

Technical service risks include energy and industrial media supply, operation of active fire safety and property protection systems, reliability and availability of technical systems and equipment, and risks associated with the metrological control of measuring and regulation equipment and control systems.

We have four incoming power lines running along two physically separate routes to ensure an uninterrupted electricity supply at the Ločna production site in Novo mesto, Slovenia. We ensure power supply for critical processes through uninterruptible power supply (UPS) systems and diesel-powered generators. We continuously monitor the state of play on the electricity market and make partial purchases. We use natural gas to generate thermal power and extra-light fuel oil as a backup, for which we maintain extra stocks.

We identified drinking and river water supply shortages for production purposes as a potential risk. At the main production site in Novo mesto, Slovenia, where most of Krka Group's products are manufactured, the river flow remains above the threshold level, even during extended dry periods. This allows us to draw water from the watercourse in accordance with the water permit. Therefore, the risk to the river water supply is acceptable or low. Additionally, thanks to public infrastructure upgrades in 2021, the short-term and medium-term drinking water supply is adequate at the main production site in Novo mesto, Slovenia. In the event of a loss of water supply from the primary public source due to force majeure, there is an option to connect to an alternative water source from the public infrastructure. However, owing to the disrepair of the municipal water supply system, this alternative does not guarantee a sufficient long-term supply of drinking water. To secure a reliable future supply, we have conducted an expert study to identify the most suitable long-term solutions for a sufficient, reliable, and high-quality water supply for the entire site. Further activities are ongoing in line with the findings of the study.

We mitigate risks related to inadequate production and distribution of power and process utilities (electricity, steam, heating water, compressed air, industrial gases, chilled water, river water, pharmaceutical and process water) by critical equipment redundancy, robust system planning, computer control, quality control of process utilities, regular preventive maintenance and system testing, and keeping critical spare parts in stock. Employees receive periodic training, and their skills and qualifications are routinely assessed.

We provide servicing and scheduled maintenance for our systems to uphold the necessary HVAC standards within our buildings. Our maintenance team is efficiently organised and trained to address operational and maintenance concerns. The team uses a central computerised control system to issue alerts rapidly and detect faults. It also keeps inventories of spare parts. Non-critical equipment is dispersed to ensure that a single breakdown does not significantly impact production capacities. Critical equipment is duplicated. All air-conditioning and power supply systems in server rooms are duplicated, have technical security systems in place, and are regularly tested for potential breakdowns.

We mitigate risks to the reliability and availability of technical systems for active fire protection and property protection through continuous computer monitoring, regular preventive maintenance and system testing, critical equipment redundancy, robust system planning, and improvements. Employees undergo regular training, and their skills and qualifications are assessed regularly.

We ensure the reliability and availability of technical systems and equipment with our own resources and in cooperation with external contractual partners. We mitigate risks by continuously monitoring performance, conducting preventive maintenance checks, servicing equipment, improving equipment, and introducing new maintenance approaches using advanced diagnostic instruments. Failures and disruptions are rectified according to planned procedures and instructions. To promptly and effectively address failures and disruptions, we have our own qualified maintenance teams and spare parts inventories, which we regularly check and replenish. The employees who monitor, operate, and maintain technical systems and equipment undergo regular training. Their qualifications and skills are routinely assessed.

Metrology is a major factor behind product and service quality, safety, and efficacy. It is closely related to measurement traceability and global comparability of measurement results. This is why we have a distinctive, stable and rational management system in place for monitoring and measuring equipment in compliance with the highest industrial standards. We regularly measure, calibrate, and maintain the monitoring and measuring equipment based on its GxP criticality assessment. We use approved procedures and apply the latest standards to minimise the risk of deviations.

Information technology risks

We manage information security and data integrity risks in line with the Information Security Management System (ISMS) methodology, based on ISO 27001, under which the controlling company is certified. The ISMS is a separate business process within Krka quality system. The Company Management Board appointed the Information Security Officer to lead the ISMS process, which includes key organisational units and business processes in the controlling company. The Officer is responsible for implementing binding legislative and other regulatory requirements. Each quarter, the Officer reports on the activities carried out to David Bratož, a member of the Management Board. Further information on the ISMS is available in the 'Quality' section. A comprehensive report on the Krka Group information security is discussed annually by the Information Technology Committee.

Krka assesses the criticality of information resources (information systems and services) using annual criticality assessments of business processes and the information resources used to implement them. The same level of criticality assigned to business services is also applied to all information systems, including infrastructure systems. Recognising the critical importance of planning, designing, and implementing information systems, we incorporate and apply all relevant advanced information and cybersecurity capabilities.

We have identified threats and risks regarding resource availability, confidentiality, and integrity for all critical information resources (information systems, equipment, premises, and employees using the information systems). Directors or heads of organisational units where the processes are carried out review and approve individual process risk assessments. Based on the assessments, organisational units take steps to eliminate unacceptable risks. Another method of threat detection involves independent security audits of our information resources. Internal audits of information security are conducted in organisational units as well. We consistently eliminate any inconsistencies identified in external and internal audits and inspections.

To ensure information security, we conduct comprehensive security audits every two years and partial security audits multiple times per year to eliminate shortcomings. To mitigate risks during major emergencies, we introduced redundant computing capacity for all critical information resources at two separate locations: backup server rooms at the controlling company headquarters (i.e., the Disaster Recovery Centre – DRC) and an adequate off-site location where critical data is backed up daily. Major security incidents are examined once a year by the Information Technology Committee.

As an international group, we are required to protect personal data in conformity with the national legislation of all countries where our subsidiaries and representative offices are located. The Management Board appointed a Data Protection Officer at the Company and Group levels, who ensures that personal data is protected in accordance with EU regulations or national legislation, where applicable, insofar as it lays down rules that are different or stricter.

We mitigate information technology risks, including cybersecurity, through appropriate investments, allocating 2% of our revenue to ensure adequate availability (at least 99.5%) of key information services.

Employee risks

We manage all employee-related risks, systematically identify and evaluate them, and take appropriate measures to prevent and mitigate them. The Management Board reviews and confirms the effectiveness of risk management.

We use our own methods to assess workplace risks related to occupational health and safety, i.e. the probability of specific incidents, their consequences, and any likely health impacts at individual workplaces. Risks are assessed periodically and upon changes. Security measures are taken to keep them at acceptable levels.

Authorised professionals for occupational health and safety and responsible technologists assess the risks related to individual technological procedures. We conduct risk assessments for all new technological procedures and for any changes to them during development or production. Consent, including a risk assessment, is issued for every technological procedure carried out on a pilot or production scale. The risk assessment methodology is based on identifying different risks associated with each technological procedure. We identify hazards for each technological phase. Based on the occupational exposure band (OEB), exposure time, and hazard level, we determine the safety measures strategy to prevent employee exposure during a specific technological procedure. We continually review the suitability and effectiveness of our technical and organisational measures, as well as personal protective equipment, and we also measure employees' exposure to hazardous chemicals during technological operations.

We promote employee health and continually raise awareness of occupational health and safety.

When there is a risk of infection (epidemic, pandemic), we implement a series of sanitary, health, and organisational measures to prevent the introduction and spread of the possible infection while ensuring that no work processes are disrupted.

Identifying key and promising employees across all work processes helps us ensure the timely replacement of employees in key job positions. The training and recruitment methods applied across all organisational units facilitate the quick exchange of employees posted in similar positions should a shortage occur in a particular unit due to large-scale absences or increased workload.

Protection of property

Building and property exposure is subject to regular and systematic assessments under the *Security Plan* (18 types of threats). Based on the assessment, we prescribe physical and/or technical security measures, along with other security actions and guidelines, to prevent emergencies or respond accordingly if they occur.

Business risks

Research and development risks

Krka products must be high-quality, safe, and effective. Required properties must be confirmed by relevant research and data in compliance with regulatory requirements and standards. Risks associated with products and technologies may be scientific or research-related, or of a technological or technical nature. We mitigate these risks by introducing modern approaches and methods, and by utilising our in-house expertise, as well as acquired knowledge and experience in research, development, and technology. Business and professional risks in product and technology development are managed through a risk matrix at multiple levels of monitoring and decision-making. The responsibilities of leaders, organisational units, and work processes are clearly defined.

We appoint a project team with a leader to manage, monitor, and document all crucial activities for each project. The Development Committee approves proposals for new product development based on feasibility studies, in which the proposed project is considered from regulatory, developmental, safety, cost, and other aspects. In addition to key development milestones, the Development Committee also monitors all development projects to respond appropriately to any market, development, or regulatory changes that require adjustments to the development scenario. The Committee meets several times a year. Between Committee meetings, we monitor projects at several organisational levels (project, product, and project meetings) to ensure activities are appropriately supervised and directed. Key organisational units with precisely defined individual responsibility in the product development phase are New Products, Pharmaceutical R&D, API R&D, Quality Management, API Production, Pharmaceutical Production, and Industrial Property.

We mitigate these product- and technology-related risks at the early stages of development through process improvements, the introduction of advanced technologies, alignment with regulatory requirements, and the expertise of highly educated professionals, supported by continuous knowledge development and state-of-the-art equipment. The vertically integrated development and production model is important because it allows us to control the entire process, from manufacturing raw materials to selling finished products.

We maintain the vertically integrated development model with investments, annual achievements, and research and development results related to:

- Medicines: we venture into therapeutic areas with new medicines and provide for their research, development, and evaluation, and prepare new combinations of active ingredients with patients in mind;
- Krka's active ingredients: we introduce innovative preparation procedures and new synthesis routes;
- Pharmaceutical forms: we prepare advanced pharmaceutical forms that allow for easier dosage and administration;
- Research and development: we introduce the most advanced development and technological processes and invest in research and development capacities.

Regulatory risk management, associated with legislative changes and interpretations, starts at the earliest stages of developing a new product and continues throughout its life cycle. We monitor regulatory legislation, implement new requirements for active ingredients and finished products already in development, and incorporate them into registration documentation and registration strategies to mitigate risks. Through official consultative mechanisms, Krka reviews its development solutions for each product and the planned content of marketing authorisation documents with regulatory bodies. This reduces the risk of encountering potential issues or even failure when obtaining or extending marketing authorisations. We are also engaged in working groups of various industry associations to participate actively in drafting statutory amendments in this field.

Sales and marketing risk

The Krka Group has a broad marketing and sales network, with its products sold directly in more than 70 countries worldwide. It operates across various geopolitical and macroeconomic climates, as well as legal and competitive environments, and is exposed to different sales and marketing risks of varying intensities.

Our key advantage over the competition is our swift response to changing business circumstances, especially in light of the current geopolitical situation in our markets. Consequently, regular monitoring and prompt adjustment of sales and marketing activities in line with the prevailing situation are essential. We continuously monitor market conditions (especially competing generic producers and the national pharmaceutical industry), the legal frameworks related to the movement of goods and services and marketing pharmaceuticals, systemic pricing arrangements, and government reimbursements for pharmaceuticals (in some countries based on statutory partial co-funding of healthcare budgets by medicine suppliers, i.e. clawback) through Krka in-house departments and independent data sources.

We ensure that medicine advertisements meet appropriate standards, with a strong focus on organising and supervising employees' work within the marketing network. Our employees undergo training regularly, and we frequently test their qualifications, skills, and familiarity with work directions, legislation, and applicable regulations. In marketing our products, we strictly adhere to legislation, Medicines for Europe recommendations, and ethical standards for advertising pharmaceuticals. To ensure compliance, we provide comprehensive training and conduct regular employee knowledge assessments. We focus on business compliance, so marketing is part of Krka's *Integrity Plan*, as discussed by the Management Board. We also comply with the personal data protection legislation in our marketing and sales activities.

We monitor risks in our markets, risks related to entering new markets and new therapeutic areas, and risks associated with changing practices regarding prescribing and/or dispensing, and/or reimbursing medicines. We systematically discuss entering new markets at annual meetings and determine where to obtain marketing authorisations for individual products. Before concluding sales agreements, customers must provide proof that their business is duly registered. We carefully assess risks associated with specific market landscapes and economies, as well as individual customer risks, particularly insolvency or bankruptcy, payment terms, and other contractual compliance risks.

We continuously monitor market conditions, analyse them, adjust payment terms if necessary, and hedge against payment defaults. We systematically monitor customer satisfaction among direct customers. The Quality Committee of Krka discusses the report for each year. We monitor sales at the primary level (sales to direct customers, primarily wholesalers) and, if possible, also at the secondary level (wholesalers' sales to their customers, mainly pharmacies) and the tertiary level (sales to end-users in pharmacies). We ensure that inventories are optimised and sufficient throughout the distribution chain. We duly monitor pharmacy networks and any changes by individual market, and adjust our actions accordingly. Sales Committee meetings regularly discuss all of the above.

We regularly evaluate the market potential of individual therapeutic areas and their products. We use a range of external data sources and our own market research and analyses to monitor global, regional, and national trends and product supply in the market. Based on these, we define the product portfolio and our activities in line with the current market positions of specific active ingredients and their development paths. We systematically analyse changes in market positions and product shares within individual therapeutic classes at least twice a year. The number of important new active ingredients available for marketing to generic manufacturers at present or in the future has been declining. Therefore, we seek opportunities in innovative combinations of existing active ingredients and in new therapeutic areas, while continually striving to further improve the position of our products containing existing active ingredients. We monitor the effectiveness of our marketing strategies and tactics using performance indicators and exert systematic control over marketing activities, which we plan, implement, and analyse in cycles, including compliance in marketing and sales. Indicators at the Krka Group level are discussed yearly by the Sales Committee and by Krka Management Board in the context of performance indicators. At their regular meetings, supervisory bodies of subsidiaries and representative offices discuss more specific indicators at the level of individual markets.

We consistently comply with the Krka Group *ESG Strategy* in our business operations. As one of the leading generic manufacturers and an important partner of local healthcare systems, we enable access to affordable, safe, and efficacious advanced medicines. The Sustainability Committee discusses indicators such as achieving sales volume growth, increasing the number of people treated with our products from key therapeutic areas, and monitoring direct customer satisfaction with our product supply.

Intellectual property risk

Respect for the intellectual property rights of third parties, especially patent-related rights, is one of the fundamental principles of the Krka Group operations. If we believe our research results are new and innovative, we apply for patent protection. Therefore, we begin developing a new product by analysing the status and scope of applicable third-party patent rights and determining which technical solutions are protected by patent. We define and direct our development work based on these findings and assess whether the technological and technical solutions produced by our own development infringe the applicable rights of third parties. The current situation and any potential changes in patent protection are monitored throughout a product's development up to its launch.

Where we believe that patents have been improperly granted to third parties, meaning the patented solution is not actually an invention (due to a lack of novelty or inventive step), and that these patents might hinder our operations, we avail of available legal remedies to request their cancellation. This prevents holders of such patents from filing infringement actions against us. Despite these measures, if a patent holder considers that Krka has infringed its rights and takes legal action against Krka, we set aside appropriate provisions for potential damages and adopt relevant measures.

The same risk management method applies to distinctive signs, industrial designs, and other relevant intellectual property rights.

Quality management risks

The Krka Group evaluates quality management risks regarding product quality, safety, and Group operations. We employ widely recognised risk assessment methods, adhere to Good Manufacturing Practice (GMP) requirements, good practices, HACCP, and the implemented ISO standards (ISO 9001, ISO 14001, ISO 27001, ISO 14971, ISO 22301, ISO 45001, ISO 13485).

Product quality is defined during a product's development and specified in the marketing authorisation documents. We adhere to standard procedures and requirements throughout the production process. From purchasing incoming materials, other purchases, and manufacturing processes to manufacturing finished products, quality control, quality assurance, warehousing, and distribution, all while ensuring the compliance of pharmaceutical products with the relevant quality standards and the product's marketing authorisation documents. When a product is already on the market, the pharmacovigilance system is used to establish, evaluate, and respond to new findings on adverse effects and other safety aspects of a medicine. We employ a specialised system to process customer feedback and pursue continuous internal improvement in line with the PDCA (Plan-Do-Check-Act) principle to enhance processes and products.

Product quality management is a core activity that involves various quality assurance elements: we focus on the appropriate quality of incoming materials (i.e., active ingredients, excipients, and packaging materials) and conduct risk assessments to classify material- and supplier-related risks. We continuously monitor the quality of each product and assess its impact on quality, safety, and efficacy, thereby ensuring that our products placed on the market consistently meet the required standards.

We work closely with key strategic partners, regularly assessing process compliance and ensuring product quality. Based on the findings, we schedule audits and other activities as part of the GxP partner evaluation procedure and collaboration process.

We ensure compliance of our production and control equipment and production rooms through qualifications and validations of equipment, production rooms, the production environment, manufacturing processes, computer systems, cleaning procedures, calibrations, instrument qualifications, and maintenance procedures to prevent undesirable effects on the production process and product quality. Systematic approaches, monitoring, and documentation of all processes, procedures, and controls are crucial for product quality assurance. We therefore regularly examine, overhaul, upgrade, and improve the quality system, ensuring that any necessary changes are implemented correctly.

We prioritise data integrity in quality management to minimise the misuse of test results when assessing the suitability of raw materials, packaging, processes, and finished products.

Regular monitoring of new legislative developments and prompt implementation of updated requirements mitigate the risk of inadequacies in the quality system, thereby reducing the risks associated with maintaining manufacturing and marketing authorisations, as well as GMP and other good-practice certificates.

We regularly raise awareness and deliver employee training to ensure compliance with standard production and product control procedures. We control production processes, intermediate products, bulk products, finished products, and the production environment to ensure product compliance and conformity with national legislation and GMP principles in the EU and other countries where we market our products.

For non-compliant products (failures to meet prescribed requirements), we apply control mechanisms, conduct tests, investigate causes, and implement preventive and corrective actions to prevent further non-compliance.

As part of quality risk management, we mitigate the risks associated with the potential loss of manufacturing authorisations and good practice certificates within Krka Group units, as well as those held by key strategic partners.

We regularly and systematically check the efficiency and effectiveness of the quality system in the Krka Group and with key strategic partners through external (agency and regulatory inspections, partner and certified body audits) and internal (self-control, internal audits, Quality Committee, quality indicators, QA approvals) verification. Where required, we make improvements, continuously upgrading the quality system and effectively managing risks associated with product and service quality.

Environmental protection risks

Krka recognises and manages environmental risks in line with ISO 14001 and the European Sustainability Reporting Standards (ESRS), as well as through the business continuity system. Every year, we review all environmental aspects, the associated risks, and extraordinary events and evaluate their environmental impact. Risks and emergencies related to environmental protection, hazardous chemical handling, and climate change are assessed and managed at the Committee for Monitoring Environmental Aspects meetings at least twice a year and routinely by certain organisational units or business processes. All identified risks are included in the *Report on Implementing Environmental Management System*, which the Quality Committee discusses once a year. We mitigate risks and minimise our environmental impact by using the best available techniques in manufacturing, warehousing, waste water treatment, waste air treatment, and waste management, by operating spill containment and firewater retention systems, by preventive examinations and maintenance of equipment, employee training, and by employing our fire brigade, which is qualified to intervene in cases of emergency, and emergency event drills.

We ensure compliance with statutory requirements and minimise the risk of reputational damage arising from environmental impacts by continually monitoring legislative developments, promptly implementing new requirements, and conducting regular monitoring. We manage waste removal risk by expanding waste solvent warehousing facilities, segregating waste streams, and partnering with several contractual waste collection and disposal partners. We have enhanced spill containment and retention systems to manage risks associated with hazardous chemical and firewater spills. We also improved the system for supervising hazardous substance management.

We recognised the following relevant risks arising from climate change: water supply, floods, storms and heavy downpours, as well as high temperatures and prolonged drought. Water supply-related risks are defined in the 'Technical service risks' subsection. All Krka production sites are located in areas free from flood risk. When upgrading the rainwater drainage system, we accounted for the impact of prolonged, heavy downpours. To minimise storm-related disruptions, we carry out regular maintenance of buildings and surrounding areas. Our high-capacity air conditioning systems ensure stable conditions for uninterrupted production, even during extreme heat. We assess climate change-related risks as low to moderate.

In 2025, we recorded no extraordinary events or incidents that adversely affected the environment.

Investment project risks

Investment project risks primarily include risks related to investment planning and value, equipment purchase, execution of works and schedules, and quality and changes to the original plan. We reduce these risks through document planning and preparation, the established system for selecting contractors and equipment suppliers, and the regular verification of these selections. We supervise all execution phases. We review project documentation for technical, technological, and regulatory compliance, while contractual documentation is assessed from legal, tax, and financial aspects. We examine whether potential changes are justified and what impact they could have on costs and schedules. We continually monitor regular costs and those arising from subsequent changes to the project. Regulatory and legal risks also exist, particularly due to potential legislative changes and delays in obtaining permits. We mitigate these risks through reviews of relevant legislation, proactive collaboration with regulatory authorities, and monitoring potential legislative developments.

Human resource risks

We place special emphasis on key personnel who are critical to achieving the Krka Group objectives and who are highly sought after by our competitors.

We regularly plan and monitor our employees' training and development as we assign new work responsibilities, encourage them to take on new duties, and delegate them to new positions. We schedule employee training and development in our annual training plan, prepared by organisational units in collaboration with Human Resources and Training and Development. The Quality Committee discusses the plan and implementation of Krka's quality system training twice yearly. Three times a year, the Human Resource Committee discusses the plan and implementation of other training and education programmes, such as part-time studies, Krka International Leadership School, and national vocational qualification programmes. We offer a range of incentives to strengthen employee loyalty to the Krka Group and minimise employee turnover.

We manage the risks associated with the scarcity of qualified professionals in the labour market, especially those with scientific and technical expertise, by actively engaging in the labour market, bolstering Krka's image as a reputable employer, working with faculties and schools, and awarding scholarships. This allows us to attract new employees who are essential to delivering on our strategic, development, and sales plans. We mitigate the risk of production staff shortages by maintaining structured work schedules, complying with labour laws, limiting overtime, and investing in industry-specific knowledge within the pharmaceutical sector. We systematically educate and train our employees to acquire national vocational qualification certificates.

Financial risks

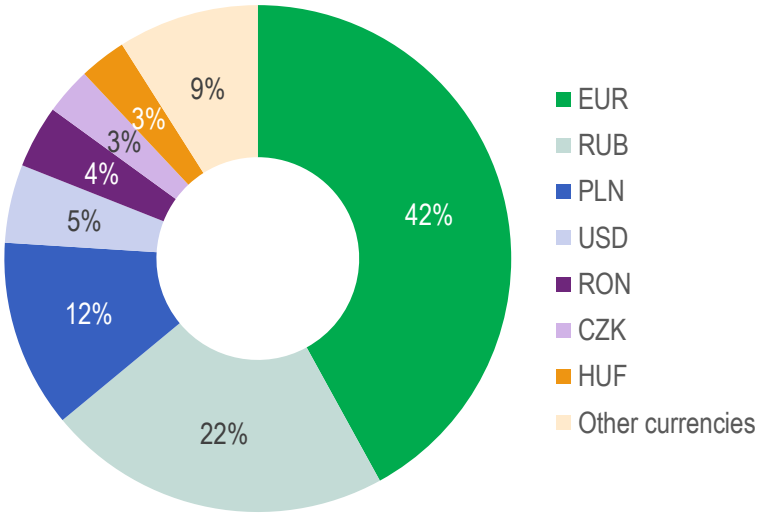
The Krka Group manages financial risks centrally in the Finance division of the controlling company in Slovenia. Subsidiaries and representative offices abroad perform operational risk management tasks in accordance with the guidelines set by the controlling company. Key financial risks include credit, market, liquidity, and insurance-related risks.

The primary market risk of the Krka Group is foreign exchange risk. While we monitor interest rate risk, no measures were taken in 2025 due to low interest rate exposure. The risk of fluctuations in the market value of raw materials, shares, and bonds has a minimal impact on the net financial result of the Krka Group. This is why we track changes in exposure to these risks but do not implement any risk management measures.

Foreign exchange risk

The Krka Group operates in diverse international environments and is exposed to foreign exchange risks in certain sales and purchase markets.

Revenue structure by currency



Currency exposure arises from the differences in the value of assets and liabilities in a particular currency in the financial position statement of the Group, and from differences between operating income and expenses generated in individual currencies.

The key accounting categories that comprise a currency position are trade receivables, trade payables, liquid financial assets denominated in foreign currencies, derivatives used for currency risk hedging, subsidiary funding by the controlling company, and recorded purchase orders.

Currency position structure of the Krka Group

The Russian rouble accounted for the largest share, 47%, of the Krka Group currency position at the end of 2025. The rouble's currency position strengthened compared to the beginning of the year, primarily due to trade receivables in the Russian market.

Given the significance of the Russian market, the level of currency exposure, and the Russian rouble's volatility, we place strong focus on managing rouble risk. With the reduced availability of financial instruments, we continued to prioritise natural risk mitigation methods for currency exposure in 2025.

Unlike with other currencies, exposure to the US dollar arises from a surplus of liabilities over assets from regular business operations, or in other words, the currency position is short. Exposure to the US dollar arises primarily from the purchase

of raw and other materials. Considering liquid financial assets in US dollars and dollar forward contracts that together offset the short financial position from operations, the 2025 year-end exposure to US dollars accounted for 2% of total Krka Group currency exposure.

The exposure to the Romanian leu, accounting for 14% of the currency position at the end of 2025, arises from trade receivables accrued due to extended payment terms in Romania. Exposure to the Polish zloty arose from trade receivables and manufacturing facilities held by the Group in Poland, accounting for 16% of the currency position.

Other currencies, including the Swedish krona, North Macedonian denar, Kazakh tenge, Serbian dinar, British pound, Czech koruna, Ukrainian hryvnia, and Hungarian forint, accounted for 21% of the Krka Group currency position.

2025 currency markets

Foreign exchange markets experienced moderate volatility in 2025 as well.

The EUR/USD exchange rate came under pressure from the ongoing cycle of interest-rate cuts in the euro area and the delayed response of the US Federal Reserve. It was also affected by increased uncertainty arising from tariffs introduced following the US elections, geopolitical tensions, fiscal sustainability risks, and shifts in global capital flows. These developments contributed to a gradual weakening of the US dollar and strengthening of the euro.

The value of the US dollar expressed in euros dropped by 11.6% over the course of 2025, while the average value was 4.2% lower than the previous year. The Krka Group offsets the impact of the US dollar fluctuations using financial instruments.

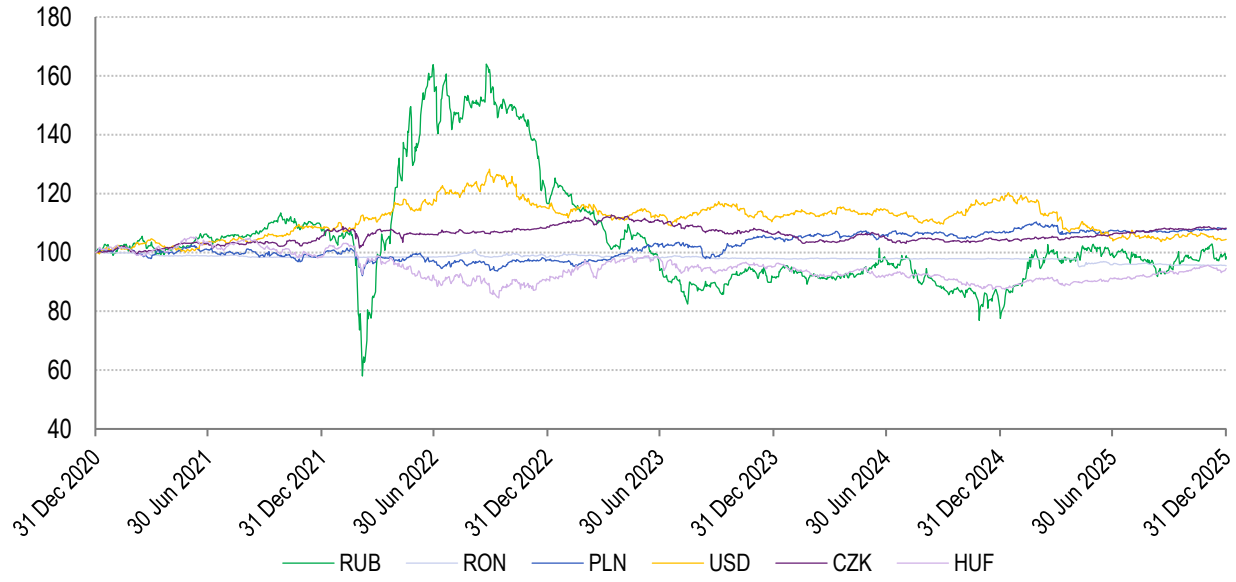
In 2025, the geopolitical conflict between the Russian Federation and the West continued to affect the rouble's value, particularly in the first quarter, when the currency appreciated significantly. Despite high day-to-day volatility, the exchange rate fluctuated within a relatively narrow range later in the year. The value of the Russian rouble expressed in euros went up by 27.1% from the beginning to the end of the year and was, on average, 6.4% higher than in 2024.

The military conflict and uncertainty surrounding the future economic landscape in Ukraine continued to affect the value of the Ukrainian hryvnia in 2025. The currency gradually depreciated against the euro during the year.

In 2025, the Polish zloty was more stable than in previous years. Over the course of the year, its value in euros increased by 1.3%, and its average value was 1.6% higher than in 2024. The strength of the zloty is mainly attributed to favourable macroeconomic conditions and outlook, as well as high real interest rates.

The Romanian leu stabilised following a one-off decline in the first half of the year, and the Czech koruna showed a mild but persistent upward trend. The Hungarian forint also strengthened year on year, mainly as a result of restrictive domestic monetary policy.

Index of currency values in euros over the last five years (index 31 Dec 2020 = 100)



Currency risk management results

The Krka Group generally mitigates currency risks by natural hedging, primarily by increasing purchases and liabilities in currencies used for sales invoicing. When this is not feasible, we use financial instruments or choose not to hedge the risk. Generally, we usually use forward contracts for hedging.

In 2025, we continued to hedge the US dollar with financial instruments. We used natural hedging to mitigate exposure to the Russian rouble, as there were no suitable financial instruments available in the banking market. Due to the rising value of the Russian rouble against the euro, we generated net foreign exchange gains.

The US dollar exposure from operations and the favourable interest rate differential between the euro and the US dollar were the two key factors that led to hedging the exposure in the US dollar with financial instruments in 2025. Due to the decline in the US dollar's value against the euro, the impact of instruments used to hedge short-dollar positions on the Krka Group net financial result was negative.

The impact of other currencies on the final net exchange differences was negative, but small. We did not hedge the risks associated with other currencies through financial instruments.

The Krka Group currency exposure to the Ukrainian hryvnia, Kazakh tenge, Serbian dinar, and certain other currencies is less significant, and no hedging instruments are available.

Foreign exchange gains, which included net foreign exchange gains and losses and derivative income and expenses, amounted to €35 million in 2025. The Krka Group recorded a total net financial result of €30.8 million, including foreign exchange gains, interest income and expenses, and other financial income and expenses.

2026 objectives

We intend to remain focused on activities to offset currency exposure using natural hedging methods. We plan to utilise financial instruments as a partial hedging strategy to mitigate risks associated with volatile currencies, which account for a substantial portion of Krka currency exposure.

2025 foreign exchange rates

	Exchange rate 31 Dec 2024 (€)	Exchange rate 31 Dec 2025 (€)	Low (€)	High (€)	Average (€)	Standard deviation	Coefficient of variation[a]
RUB	118.01	92.85	88.92	114.99	94.35	4.50	4.8%
RON	4.97	5.10	4.97	5.12	5.04	0.05	1.0%
PLN	4.28	4.22	4.13	4.30	4.24	0.03	0.8%
CZK	25.19	24.24	24.13	25.29	24.69	0.34	1.4%
HUF	411.35	385.15	380.64	416.25	397.77	8.43	2.1%
UAH	43.44	48.88	42.86	49.79	46.65	2.06	4.4%
RSD	116.96	117.36	116.80	118.02	117.20	0.14	0.1%
USD	1.04	1.18	1.02	1.18	1.13	0.05	4.3%
GBP	0.83	0.87	0.83	0.88	0.86	0.02	1.9%

[a] Standard deviation to mean value ratio

Interest rate risk

The interest rate risk is the probability that, due to fluctuations in reference market interest rates, the Krka Group might incur higher financing costs from non-current borrowings or report a decrease in income from non-current investments.

The interest rate risk associated with current borrowings and current investments is managed as part of the Group liquidity risk.

The Krka Group had no non-current borrowings in 2025.

2026 objectives

If we secure non-current borrowings or make non-current investments that expose us to interest rate risk, we will evaluate all available options to mitigate the risk using appropriate financial instruments.

Liquidity risk

Business partners value Krka for its excellent financial discipline and stable cash flows. In 2025, we settled all financial liabilities promptly. Krka Group exposure to liquidity risk was low last year.

We did not use any new short-term bank funding or draw on existing credit lines in 2025.

At the end of 2025, the Krka Group recorded cash and cash equivalents primarily as cash at bank or short-term deposits with a maturity of up to 90 days at first-class commercial banks. Other current liquid assets were held in short-term treasury bills issued by western European countries with first-class credit ratings.

The Krka Group oversees liquid assets in line with internal investment diversification rules, taking into account factors such as interest rate, liquidity, credit, and currency risks.

The controlling company manages liquidity risk centrally for the entire Krka Group. The controlling company finances subsidiaries through intra-group loans. Any potential excess cash is deposited with the controlling company. Excess cash from all Group companies is transferred to the controlling company master account either automatically daily (cash pooling) or manually through individual bank transfers. This allows for cash management optimisation, currency risk mitigation, an overview of liquidity across all Group companies, and enhanced security for money transactions.

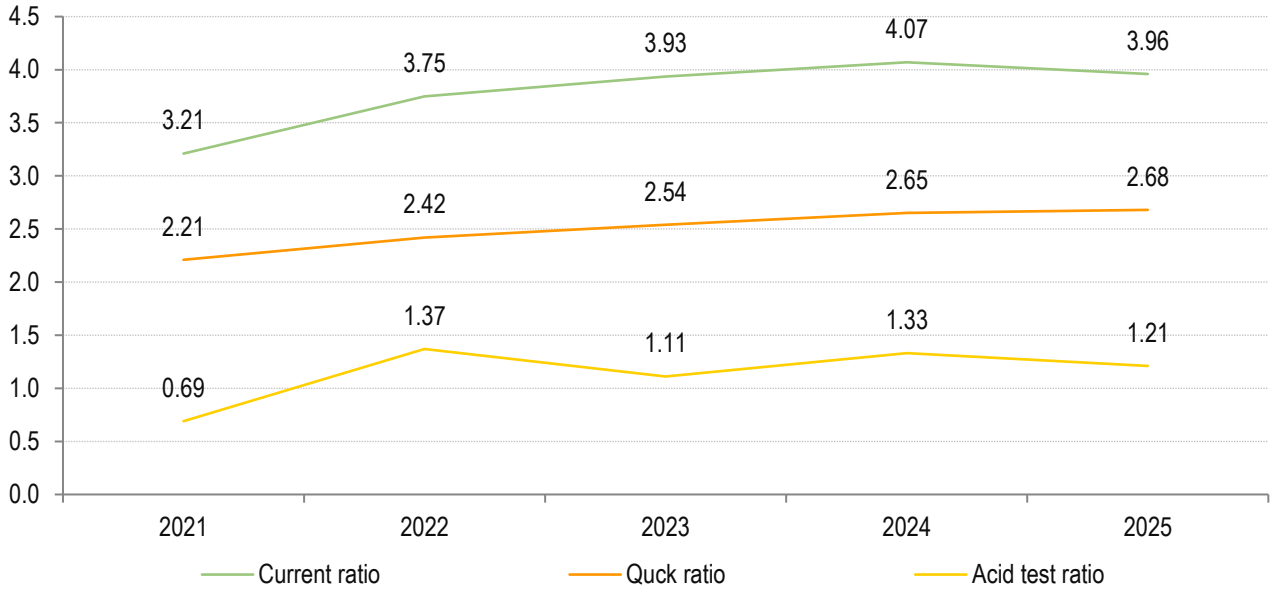
The Krka Group also reported favourable and stable liquidity ratios at the end of 2025.

Krka Group liquidity ratios

	2025	2024	2023	2022	2021	5-year average
Current ratio[a]	3.96	4.07	3.93	3.75	3.21	3.79
Quick ratio[b]	2.68	2.65	2.54	2.42	2.21	2.50
Acid test ratio[c]	1.21	1.33	1.11	1.37	0.69	1.14
Receivables turnover ratio	3.36	3.34	3.65	3.70	3.45	3.50

[a] Current ratio = Current assets/Current liabilities
[b] Quick ratio = (Current assets – Inventories)/Current liabilities
[c] Acid test ratio = (Investments + Cash and cash equivalents)/Current liabilities

Changes in Krka Group liquidity ratios over the last five years



2026 objectives

In 2026, we plan to carefully manage cash flows and excess liquidity across the Krka Group to ensure optimal liquidity for all Group companies.

Credit risk

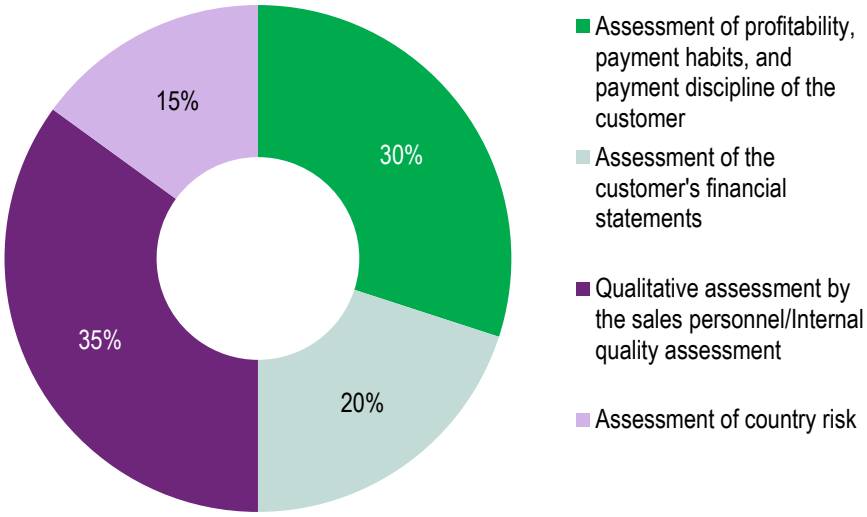
The Krka Group key credit risk stems from trade receivables. This is the risk of customers failing to settle their liabilities by maturity dates.

Credit risk management process

The Krka Group introduced a centralised credit control process in 2004. The system includes all customers with credit limits exceeding €20,000. Numbering over 590 at the end of 2025, they accounted for more than 95% of total trade receivables. Receivables due from small customers accounted for less than 5% of total trade receivables. Credit control for small customers is decentralised within the sales network and remains under the constant supervision of the controlling company.

Credit control is a two-step process. The first step involves assessing each customer's credit risk, determining security instruments, and assigning appropriate credit limits. We assess each new customer and review the credit ratings of all customers twice a year. A customer's credit rating includes many financial and non-financial indicators that fall into four categories; each has a different weight in the final assessment.

Credit risk assessment indicator categories



Each customer is assigned a customised credit limit based on their credit rating, expected shipment of products, and payment dynamics.

The second stage of the credit-control process entails ongoing dynamic monitoring of a customer's payment history. All Krka subsidiaries engaged in sales employ information systems controls to manage available credit limits and track overdue receivables each time a product is shipped. A shipment is automatically blocked if a customer is in arrears or if receivables, including the new shipment, exceed the approved credit limit. Sales personnel are required to initiate a payment collection procedure or obtain appropriate payment security.

Krka internal rules define the credit control process and authorisation procedures for granting customer credit limits. The credit control system also includes regular reporting on trade receivables and customer payment discipline. The reporting system enables the early detection of customers at a higher risk of payment default and facilitates effective credit risk management.

The credit control process employs uniform rules applicable to all customers. Due to the unique characteristics of sales markets, additional local controls have been introduced in individual subsidiaries. Credit control processes are regularly adjusted to reflect changes in sales markets.

In addition to assessing customer credit risks, we also evaluate the risk of counterparties or partners, such as major suppliers and financial institutions with which we cooperate, failing to meet their obligations.

Credit risk management results

Credit control guarantees continuous monitoring of the quality of the trade receivables portfolio, resulting in a low percentage of receivable write-offs and impairments relative to total Krka Group sales.

The low level of receivable write-offs and impairments is also attributed to the broad distribution of receivables across numerous customers and sales markets. Additionally, the majority of outstanding receivables are from longstanding Krka customers.

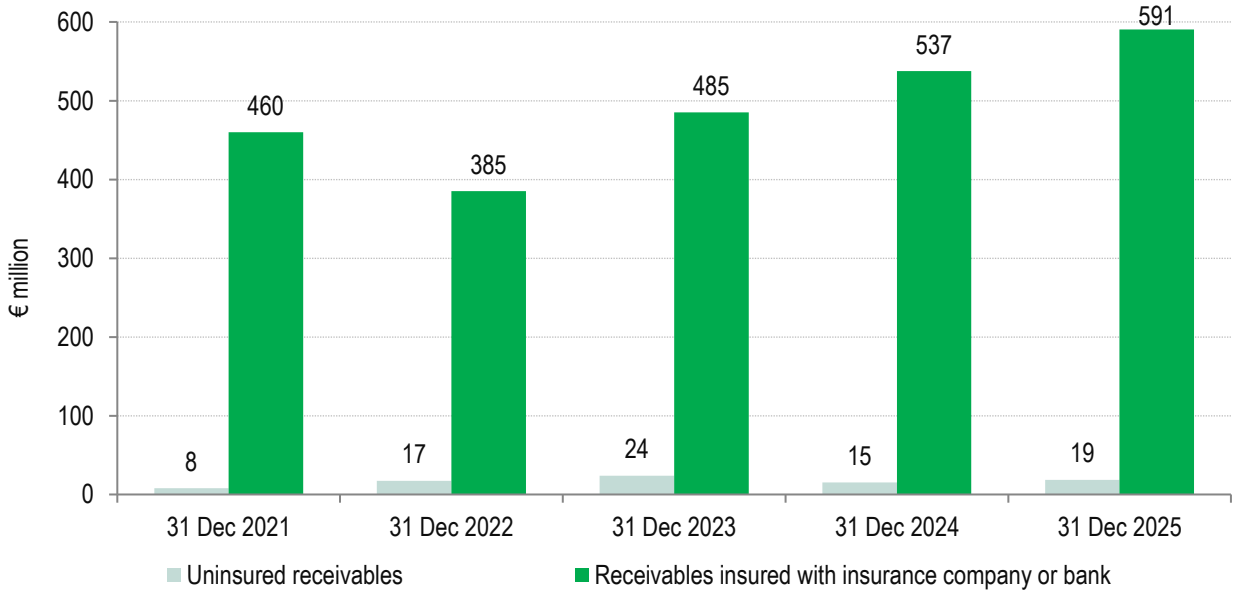
In 2025, we continued with our trade receivable management efforts, placing special focus on challenging markets. As a result, our credit risk management outcomes for 2025 were favourable. By year-end, the value of trade receivables increased by 10% from the beginning of the year, while the level of overdue and outstanding receivables remained within acceptable limits for Krka.

In 2025, the impact of net impairments and write-offs of receivables on the Krka Group bottom line amounted to less than 0.14% of sales.

Trade receivable insurance

Since 2009, the Krka Group has insured part of its trade receivables with a credit insurance company. In the second quarter of 2020, we extended and supplemented trade receivable insurance. At the end of 2025, more than 95% of trade receivables were insured. After deductibles, more than 85% of trade receivables were insured. Bank guarantees and letters of credit are used only in exceptional cases to secure payments.

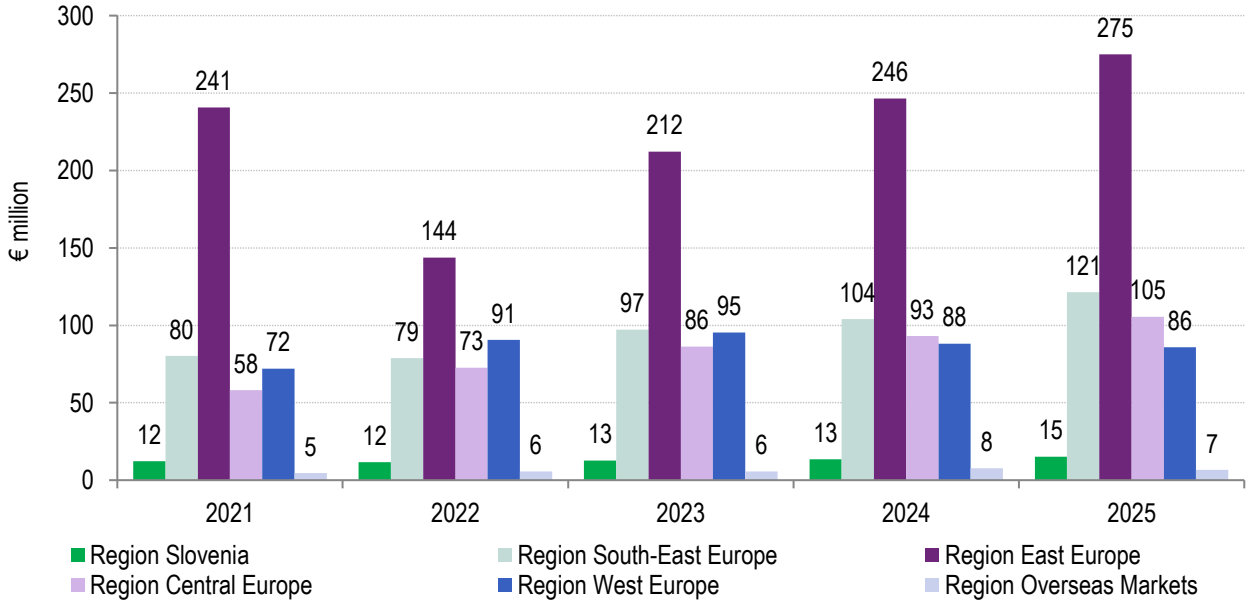
Insured and uninsured receivables over the last five years



Trade receivables by region

The structure of receivables by sales region remained stable, aligning with the structure of sales and payment terms in individual countries.

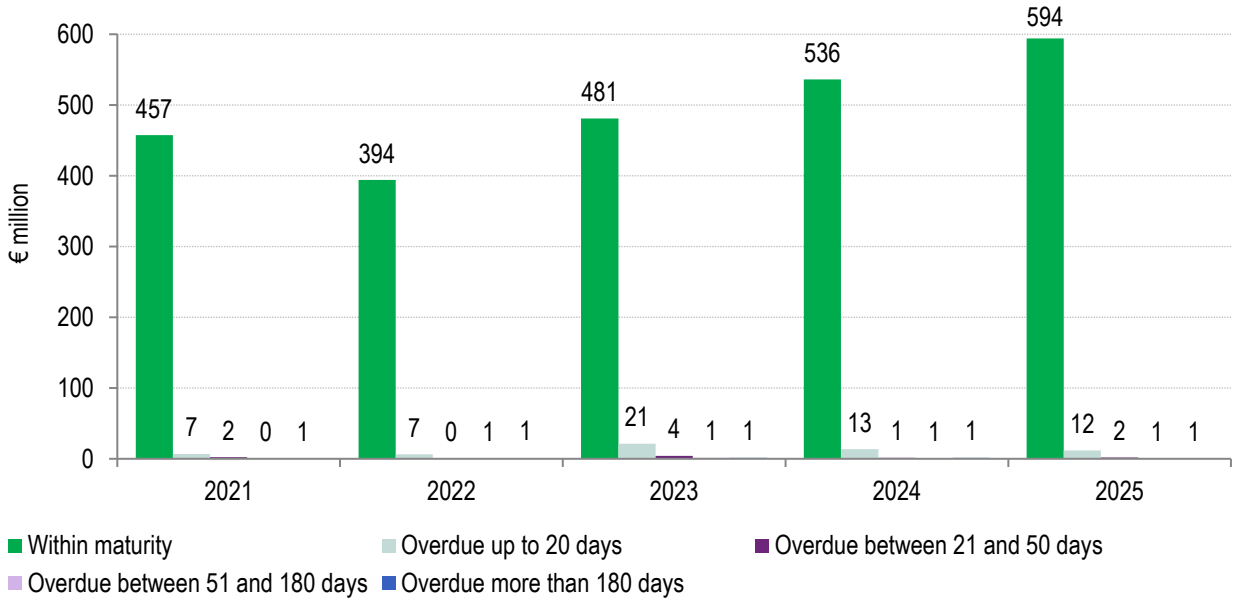
Trade receivables by region over the last five years



Receivables by maturity

The maturity structure of receivables remained stable. The percentage of overdue receivables remained low at the end of 2025 compared to total trade receivables.

Receivables by maturity over the last five years



2026 objectives

In 2026, we will continue established credit risk management activities. The insurance contract for our trade receivables expires at the beginning of 2026. Before contract renewal, we plan to examine options for further optimising receivables insurance. As before, we plan to increase our focus on monitoring of customers from markets with less favourable macroeconomic conditions and those markets where we have identified heightened risks in the wholesale distribution of medicines. If we determine that individual customer exposure exceeds acceptable levels, we will implement targeted measures to reduce this exposure gradually.

We aim to keep receivable impairments and write-offs to a minimum across the Krka Group.

Property, liability, and business interruption insurance

The Krka Group holds insurance policies with insurance companies to insure property, liabilities, and financial losses in the event of a business interruption. Insurance is only one risk management tool. Our internal *Insurance Policy* defines types of insurance and their characteristics.

Decisions on insurance type and coverage scope are made based on risk materiality and insurance cost considerations. The materiality of risks is assessed based on estimated probability, potential damage severity, and the impact on operations. The Krka Group prioritises preventive measures, as they provide a more effective risk management strategy than relying solely on insurance policies. One reason for taking out insurance could be legislation requiring specific types of insurance.

The Krka Group tailors its insurance scope and coverage to align with business growth, property value, and conditions in the international insurance markets. We also take into account the wider community's interests and those of our stakeholders, for example, in areas such as environmental and product liability insurance.

Key insurance policies taken out by the Krka Group to manage risks include insurance for property, general civil liability, manufacturer's liability, clinical trials, product recalls, freight-in-transit, and business interruption. Insurance policies also indicate the main risks, including property protection, especially against disasters (fire, earthquake, flood, storm, explosion), business interruption at manufacturing plants, and product and other liabilities.

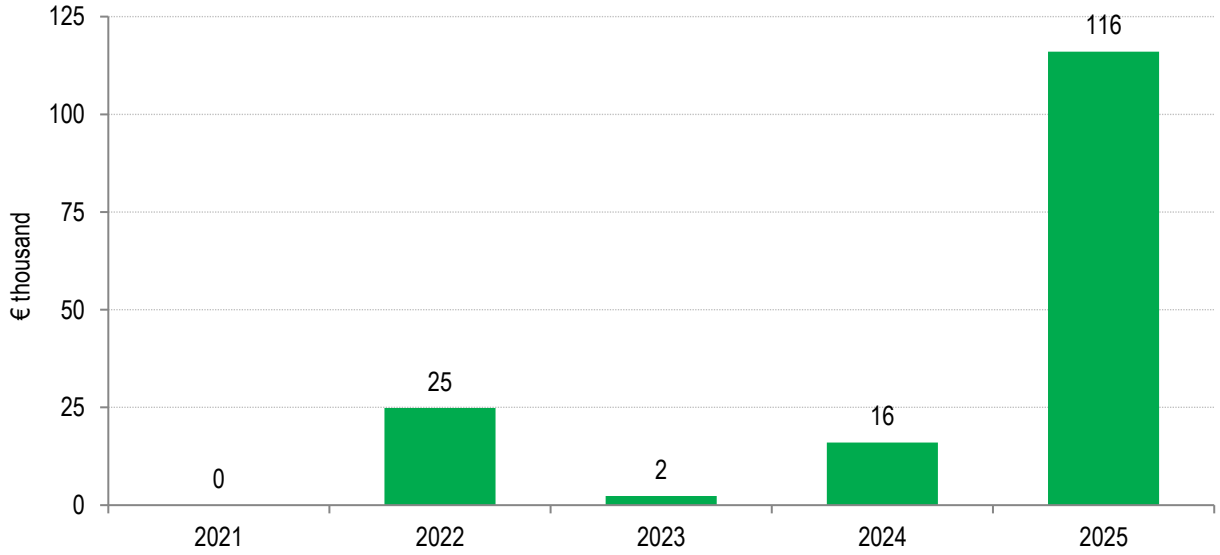
The controlling company manages the insurance policies of all Krka Group companies, except national car insurance policies, but still provides guidelines and monitors car insurance. The entire Krka Group is insured in compliance with uniform principles. The competitiveness and safety of individual insurance companies is reviewed every year. When selecting insurance companies, we consider the quality of coverage, premium rates, references, financial security (credit ratings and capital adequacy) and national legislation. The key performance evaluation criterion is the proportion of paid insurance premiums relative to Krka Group revenue. We also aim to keep premium rates as low as possible and ensure that premium growth lags behind increases in the bases used to calculate premiums.

We continued to acquire new partners from the international insurance market in 2025 to improve our insurance programme. Every year, Krka seeks to improve the efficiency of its insurance programmes and, at the same time, assumes part of the risk through insurance deductibles or by cancelling low-risk insurance policies. Four insurance audits were conducted in the Krka Group last year, with no critical recommendations made.

Krka has been investing systematically in damage prevention. Our buildings are designed to minimise hazard exposure. They are equipped with active fire safety systems, including fire and smoke alarms, sprinkler systems, fire flaps, and emergency lighting. Regular preventive inspections and fire drills are arranged, and employees receive theoretical and practical emergency response training.

In recent years, planned preventive measures and appropriate insurance policies have effectively minimised property damage, and it remains low.

Extent of property damage over the last five years[a]



[a] The graph does not include car or personal insurance.

Investor and share information

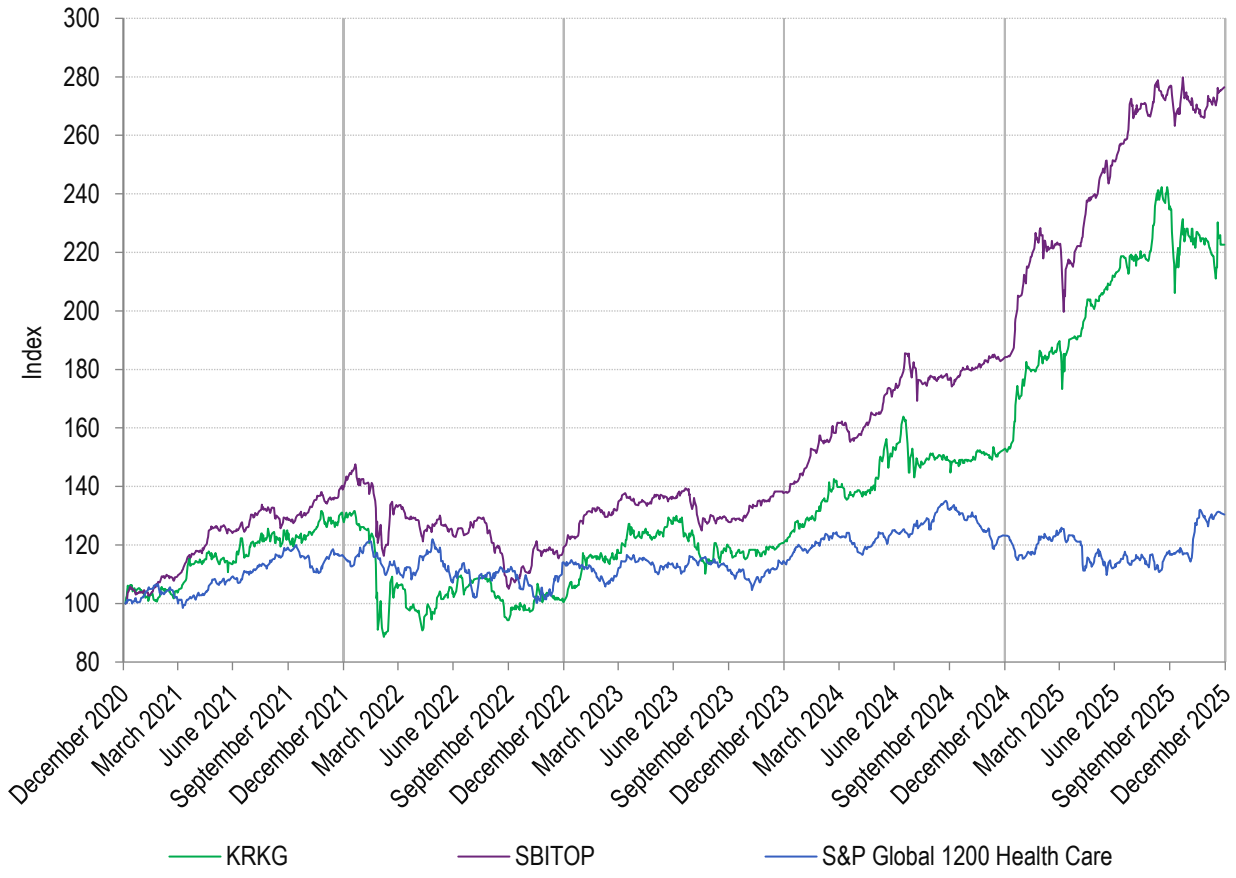
Shareholder return

Krka share price on the Ljubljana Stock Exchange over the last five years

€	2025	2024	2023	2022	2021
Year high	221.00	149.50	118.50	120.00	120.00
Year low	138.50	110.00	91.60	80.80	91.20
31 December	203.00	139.00	110.00	92.00	118.00
Annual change (%)	46.0	26.4	19.6	-22.0	29.1

In 2025, the Krka share price increased by just over 46%.

Krka share price performance compared to selected share indices over the last five years



Reference: The Ljubljana Stock Exchange and S&P Dow Jones Indices LLC

Dividend policy

The Annual General Meeting (AGM) decides on the proposed dividend amount. In 2025, we allocated 70.6% of the consolidated net profit attributable to equity holders of the controlling company generated in 2024 for the dividend payout. Gross dividend per share increased by 10.0%. The Company adheres to its long-term dividend policy when determining the net profit share for dividend payouts each year. At least 50% of the net profit of the controlling company's majority equity holders is allocated for dividends. The Group's financial requirements for investments and potential acquisitions are also taken into account.

Dividends and dividend yield over the last five years

	2025	2024	2023	2022	2021
Earnings per share[a] (€)	13.21	11.60	10.14	11.69	9.92
Gross dividend per share[b] (€)	8.25	7.50	6.60	5.63	5.00
Dividend payout ratio[c] (%)	70.6	73.6	56.3	56.6	53.6
Dividend yield[d] (%)	4.1	5.4	6.0	6.1	4.2

[a] Net profit for the year attributable to majority equity holders of the controlling company/Average number of shares issued in the period, excluding treasury shares
[b] Dividends paid for the previous period per the AGM resolution
[c] Total dividends paid/Consolidated net profit attributable to majority equity holders of the controlling company
[d] Gross dividend per share/Share price as at 31 December

Share trading and shareholding

Krka shares are listed on the prime market of the Ljubljana Stock Exchange. Since April 2012, they have been dual-listed on the Warsaw Stock Exchange. All Krka shares traded on the Ljubljana and Warsaw stock exchanges are of the same class: ordinary and freely transferable. Each share, except treasury shares, carries one vote at the AGM. Krka shares are traded freely through brokerage houses and banks that are members of the Ljubljana or Warsaw stock exchanges.

Krka share trading over the last five years



Reference: Ljubljana Stock Exchange

Krka shares were the most traded security on the Ljubljana Stock Exchange again in 2025. The average daily trading volume of Krka shares on the Ljubljana Stock Exchange reached €1.41 million, or 7,539 shares, including block trades.

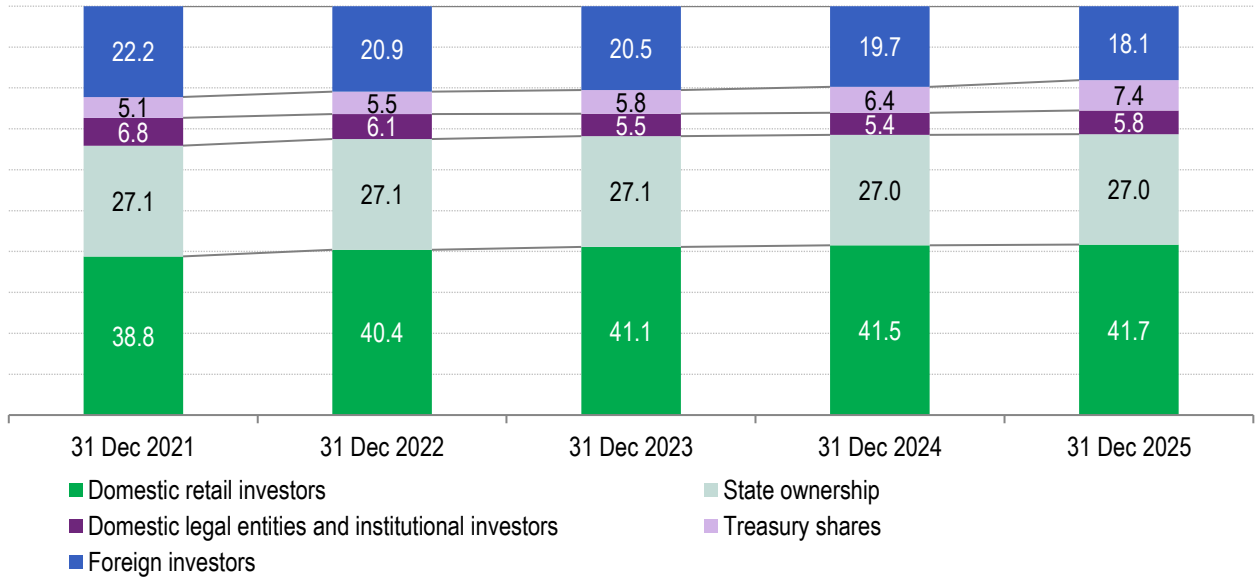
Ten largest shareholders as at 31 December 2025

	Shares owned	Stake (%)
Kapitalska družba, d. d.	3,493,030	10.65
Slovenski državni holding, d. d. (SDH)	2,949,876	9.00
Republic of Slovenia	2,366,411	7.22
OTP banka, d. d.[a]	1,482,195	4.52
Clearstream Banking SA[a]	1,113,430	3.40
Erste Group Bank AG[a]	1,100,511	3.05
Luka Koper, d. d.	433,970	1.32
Privredna banka Zagreb d. d.[a]	373,847	1.14
Raiffeisen Bank International AG[a]	329,366	1.00
Hrvatska poštanska banka d.d.[a]	162,735	0.50
Total	**13,705,371**	**41.79**

[a] The shares are held in custody accounts with the above-listed banks and are owned by their clients.

At the end of 2025, Krka had 47,882 shareholders.

Shareholder structure over the last five years (%)



Reference: KDD

In 2025, Krka acquired 327,490 treasury shares on the regulated market, valued at €61,458 thousand (€61.556 thousand including repurchase costs), and held 2,434,827 treasury shares as at 31 December 2025.

Communication with investors

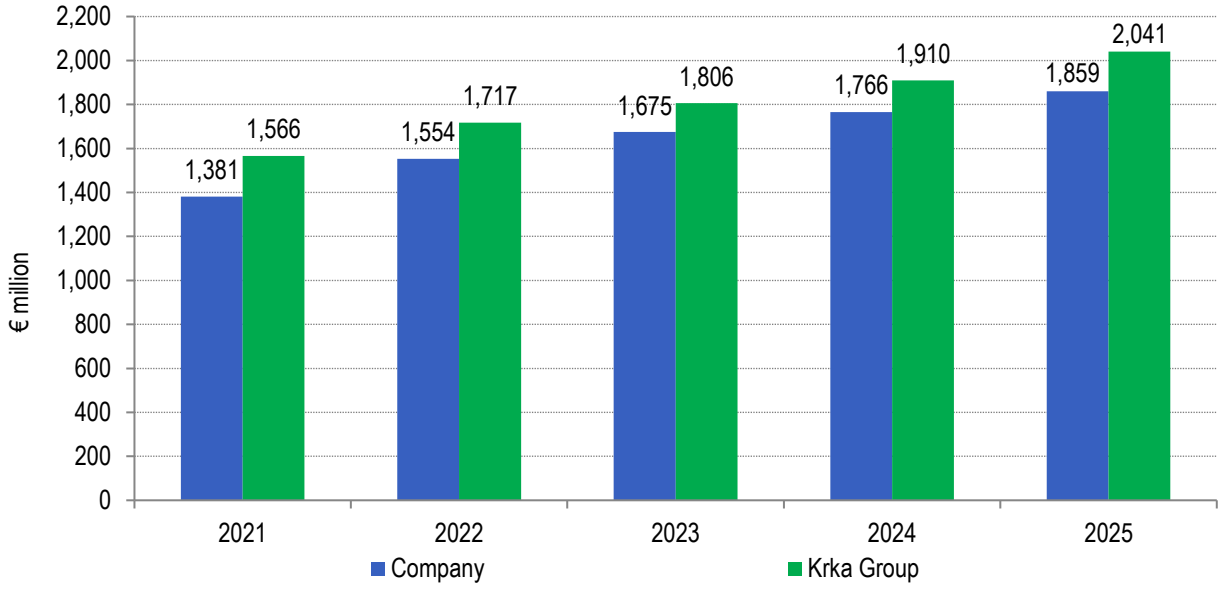
We adhere to the highest standards in conducting our business, which also extends to investor relations. We pursue corporate integrity, high levels of transparency in reporting, and engagement of shareholders, analysts, and financial professionals. We regularly informed the financial and general public about our business achievements throughout the year in compliance with valid regulations and stock exchange reporting rules. We provided investors mainly with information on the Krka Group's business performance and strategy, complying with the information disclosure policy. Investors and financial analysts gave us feedback, which we carefully examined and presented to our Management Board.

In 2025, we participated in 13 investment conferences attended by investors from more than 15 countries. We organised three webcasts to report on our quarterly performance and held an investor day, at which we presented the revised *2026–2030 Krka Group Development Strategy*. Krka received the Best Investor Relations Award among all companies listed on

the Ljubljana Stock Exchange for the sixth time. Krka's business results are available in Slovenian and English on SEOnet (http://seonet.ljse.si) of the Ljubljana Stock Exchange, ESPI of the Warsaw Stock Exchange, and Krka's website.

Performance analysis Operating income

Revenue over the last five years



In 2025, the Krka Group generated revenue of €2,041.0 million, up €131.5 million or 7% on 2024, of which revenue from contracts with customers on sales of products and services amounted to €2,034.0 million, and revenue from contracts with customers on sales of materials and other sales revenue constituted the difference. Over the last five years, the compound annual growth rate of revenue was 5.9%. Our sales volume tallied 18.7 billion product units, up 5% on 2024.

In 2025, Krka (in this section referred to as 'the Company' for clarity reasons) generated revenue of €1,859.4 million, up €93.4 million or 5% on 2024, of which revenue from contracts with customers on sales of products amounted to €1,624.8 million; revenue from contracts with customers on sales of materials totalled €225.5 million; and other sales revenue reached €9.1 million.

Operating expenses

The Krka Group posted operating expenses of €1,584.0 million, up €94.9 million or 6% on 2024. The Company incurred operating expenses of €1,450.1 million, up 5% on 2024.

Krka Group operating expenses comprised: cost of goods sold of €858.0 million; selling and distribution expenses of €413.8 million; R&D expenses of €188.2 million; and general and administrative expenses of €124.1 million. Operating expenses accounted for 78% of revenue, much the same as over the last five years.

Cost of goods sold, up 5% on 2024, represented the largest item in the Krka Group operating expense structure. They accounted for 42.0% of total revenue in 2025 and 42.7% in 2024. Selling and distribution expenses increased by 11% year on year and accounted for 20.3% of total revenue, up 0.7 percentage points on 2024. R&D expenses increased by 2% and accounted for 9.2% of total revenue (down 0.5 percentage points on 2024). General and administrative expenses amounted to 6.1% of total revenue, up 8%, while their proportion in revenue increased by 0.1 percentage point.

Company operating expenses comprised: cost of goods sold of €795.8 million; selling and distribution expenses of €361.6 million; R&D expenses of €184.8 million; and general and administrative expenses of €107.9 million. Cost of goods sold, up 2% on 2024, accounted for the largest Company operating expense item. They accounted for 42.8% of total revenue, a 1.5 percentage point decrease on 2024. Selling and distribution expenses increased by 12% year on year and

accounted for 19.4% of total revenue, up 1.2 percentage points on 2024. R&D expenses increased by 3% and accounted for 9.9% of total revenue (down 0.3 percentage points on 2024). General and administrative expenses accounted for 5.8% of total revenue, up 8%, increasing their proportion in total revenue by 0.2 percentage points on 2024.

Financial income and expenses

	Krka Group					Company				
€ thousand	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Financial income	60,331	33,946	23,567	57,668	19,711	78,402	34,967	60,964	57,744	24,714
Financial expenses	-29,535	-42,440	-56,062	-5,806	-12,082	-14,284	-39,996	-54,223	-3,356	-12,083
Net financial result	**30,796**	**-8,494**	**-32,495**	**51,862**	**7,629**	**64,118**	**-5,029**	**6,741**	**54,388**	**12,631**

Krka Group net financial result totalled €30.8 million in 2025, while the Company recorded a net financial result of €64.1 million.

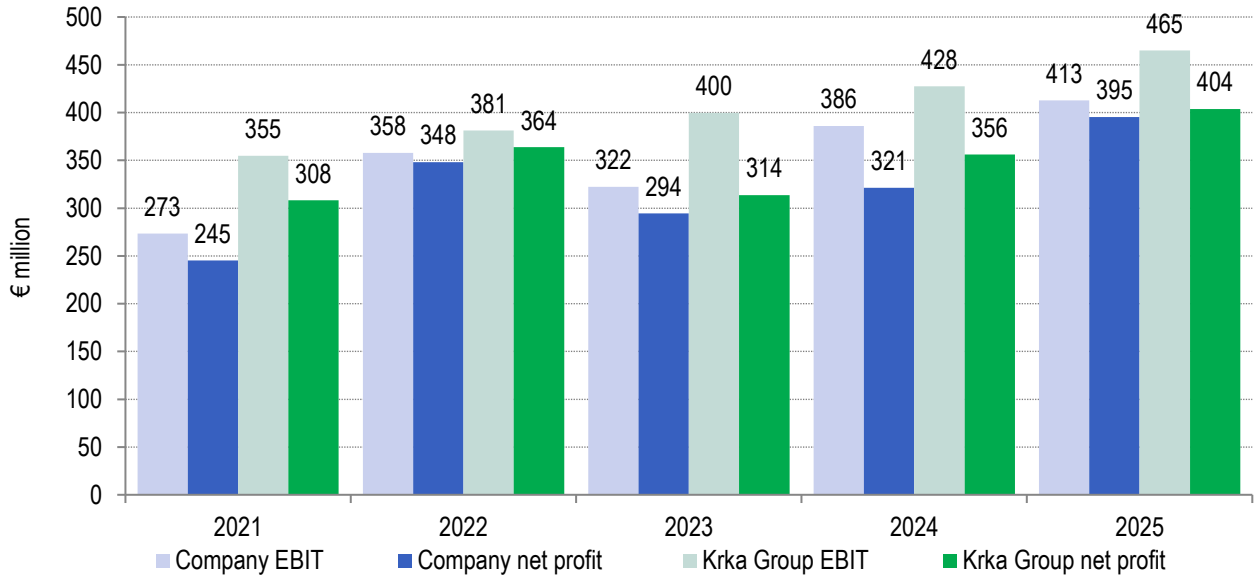
Operating in diverse international environments, the Krka Group is subject to foreign exchange risks in specific sales and procurement markets. Krka Group recorded a €35.0 million currency gain in 2025. Please see Note 30 'Financial instruments and financial risks' for details on foreign exchange risks.

Krka Group financial income comprised: net foreign exchange gains of €43.4 million; interest income of €11,7 million; derivative income of €0.08 million; income from other financial instruments of €5.1 million; and dividend income of €0.04 million. Financial expenses comprised: derivative expense of €8.5 million, interest expense of €7.0 million, and other financial expenses of €14.1 million.

Financial income of the Company comprised: net foreign exchange gains of €50.5 million; interest income of €7.8 million; derivative income of €0.08 million; income from other financial instruments of €5.1 million; income from dividends and other profit shares of €14.9 million. Financial expenses comprised: derivative expense of €8.5 million, interest expense of €1.7 million, and other financial expenses of €4.2 million.

Operating results

Operating profit (EBIT) and net profit over the last five years



The Krka Group recorded operating profit (EBIT) of €465.1 million, up €37.6 million or 9% on 2024. The Krka Group posted earnings before interest, tax, depreciation and amortisation (EBITDA) of €558.7 million, up €38.6 million or 7%.

The Company reported operating profit (EBIT) of €412.7 million, while its earnings before interest, tax, depreciation and amortisation (EBITDA) reached €482.0 million.

In 2025, Krka Group profit before tax increased by €76.9 million or 18% to €495.9 million. The effective tax rate for the Krka Group was 18.6%. The Company profit before tax totalled €476.8 million.

The Krka Group recorded net profit of €403.7 million, up €47.5 million or 13% on 2024. Over the last five years, the compound annual growth rate (CAGR) of net profit was 6.9%.

The Company generated total net profit of €395.4 million.

Assets

€ thousand	Krka Group					Company				
	31 Dec 2025	%	31 Dec 2024	%	Index	31 Dec 2025	%	31 Dec 2024	%	Index
Non-current assets	**1,059,759**	**34.8**	**1,022,901**	**35.9**	**104**	**1,058,622**	**38.3**	**1,044,180**	**39.8**	**101**
Property, plant and equipment (PP&E)	828,905	27.2	806,646	28.3	103	611,845	22.1	609,628	23.2	100
Intangible assets	99,787	3.3	100,747	3.5	99	24,363	0.9	25,026	1.0	97
Investments, joint ventures, and loans	60,388	2.0	59,846	2.1	101	417,402	15.1	403,181	15.4	104
Other	70,679	2.3	55,662	2.0	127	5,012	0.2	6,345	0.2	79
Current assets	**1,982,899**	**65.2**	**1,826,120**	**64.1**	**109**	**1,702,780**	**61.7**	**1,577,456**	**60.2**	**108**
Inventories	644,102	21.2	638,608	22.4	101	539,860	19.6	548,188	20.9	98
Trade receivables	609,315	20.0	552,710	19.4	110	560,340	20.3	518,425	19.8	108
Other	729,482	24.0	634,802	22.3	115	602,580	21.8	510,843	19.5	118
Total assets	**3,042,658**	**100.0**	**2,849,021**	**100.0**	**107**	**2,761,402**	**100.0**	**2,621,636**	**100.0**	**105**

At the end of 2025, Krka Group assets were valued at €3,042.7 million, up €193.6 million or 7% on year-end 2024. The ratio of non-current to current assets in the overall asset structure differed from that recorded at year-end 2024, as non-current assets decreased by 1.1 percentage points, accounting for 34.8%.

Company assets amounted to €2,761.4 million at the year-end 2025, up 5% year on year. The ratio of non-current to current assets in the overall asset structure differed from that recorded at year-end 2024, as non-current assets decreased by 1.5 percentage points, accounting for 38.3%.

Krka Group non-current assets were valued at €1,059.8 million, a €36.9 million or 4% increase on year-end 2024. The most significant item in the Krka Group asset structure was property, plant and equipment (PP&E). It was valued at €828.9 million and accounted for 27.2% of total Krka Group assets (of which Company PP&E accounted for €611.8 million or 74% of total Krka Group PP&E). Intangible assets totalled €99.8 million and accounted for 3.3% of total assets (of which Company assets accounted for €24.4 million or 24% of total Krka Group intangible assets). Krka Group non-current loans totalled €25.1 million or 0.8% of total Krka Group assets.

Krka Group current assets were valued at €1,982.9 million, a €156.8 million or 9% increase on year-end 2024. Inventories amounted to €644.1 million or 21.2% of total Krka Group assets. Trade receivables totalled €609.3 million, accounting for 20.0% of Krka Group total assets. Inventories increased by €5.5 million or 1%. Trade receivables increased by €56.6 million, or 10%, primarily due to the appreciation of certain national currencies. Krka Group current loans totalled €99.6 million or 3.3% of total Krka Group assets. The loans increased by €89.1 million on the back of deposits with maturities of over 90 days and under one year. Investments at fair value through profit or loss totalled €257.3 million and were invested in treasury bills issued by EU Member States with high credit ratings. Cash and cash equivalents were valued at €347.8 million and accounted for 11.4% of total Krka Group assets.

Company non-current assets were valued at €1,058.6 million, up €14.4 million or 1% on year-end 2024. Property, plant and equipment (PP&E) was the most significant item in the Company asset structure, valued at €611.8 million or 22.2% of total Company assets. Investments in subsidiaries totalled €355.3 million or 12.9% of total Company assets. Intangible assets amounted to €24.4 million, accounting for 0.9% of total assets. Company non-current loans totalled €25.5 million or 0.9% of total Company assets.

Company current assets were valued at €1,702.8 million, up €125.3 million or 8% on year-end 2024. Inventories totalled €539.9 million, accounting for 19.6% of Company assets; and trade receivables €560.3 million or 20.3% of Company assets (of which trade receivables due from customers other than Krka Group companies amounted to €246.4 million). Inventories decreased by 2%, while trade receivables increased by 8%. Company current loans totalled €60.5 million

or 2.2% of its total assets. The loans increased by €51.5 million on the back of higher deposits with maturities of over 90 days and up to one year. Investments at fair value through profit or loss totalled €257.3 million and were invested in treasury bills issued by EU Member States with high credit ratings. Cash and cash equivalents were valued at €273.7 million, accounting for 9.9% of total Company assets.

Equity and liabilities

	Krka Group					Company				
€ thousand	31 Dec 2025	%	31 Dec 2024	%	Index	31 Dec 2025	%	31 Dec 2024	%	Index
Equity	2,377,151	78.1	2,237,784	78.6	106	2,272,584	82.3	2,186,351	83.4	104
Non-current liabilities	165,213	5.4	162,662	5.7	102	132,921	4.8	130,433	5.0	102
Current liabilities	500,294	16.5	448,575	15.7	112	355,897	12.9	304,852	11.6	117
Total equity and liabilities	**3,042,658**	**100.0**	**2,849,021**	**100.0**	**107**	**2,761,402**	**100.0**	**2,621,636**	**100.0**	**105**

As at 31 December 2025, Krka Group equity outstripped the 2024 year-end total by €139.4 million or 6%. The rise was attributable to Krka Group net profit of €403.7 million; other comprehensive income net of tax of €47.9 million; and retained profit from unpaid dividends of €1.3 million. Equity was reduced by dividend payments of €251.9 million and a repurchase of treasury shares of €61.6 million.

The Krka Group recorded non-current provisions of €135.2 million (of which post-employment and other non-current employee benefits accounted for €126.3 million; provisions for lawsuits €8.2 million; and other provisions €0.6 million), a €1.7 million or 1% decrease on 2024 year-end. Provisions for post-employment and other non-current employee benefits decreased by €2.4 million, while provisions for lawsuits increased by €0.6 million, and other provisions by €0.1 million. As per available information and with the support of external tax advisers, the Krka Group has formed current provisions of €27.5 million to settle any additional VAT, penalties, and default interest in the Russian Federation. During a tax audit launched in 2025, the Russian tax authority claimed that a portion of the rendered services should be accounted for as services subject to VAT, but the audit has not yet been concluded.

Of Krka Group current liability items, trade payables decreased by €23.6 million (of which payables to domestic suppliers decreased by €3.5 million and payables to foreign suppliers decreased by €20.1 million). Current liabilities from contracts with customers increased by €25.9 million (of which bonuses and volume rebates increased by €23.3 million; right of return by €0.2 million; and contract liabilities by €2.4 million). Other current liabilities increased by €12.4 million (of which payables to employees increased by €13.3 million and derivative liabilities by €0.2 million; while other liabilities decreased by €1.2 million).

As at 31 December 2025, Company equity outstripped the 2024 year-end total by €86.2 million or 4%. The rise was attributable to Company net profit of €395.4 million; other comprehensive income net of tax of €3.0 million; and retained profit from unpaid dividends of €1.3 million. Equity was reduced by dividend payments of €251.9 million and a repurchase of treasury shares of €61.6 million.

Company non-current provisions amounted to €123.9 million (of which post-employment and other non-current employee benefits totalled €116.5 million and provisions for lawsuits €7.4 million). Compared to the end of 2024, they decreased by €1.8 million or 1%, primarily due to a drop in provisions for post-employment and other non-current employee benefits. Provisions for lawsuits were brought forward unchanged. As per available information and with the support of external tax advisers, the Company has formed current provisions of €18.7 million to settle any additional VAT the Company would be obliged to settle on behalf of a subsidiary. The Company recognised provisions relating to the subsidiary as per an agreement on services rendered by the subsidiary, which had been subject to tax inspection. During a tax audit launched in 2025, the Russian tax authority claimed that a portion of the rendered services should be accounted for as services subject to VAT, but the audit has not yet been concluded.

Of Company current liability items, trade payables decreased by €11.0 million. Current liabilities from contracts with customers increased by €5.7 million, while other current liabilities increased by €11.1 million. At the end of 2025, the Company recorded current borrowings from subsidiaries totalling €34.3 million.

Cash flow statement

€ thousand	Krka Group		Company	
	2025	2024	2025	2024
Net cash flow from operating activities	528,620	360,933	467,895	320,519
Net cash flow from investing activities	-191,296	75,094	-131,416	107,941
Net cash flow from financing activities	-328,243	-264,548	-300,198	-330,864
Net change in cash and cash equivalents	**9,081**	**171,479**	**36,281**	**97,596**

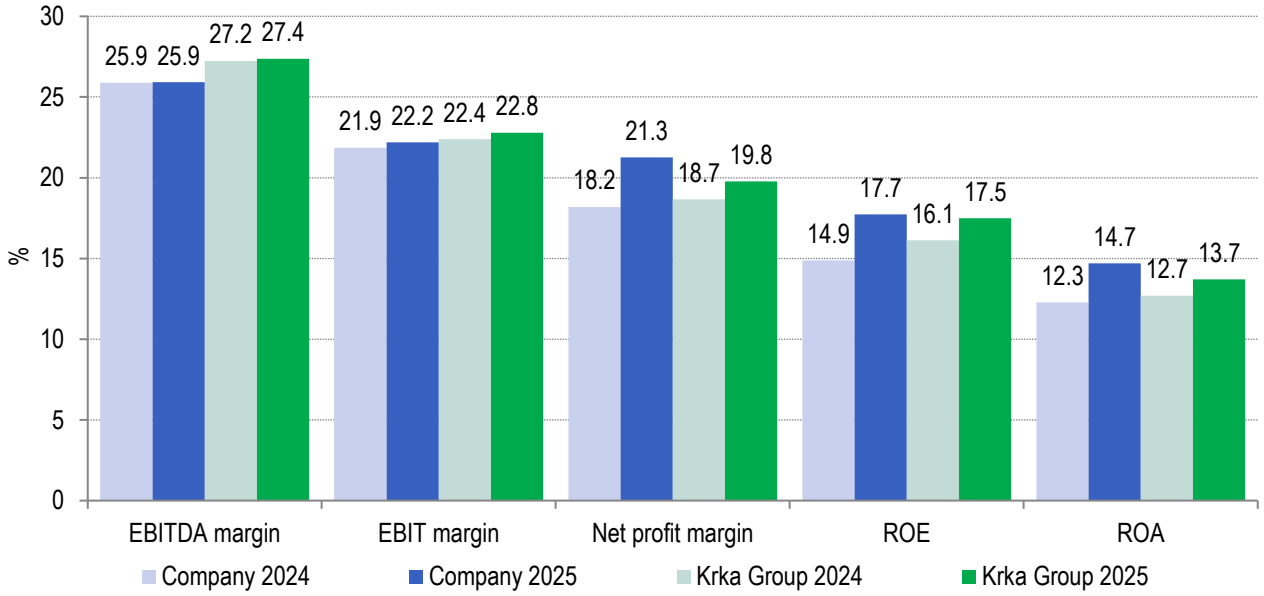
Net change in Krka Group cash and cash equivalents (exclusive of exchange rate fluctuations) totalled €9.1 million in 2025, as positive cash flow from operating activities outpaced the negative cash flows from investing and financing activities.

The Krka Group generated operating profit before changes in net current assets of €654.7 million. Changes in current assets that had a positive impact on cash flow included changes in provisions, trade payables, and other current liabilities; while changes in trade receivables, inventories, and deferred income had a negative impact. The decrease in net cash flow from operating activities was further impacted by income tax paid.

Negative cash flows from investing activities of €191.3 million were primarily generated by payments for acquiring current investments of €623.1 million; purchase of property, plant and equipment of €91.3 million; and net payments for current loans of €78.7 million. The year-on-year increase in negative cash flow from investing activities primarily resulted from investing surplus cash in various financial instruments, such as treasury bills issued by EU Member States with high credit ratings and deposits with first-rate European banks, and then reinvesting them upon maturity.

Payments of dividends and other profit shares totalling €252.0 million, and the treasury share repurchase of €61.6 million, contributed the most to the total negative cash flows from financing activities of €328.2 million.

Performance ratios



Krka Group and Company operating figures for the past five years

	Krka Group					Company				
€ thousand	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Revenue	2,041,025	1,909,544	1,806,391	1,717,453	1,565,802	1,859,391	1,766,021	1,674,572	1,553,514	1,381,367
EBITDA[a]	558,651	520,085	504.215	488,895	463,625	482,033	457,150	402,547	440,086	358,188
– Profit margin	27.4%	27.2%	27.9%	28.5%	29.6%	25.9%	25.9%	24.0%	28.3%	25.9%
EBIT[b]	465,149	427,572	399,621	381,211	354,788	412,686	385,997	322,308	357,870	273,325
– Profit margin	22.8%	22.4%	22.1%	22.2%	22.7%	22.2%	21.9%	19.2%	23.0%	19.8%
Net profit	403,672	356,202	313,732	363,662	308,150	395,372	321,192	294,481	348,215	245,216
– Profit margin	19.8%	18.7%	17.4%	21.2%	19.7%	21.3%	18.2%	17.6%	22.4%	17.8%
Assets	3,042,658	2,849,021	2,764,291	2,687,500	2,536,988	2,761,402	2,621,636	2,613,871	2,516,544	2,427,245
ROA[c]	13.7%	12.7%	11.5%	13.9%	12.9%	14.7%	12.3%	11.5%	14.1%	10.6%
Equity	2,377,151	2,237,784	2,181,766	2,138,509	1,919,085	2,272,584	2,186,351	2,133,258	2,060,792	1,876,142
ROE[d]	17.5%	16.1%	14.5%	17.9%	16.8%	17.7%	14.9%	14.0%	17.7%	13.4%

[a] The difference between operating income and expenses increased by accumulated depreciation and amortisation
[b] The difference between operating income and expenses
[c] Net profit/Average total asset balance in the year
[d] Net profit/Average shareholders' equity in the year

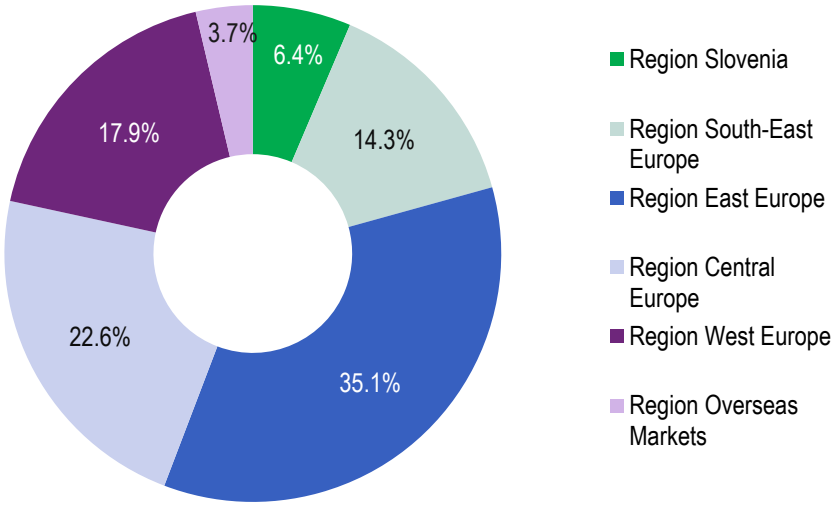
Product and service marketing and sales

In 2025, the Krka Group generated revenue of €2,041.0 million, up €131.5 million or 7% on 2024, of which revenue from contracts with customers on sales of products and services amounted to €2,034.0 million, and revenue from contracts with customers on sales of materials and other sales revenue constituted the difference. Sales in markets outside Slovenia totalled €1,903.8 million, accounting for 94% of overall Krka Group sales. Product sales volume increased by 5%.

Sales by Region

Region East Europe recorded the highest sales, €713.4 million, or 35.1% of total Krka Group sales. Region Central Europe achieved the second-highest sales, totalling €460.0 million, or 22.6% of total Krka Group sales. Region West Europe ranked third in sales with €364.1 million or 17.9% of total Krka Group sales. Sales generated by Region South-East Europe totalled €290.2 million, or 14.3% of total sales, and Region Overseas Markets €76.1 million, or 3.7% of total sales. Region Slovenia generated sales of €130.3 million, accounting for 6.4% of total Krka Group sales.

2025 Krka Group sales by region



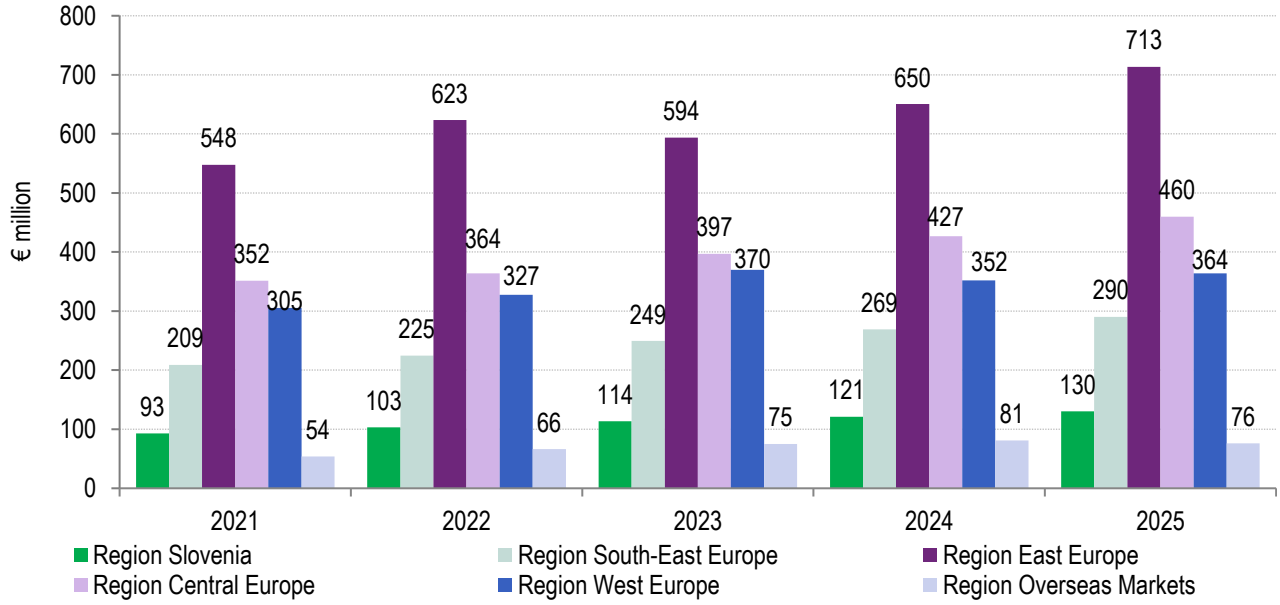
Krka Group and Company sales by region

€ thousand	Krka Group			Company		
	2025	2024	Index	2025	2024	Index
Region Slovenia	130,272	121,004	108	76,076	71,658	106
Region South-East Europe	290,172	269,025	108	283,991	263,169	108
Region East Europe	713,371	650,339	110	447,118	423,528	106
Region Central Europe	460,004	426,530	108	440,825	407,341	108
Region West Europe	364,109	351,803	103	313,338	308,895	101
Region Overseas Markets	76,111	81,147	94	63,438	63,985	99
Total	**2,034,039**	**1,899,848**	**107**	**1,624,786**	**1,538,576**	**106**

Krka Group quarterly sales by region

€ thousand	2025				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Region Slovenia	32,161	32,261	34,399	31,451	30,124	29,787	31,982	29,111
Region South-East Europe	75,019	73,177	70,024	71,952	69,100	68,342	64,185	67,398
Region East Europe	176,766	193,594	163,363	179,648	156,422	176,023	151,852	166,042
Region Central Europe	124,381	118,154	108,322	109,147	116,797	110,775	100,981	97,977
Region West Europe	96,074	90,947	85,368	91,720	92,773	91,145	80,620	87,265
Region Overseas Markets	17,055	16,186	21,876	20,994	18,888	20,662	17,056	24,541
Total	**521,456**	**524,319**	**483,352**	**504,912**	**484,104**	**496,734**	**446,676**	**472,334**

Krka Group sales by region over the last five years



Region Slovenia

Sales of products and services in Region Slovenia, our domestic market and one of Krka's key markets, amounted to €130.3 million in 2025. Product sales were valued at €76.1 million, up 6%. Prescription pharmaceuticals accounted for the majority, or 73%. Non-prescription products accounted for 23%, and sales of animal health products accounted for the remaining 4%. Holding a 7.3% market share, we remained the leading pharmaceutical provider in Slovenia by sales value. Health resort and tourist services generated €54.2 million, up 10% year on year, contributing 8% to sales growth in the domestic market.

The highest sales in prescription pharmaceuticals were generated by medicines for treating cardiovascular diseases, pain, central nervous system disorders, and gastrointestinal tract. We raised the visibility of all our key brands across all therapeutic categories of prescription pharmaceuticals and increased market shares.

Cardiovascular agents generated the strongest sales, particularly cholesterol-lowering agents. Sales of Sorvasta (rosuvastatin) were the most substantial, but we also increased the visibility of Sorvitimb, our rosuvastatin/ezetimibe single-pill combination. Of our antihypertensives, Prenewel (perindopril/indapamide) recorded the strongest sales, followed by Amlessa (perindopril/amlodipine), Prenessa (perindopril), and Amlewel (perindopril/amlodipine/indapamide). We bolstered recognition of our anticoagulants in the market by adding Delianda (edoxaban) to Daxanlo (dabigatran). We also expanded our cardiovascular agents with the platelet aggregation inhibitor Atixarso (ticagrelor).

Nalgesin Forte (naproxen) and Doreta (tramadol/paracetamol), including prolonged-release tablets Doreta SR (tramadol/paracetamol), and a non-opioid analgesic Algominal (metamizole), were our most notable analgesics. Daleron

(paracetamol) 1,000 mg won recognition. Agents that stood out from our central nervous system range were: antidepressants Asentra (sertraline), Dulsevia (duloxetine), and Mirzaten (mirtazapine); antipsychotics Kventiax (quetiapine) and Parnido (paliperidone); and an antidementia medicine Memaxa (memantine). Nolpaza (pantoprazole) and Emozul (esomeprazole) were our best-selling medicines for gastrointestinal disorders. We expanded our product portfolio with Efigalo (fingolimod) for the treatment of multiple sclerosis and Eltrombopag Krka (eltrombopag) for the treatment of thrombocytopenia.

Sales of non-prescription products were driven by Magnezij Krka (magnesium) from our vitamins and minerals range, followed by the Daleron product brand, Nalgesin S (naproxen) from our range of analgesics, and Septabene (benzydamine/cetylpyridinium chloride) lozenges for relieving pain and inflammation in the oral cavity and throat, also in a new cola flavour. We extended our non-prescription product range with Herbisland (Iceland moss extract) lozenges for relieving hoarseness and dry, irritating cough. We bolstered the recognition of our Imunogard Krka (beta-glucan/vitamins/minerals) immune system support.

Sales of animal health products were driven by Floron (florfenicol), followed by a broad-spectrum antiparasiticide Milprazon (milbemycin/praziquantel) and Fypryst Combo (fipronil/S-methoprene) for protection against ticks and fleas.

Krka Group market position in Slovenia
Holding a 7.3% market share, we placed first among all providers of medicines. Of all medicines sold in Slovenia, one in five was made by Krka.
In 2025, we outperformed the market as a whole in sales growth.
We were the leading provider of: • Lipid-lowering single-pill combinations, accounting for approximately a 75% market share; • Proton pump inhibitors, accounting for more than a 70% market share; • Non-steroidal anti-inflammatory and antirheumatic mono-component medicines, accounting for approximately a 65% market share; • Statins, accounting for more than a 60% market share; • Agents acting on the renin-angiotensin system, accounting for more than a 40% market share; • Products with an effect on the pharynx, accounting for more than a 40% market share; • Antipsychotics, anxiolytics, antidementia medicines, and antidepressants, accounting for approximately a 40% market share.
We were the leading provider of medicines containing alprazolam; atorvastatin; ciprofloxacin; dexamethasone; doxazosin; donepezil; duloxetine; enalapril; esomeprazole; gliclazide; indapamide; carvedilol; quetiapine; losartan, including the losartan/hydrochlorothiazide single-pill combination; memantine; metronidazole; naproxen; omeprazole; pantoprazole; perindopril, including all perindopril/amlodipine/indapamide single-pill combinations; ramipril, including the ramipril/hydrochlorothiazide single-pill combination; rosuvastatin, including the rosuvastatin/ezetimibe single-pill combination; sertraline; simvastatin; tamsulosin; telmisartan, including the telmisartan/hydrochlorothiazide single-pill combination; tramadol in combination with paracetamol; valsartan, including the valsartan/hydrochlorothiazide single-pill combination; and venlafaxine. We were the leading provider of generic varieties containing aripiprazole, etoricoxib, and olanzapine. We were the leading provider of non-prescription products, including: non-steroidal anti-inflammatory drugs (NSAIDs); products with effects on the pharynx; group B vitamins; proton pump inhibitors; vitamin D; and magnesium-based products.
Nalgesin (naproxen), Nolpaza (pantoprazole), Sorvasta (rosuvastatin), Daleron (paracetamol), Prenewel (perindopril/indapamide), Amlessa (perindopril/amlodipine), Sorvitimb (rosuvastatin/ezetimibe), Prenessa (perindopril), Septabene (benzydamine/cetylpyridinium chloride), and Doreta (paracetamol/tramadol) generated the strongest sales.

Region South-East Europe

Region South-East Europe recorded product sales of €290.2 million, an 8% year-on-year increase. We recorded growth in all regional markets. Absolute growth, however, was the highest in Serbia, where our product sales increased by €3.8 million. Bosnia and Herzegovina and Croatia followed in terms of absolute year-on-year sales growth, each increasing sales by €3.1 million.

Prescription pharmaceuticals accounted for 87%, while non-prescription products accounted for 9% of regional sales. Animal health products constituted slightly more than 3% of total regional sales. Our prescription pharmaceuticals recorded 8% year-on-year growth. Non-prescription product sales increased by 4%, while animal health products surpassed year-on-year sales by 16%.

In **Romania**, one of our key markets and the largest regional one, year-on-year sales increased by 3% to €80.1 million. Our market share reached 1.5% and market share volume 5.3%, respectively, ranking us as the sixth-largest foreign provider of generic pharmaceuticals in the country. Atoris (atorvastatin), Nolpaza (pantoprazole), Co-Prenessa (perindopril/indapamide), Co-Roswera (rosuvastatin/ezetimibe), Roswera (rosuvastatin), and Teotard (theophylline) generated the strongest sales of our prescription pharmaceuticals. Nalgesin (naproxen) and Bilobil (ginkgo leaf extract) were our best-selling non-prescription products. Companion animal products accounted for the majority of animal health product sales, most notably the Fypryst brand products, Selehold (selamectin), Enroxil (enrofloxacin), and Milprazon (milbemycin/praziquantel).

Krka Group market position in Romania
With a 1.5% market share, we ranked sixth among foreign generic pharmaceutical providers in the country.
We were among the leading providers of: • SNRI antidepressants, accounting for more than a 60% market share; • Statins, accounting for approximately a 25% market share; • Lipid-lowering single-pill combinations, accounting for approximately a 25% market share; • Antimicrobials (fluoroquinolones), accounting for more than a 20% market share; • Angiotensin II receptor blockers, also in combination with diuretics, accounting for more than a 10% market share; • ACE inhibitors and ACE-based combinations, accounting for more than 10% market share; • Prescription analgesics and antipyretics, accounting for approximately a 10% market share.
We were the leading provider of medicines containing ciprofloxacin; duloxetine; enalapril; lansoprazole; losartan; mirtazapine; naproxen; norfloxacin; the perindopril/amlodipine single-pill combination; pramipexole; ropinirole; sitagliptin, including the sitagliptin/metformin single-pill combination; sulfasalazine; telmisartan; tramadol, including tramadol in combination with paracetamol; and venlafaxine. We were the leading provider of generic varieties containing aripiprazole; gliclazide; ivabradine; ginkgo leaf extract; pantoprazole; the perindopril/indapamide single-pill combination; and the perindopril/indapamide/amlodipine single-pill combination.

Croatia, another key market, ranked second in the region for sales. Sales in Croatia totalled €52.1 million, up 6% on 2024. We ranked second among foreign providers of generic pharmaceuticals and second among animal health product manufacturers. Year on year, we increased sales across all our product groups: prescription pharmaceuticals by 6%, non-prescription products by 12%, and animal health products by 8%.

In accordance with our plans, prescription pharmaceuticals generated the highest sales value, in particular: Emanera (esomeprazole), Atoris (atorvastatin), Co-Dalneva (perindopril/amlodipine/indapamide), Co-Perineva (perindopril/indapamide), Co-Roswera (rosuvastatin/ezetimibe), Roswera (rosuvastatin), Dalneva (perindopril/amlodipine), Valsacombi (valsartan/hydrochlorothiazide), Doreta (tramadol/paracetamol), Helex (alprazolam), Nolpaza (pantoprazole), and Panatus (butamirate). Of non-prescription products, Nalgesin (naproxen) and Septolete Duo (benzydamine/cetylpyridinium chloride) recorded the strongest sales. Fypryst brand products and Enroxil (enrofloxacin) were our best-selling animal health products.

Krka Group market position in Croatia
With a 2.9% market share, we ranked second among foreign generic pharmaceutical providers in the country.
We were the leading provider of: • Angiotensin II receptor antagonists, also in combination with diuretics, accounting for approximately a 65% market share; • Antitussives, accounting for approximately a 55% market share; • ACE inhibitors and ACE-based combinations with diuretics, accounting for more than a 35% market share; • Statins, including ezetimibe, accounting for approximately a 30% market share. We were among the leading providers of: • Typical antipsychotics, accounting for more than a 35% market share; • Antimicrobials (fluoroquinolones), accounting for approximately a 30% market share; • Sulphonamide antidiabetics, accounting for approximately a 30% market share; • Proton pump inhibitors, accounting for more than a 25% market share; • ACE inhibitors in combination with calcium channel blockers account for approximately a 25% market share; • Non-steroidal anti-inflammatory and antirheumatic mono-component medicines, accounting for approximately a 25% market share; • Mono-component corticosteroids for systemic treatment, accounting for approximately a 25% market share; • Angiotensin II receptor blockers in combination with calcium channel blockers, accounting for approximately a 25% market share; • Anxiolytics, accounting for approximately a 20% market share; • Antidepressants and mood stabilizers, accounting for more than a 15% market share.
We were the leading provider of medicines containing: alprazolam; atorvastatin; butamirate; ciprofloxacin; dexamethasone; diosmin; escitalopram; esomeprazole; clarithromycin; lansoprazole; losartan, including the losartan/hydrochlorothiazide single-pill combination; norfloxacin; perindopril, including the perindopril/indapamide single-pill combination; rosuvastatin, including the rosuvastatin/ezetimibe single-pill combination; sitagliptin; the telmisartan/hydrochlorothiazide single-pill combination; tramadol in combination with paracetamol; and valsartan, including the valsartan/hydrochlorothiazide single-pill combination. We were the leading provider of generic varieties containing desloratadine; gliclazide; the perindopril/amlodipine single-pill combination; the perindopril/amlodipine/indapamide single-pill combination; the sitagliptin/metformin single-pill combination; the valsartan/amlodipine single-pill combination; the valsartan/amlodipine/hydrochlorothiazide single-pill combination; and simvastatin.

Serbia generated €42.9 million in sales, up 10% year on year, ranking it third among regional markets. Prescription pharmaceuticals accounted for 88% of overall country sales. Sales were driven by Nolpaza (pantoprazole), Co-Amlessa (perindopril/amlodipine/indapamide), Roswera (rosuvastatin), Co-Prenessa (perindopril/indapamide), Xerdoxo (rivaroxaban), and Atoris (atorvastatin). Non-prescription product sales amounted to €3.3 million. Main products were Nalgesin (naproxen), Bilobil (ginkgo leaf extract), and Septolete brand products. Sales value of animal health products increased by 20% on 2024. Products sold under the Fypryst and Dehinel brands, and Milprazon (milbemycin/praziquantel) led the way.

Sales in **Bulgaria** totalled €32.9 million, a 9% year-on-year increase. Prescription pharmaceuticals accounted for 93% of overall country sales, and Co-Valsacor (valsartan/hydrochlorothiazide), Co-Amlessa (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole), Roswera (rosuvastatin), Valsacor (valsartan), Co-Roswera (rosuvastatin/ezetimibe), Valtricom (valsartan/amlodipine/hydrochlorothiazide), and Wamlox (valsartan/amlodipine) recorded the strongest sales. Non-prescription products saw an 11% increase on 2024 and totalled €0.8 million. Animal health products, which accounted for 4% of overall sales, generated €1.4 million, up 9% on 2024. Best-selling animal health products included Fypryst brand products, Milprazon (milbemycin/praziquantel), and Floron (florfenicol).

Our product sales in **North Macedonia** totalled €31.1 million, up just over 7% year on year. We remained the leading foreign provider of generic pharmaceuticals in the country. Sales of prescription pharmaceuticals were pivotal, in particular of Roswera (rosuvastatin), Nolpaza (pantoprazole), Co-Prenessa (perindopril/indapamide), Atoris (atorvastatin), Tanyz (tamsulosin), Enap (enalapril), and Lorista (losartan). Leading non-prescription products were Septanazal (xylometazoline/dexpanthenol), Flebaven (diosmin), Septolete Total (benzydamine/cetylpyridinium chloride), and Nalgesin (naproxen). Sales of animal health products generated €0.4 million. Entemulin (tiamulin), Fypryst brand products and Enroxil (enrofloxacin) added the most to overall sales.

We recorded sales of €26.5 million, up 13%, and remained the leading foreign provider of generic pharmaceuticals in **Bosnia and Herzegovina**. Prescription pharmaceuticals accounted for the majority of overall sales and recorded a 15% sales increase. Roswera (rosuvastatin), Amlewel (perindopril/amlodipine/indapamide), Lexaurin (bromazepam), Dagrafors (dapagliflozin), Enap-H and Enap-HL (enalapril/hydrochlorothiazide), and Nolpaza (pantoprazole) generated the strongest

sales. The most notable new product was Dagrafors (dapagliflozin), surpassing €1 million in sales in the first year after launch. Among non-prescription products, Nalgesin (naproxen), Panatus (butamirate), and Septolete Total (benzydamine/cetylpyridinium chloride) led the way, up 3% on 2024. We achieved 47% growth in animal health product sales, driven primarily by Fypryst brand products.

In **Kosovo**, we recorded an 11% sales increase, placing us among the leading providers of medicines. Roswera (rosuvastatin), Lorista H (losartan/hydrochlorothiazide), Atoris (atorvastatin), and Valsacombi (valsartan/hydrochlorothiazide) generated the highest sales, contributing the most to overall sales. Owing to substantial growth, we surpassed the €10 million milestone in sales. Among the non-prescription products, the Daleron product brand led the way, generating €1.4 million in sales. We celebrated the fifth year of independently marketing products in **Greece**, with total product sales of €5.4 million. Prescription pharmaceuticals generated the strongest sales, in particular Pitavador (pitavastatin), Dulsevia (duloxetine), Zalasta (olanzapine), Parnido (paliperidone), Daxanlo (dabigatran), and Tezulix (ranolazine). Sales in **Albania** totalled €4.6 million, an almost 13% year-on-year increase. As expected, prescription pharmaceuticals accounted for the majority of total sales. Ultop (omeprazole), Atoris (atorvastatin), Enap (enalapril), Nolpaza (pantoprazole), Lorista (losartan), and Roswera (rosuvastatin) generated the strongest sales. Septolete Total (benzydamine/cetylpyridinium chloride) led the way among our non-prescription products. In **Montenegro**, we recorded sales total of €4.1 million, up just over 23%. Sales were driven in particular by prescription pharmaceuticals: Nolpaza (pantoprazole), Co-Roswera (rosuvastatin/ezetimibe), and Maymetsi (sitagliptin/metformin).

Region East Europe

Region East Europe generated sales totalling €713.4 million, a 10% year-on-year increase, and remained the leading region by sales. Sales increased across all markets except one. Absolute growth was the highest in the Russian Federation and Belarus, while Turkmenistan recorded the highest relative growth.

The **Russian Federation** remained our key and largest individual market. Our product sales generated €422.3 million, up 13% on 2024. We sell our products in the national currency in the Russian Federation. We recorded 9% growth in sales value denominated in the Russian rouble and comparable sales volume growth.

Prescription pharmaceuticals were the leading product group, generating €340.2 million, a sound 80% of overall sales. Co-Dalneva (perindopril/amlodipine/indapamide), Co-Perineva (perindopril/indapamide), Lorista (losartan), Vamloset (valsartan/amlodipine), Nolpaza (pantoprazole), Valsacor (valsartan), Lorista H and Lorista HD (losartan/hydrochlorothiazide), Roxera (rosuvastatin), Duloxenta (duloxetine), and Roxera Plus (rosuvastatin/ezetimibe) generated the strongest sales. Duloxenta (duloxetine), Roxera Plus (rosuvastatin/ezetimibe), and Nolpaza (pantoprazole) recorded the highest absolute growth. We successfully launched Valsacor Inda (valsartan/indapamide) and Nalgesin Duo (naproxen/paracetamol).

Sales of non-prescription products generated €46.5 million in 2025. Nalgesin (naproxen), which recorded the highest absolute growth, along with Septolete Total (benzydamine/cetylpyridinium chloride), and Herbion brand products, were particularly notable.

Sales of animal health products generated €35.6 million. The leading animal health products were Selafort (selamectin), which recorded the highest absolute growth, Milprazon (milbemycin/praziquantel), and Cladaxxa (amoxicillin/clavulanic acid).

We manufactured the majority, or 74%, of the products sold in the Russian Federation at our local Russian plant Krka-Rus.

Krka Group market position in the Russian Federation
With a 1.9% market share, we were the leading foreign provider of generic pharmaceuticals in the country. In 2025, we outperformed the entire market with respect to sales growth.
We were the leading provider of prescription pharmaceuticals in the pharmacy segment. We were the leading provider of prescription pharmaceuticals for the treatment of cardiovascular diseases.
We were the leading provider of: • Angiotensin II receptor blockers, also in combinations, accounting for approximately a 30% market share; • Statins, including ezetimibe, accounting for approximately a 20% market share; • SSRI and SNRI antidepressants, accounting for approximately a 20% market share; • Atypical antipsychotics, accounting for approximately a 15% market share. We were among the leading providers of: • ACE inhibitors and ACE-based combinations, accounting for approximately a 20% market share; • Direct thrombin inhibitors, accounting for approximately a 20% market share; • Proton pump inhibitors, accounting for more than a 15% market share.
We were the leading provider of medicines containing aripiprazole; duloxetine; enalapril, including the enalapril/hydrochlorothiazide single-pill combination; losartan, including the two losartan-based single-pill combinations with amlodipine and hydrochlorothiazide; naproxen; norfloxacin; olanzapine; pantoprazole; ramipril; sitagliptin, including the sitagliptin/metformin single-pill combination; the telmisartan/hydrochlorothiazide single-pill combination; and valsartan, including all valsartan/amlodipine/hydrochlorothiazide single-pill combinations. We were the leading provider of generic varieties containing dabigatran; escitalopram; esomeprazole; ivabradine; perindopril, including all perindopril/amlodipine/indapamide single-pill combinations; rosuvastatin, including the rosuvastatin/ezetimibe single-pill combination; and telmisartan, including the telmisartan/amlodipine single-pill combination.

In **Ukraine**, another of our key markets, our products generated €96.3 million in sales, outpacing the 2024 figure despite the ongoing complex situation in the country. With a 3.1% market share, we ranked second among foreign providers of generic pharmaceuticals in the country. We outperformed the entire market in sales growth, both in value and volume. Prescription pharmaceuticals, our main product group, accounted for 86% of overall sales, with Co-Prenessa (perindopril/indapamide), Co-Amlessa (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole), and Roxera (rosuvastatin) leading the way. Non-prescription product sales accounted for a sound 8% of overall country sales, lagging behind the previous year. Nalgesin (naproxen), Herbion brand products, and Septolete Total (benzydamine/cetylpyridinium chloride) generated the most substantial sales. Sales of animal health products increased by 11% on 2024. The leading animal health products were Milprazon (milbemycin/praziquantel), Selafort (selamectin), and Prinocate (imidacloprid/moxidectin).

Krka Group market position in Ukraine
With a 3.1% market share, we ranked second among foreign providers of generic pharmaceuticals in the country. In 2025, we outperformed the market as a whole in sales growth.
We were the leading provider of: • Angiotensin II receptor blockers, also in combinations, accounting for approximately a 35% market share; • Statins, accounting for more than a 30% market share; • Hypolipaemic single-pill combinations with cardiovasculars, accounting for more than a 30% market share; • Parenteral corticosteroids, accounting for more than a 30% market share; • ACE inhibitors, also in combinations with diuretics, accounting for approximately a 30% market share; • Proton pump inhibitors, accounting for approximately a 15% market share. We were the leading provider of: • Lipid-lowering single-pill combinations, accounting for more than a 30% market share; • Antitussives, accounting for more than a 25% market share.
We were the leading provider of atorvastatin; dexamethasone; enalapril in combination with hydrochlorothiazide; ginkgo leaf extract; carvedilol; clarithromycin; the losartan/hydrochlorothiazide single-pill combination; naproxen; pantoprazole; perindopril, including the perindopril/indapamide single-pill combination; rosuvastatin; telmisartan, including two telmisartan-based single pill combinations with amlodipine and hydrochlorothiazide; and valsartan, including the valsartan/hydrochlorothiazide single-pill combination. We were the leading provider of generic varieties of gliclazide; the perindopril/amlodipine single-pill combination; and the perindopril/amlodipine/indapamide single-pill combination.

Subregion East Europe B

In Subregion East Europe B, which includes Belarus, Mongolia, Armenia, and Azerbaijan, our product sales totalled €71.5 million, up 12%. We recorded double-digit sales growth in Belarus, Armenia, and Mongolia.

Sales in **Belarus** totalled €32.2 million, up €4.2 million or 15% on the previous year. We increased our market share owing to above-average growth in value and volume, and remained first among foreign providers of generic pharmaceuticals. Co-Amlessa (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole), and Co-Prenessa (perindopril/indapamide) accounted for the mass of prescription pharmaceuticals, our key product group. Our best-selling non-prescription products were Septolete Total (benzydamine/cetylpyridinium chloride) and Herbion brand products. However, their sales were lower than in 2024. Sales of our animal health products generated €1.7 million, with Milprazon (milbemycin/praziquantel) recording the strongest sales.

In **Mongolia**, product sales amounted to €18.6 million, up 11% year on year, maintaining our position as the leading foreign provider of medicines in the country. Prescription pharmaceuticals accounted for the bulk of overall sales with €15.6 million. A sharp rise in sales of cardiovascular agents and antibiotics drove the growth of prescription pharmaceutical sales. Zyllt (clopidogrel), Amlessa (perindopril/amlodipine), Vamloset (amlodipine/valsartan), and Emanera (esomeprazole) generated the strongest sales. Non-prescription products generated €2.9 million in sales, primarily driven by Septolete Total (benzydamine/cetylpyridinium chloride), Septanazal (xylometazoline/dexpanthenol), and Nalgesin (naproxen).

Product sales in **Azerbaijan** are invoiced in USD, which has led to a value drop. Even so, we recorded €10.6 million in sales, a slight year-on-year increase. Holding slightly more than a 3% market share, we retained the top ranking among manufacturers of generic pharmaceuticals in the country. Prescription pharmaceutical sales accounted for nearly 95%, while non-prescription products accounted for a sound 2% of overall sales. Animal health products generated €0.3 million, accounting for almost 3% of overall country sales.

Product sales in **Armenia** totalled €10 million, up 21% on 2024. Holding a 4.4% market share, we maintained the first place among providers of generic medicines in the country. Prescription pharmaceuticals constituted 92% of sales, with Co-Amlessa (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole), and Co-Prenessa (perindopril/indapamide) at the forefront. Sales of non-prescription products levelled off with the 2024 figure. Septolete Total (benzydamine/cetylpyridinium chloride) and products marketed under the Herbion brand drove the non-prescription product sales.

Subregion East Europe K

Product sales in Kazakhstan, Moldova, and Kyrgyzstan were valued at €47 million, up 2% on 2024.

Product sales in **Kazakhstan** totalled €20.9 million, down 11% year on year. The main reasons for the drop were a year-on-year decline in the national currency and a decrease in government reimbursements for pharmaceuticals, forcing us to reduce our selling prices. Prescription pharmaceuticals accounted for 73% of overall country sales. Valodip (valsartan/amlodipine), Nolpaza (pantoprazole), and Co-Amlessa (perindopril/amlodipine/indapamide) generated the majority of overall prescription sales. Sales of non-prescription products amounted to €4.7 million. Herbion brand products, Septanazal (xylometazoline/dexpanthenol), and Septolete Total (benzydamine/cetylpyridinium chloride) recorded the strongest sales. Sales of animal health products totalled €1 million, up 23%, with Selafort (selamectin) and Milprazon (milbemycin/praziquantel) generating the strongest sales.

Product sales in **Moldova** generated €17.2 million, up 17% on 2024. We remained the leading provider of medicines in the country. Prescription pharmaceutical sales generated 81% of overall sales, up 20%. Valsacor (valsartan), Roswera (rosuvastatin), Nolpaza (pantoprazole), and Lorista (losartan) generated the majority of prescription pharmaceutical sales. We started marketing our new products: Asiglia Met (sitagliptin/metformin); Herbion Islamed lozenges; and Dapafors (dapagliflozin). Non-prescription product sales amounted to €2.7 million. Septanazal (xylometazoline/dexpanthenol), Nalgesin (naproxen), and Septolete Total (benzydamine/cetylpyridinium chloride) generated the strongest sales. Sales of animal health products generated €0.5 million, up 35% year on year.

We generated €8.9 million in product sales, up 14%, securing a 4.1% market share in **Kyrgyzstan**, positioning us third among providers of generic pharmaceuticals in the country. Prescription pharmaceuticals accounted for 84% or the majority of total sales, with Lorista (losartan), Atoris (atorvastatin), and Nolpaza (pantoprazole) leading the way. Sales of our non-prescription products were driven by Septolete Total (benzydamine/cetylpyridinium chloride) and products sold under Herbion and Pikovit brands.

Subregion East Europe U

Our Subregion East Europe U, comprising Uzbekistan, Georgia, Tajikistan, and Turkmenistan, generated €76.3 million in product sales, up 7%. We recorded growth across all four markets.

Product sales in **Uzbekistan** totalled €57.9 million, up 8% on 2024. We remained the leading provider of pharmaceuticals, also cardiovascular agents, in the country. Amlessa (perindopril/amlodipine), Valodip (valsartan/amlodipine), Lorista (losartan), and Nolpaza (pantoprazole) generated the majority of our prescription pharmaceutical sales. Among non-prescription products, key products included Septolete Total (benzydamine/cetylpyridinium chloride) and Pikovit-branded products.

Our product sales in **Georgia** amounted to €10.2 million, matching 2024 levels. Our 3.8% market share ranked us seventh among all pharmaceutical providers in the country. Our best-selling products were prescription pharmaceuticals, in particular Lorista H and Lorista HD (losartan/hydrochlorothiazide), Amlessa (perindopril/amlodipine), and Atoris (atorvastatin). Nalgesin (naproxen) was our best-selling non-prescription product.

In **Tajikistan**, sales reached €4.8 million, a 5% year-on-year increase. Dexamethasone (dexamethasone) generated the strongest sales. Nolpaza (pantoprazole) and Co-Amlessa (perindopril/amlodipine/indapamide) generated the highest sales of our new products.

Product sales in **Turkmenistan** totalled €3.4 million, up 25% on 2024. Amlessa (perindopril/amlodipine) and Naklofen (diclofenac) from our leading product group of prescription pharmaceuticals, and non-prescription products sold under the Pikovit and Herbion brands, and Septolete Total (benzydamine/cetylpyridinium chloride) generated the strongest sales.

Region Central Europe

Region Central Europe generated product sales of €460 million, up 8%. We recorded growth across all markets, with a double-digit sales rise in Poland, where our product sales increased by €24 million.

In **Poland**, the largest regional market and our key market, product sales reached €230.1 million, a 12% increase on 2024. We ranked third among foreign providers of generic pharmaceuticals.

Sales were driven by prescription pharmaceuticals, most notably pharmaceuticals from the reimbursement list. Our recently launched medicines have made a significant contribution to our sales.

We focused on cardiovascular agents and managed to increase sales by 12% despite significant market pressures. Atoris (atorvastatin), Roswera (rosuvastatin), Doreta (tramadol/paracetamol), Valsacor (valsartan), Co-Valsacor (valsartan/hydrochlorothiazide), Coroswera (rosuvastatin/ezetimibe), Dulsevia (duloxetine), and Emanera (esomeprazole) recorded the strongest sales. Our most notable new medicines were Maymetsi (sitagliptin/metformin), Maysiglu (sitagliptin), Vimetso (vildagliptin/metformin), Aramlessa (perindopril/amlodipine), Co-Amlessa (perindopril/amlodipine/indapamide), Daxanlo (dabigatran), Tolutris (telmisartan/amlodipine/hydrochlorothiazide), and Vabinxo (valsartan/indapamide).

Year-on-year sales of non-prescription medicines rose by 15%. Septolete brand products and Septanazal (xylometazoline/dexpanthenol), whose year-on-year sales increased by 9%, were our leading non-prescription products.

Animal health products created €9.8 million in sales, up 12%. Milprazon (milbemycin/praziquantel), up 11%, and Enroxil (enrofloxacin), up 23%, were our best-selling animal health products.

Krka Group market position in Poland
With a 1.7% market share, we ranked third among foreign providers of generic pharmaceuticals in the country.
We were the leading provider of: • Angiotensin II receptor blockers, also in combinations with diuretics and calcium channel blockers, accounting for approximately a 40% market share; • Statins, including ezetimibe, accounting for more than a 35% market share; • Dipeptidyl peptidase-4 (DPP-4) inhibitors, accounting for approximately a 25% market share; • SSRI and SNRI antidepressants, accounting for more than a 15% market share. We were among the leading providers of: • Sulphonamide antidiabetics, accounting for more than a 20% market share; • Lidomide antineoplastic agents, accounting for more than a 15% market share; • Oral corticosteroids, accounting for approximately a 15% market share; • Proton pump inhibitors, accounting for approximately a 15% market share; • ACE inhibitors and ACE-based combinations, accounting for more than a 10% market share; • Antimicrobials (fluoroquinolones), accounting for approximately a 10% market share; • Aminosalicylates for bowel disease, accounting for approximately a 10% market share; • Antiparkinsonians, accounting for approximately a 10% market share.
We were the leading provider of atorvastatin; celecoxib; duloxetine; candesartan, including the candesartan/hydrochlorothiazide single-pill combination; lansoprazole; lenalidomide; losartan, including the losartan/hydrochlorothiazide single-pill combination; norfloxacin; pramipexole; rabeprazole; rosuvastatin; the sitagliptin/metformin single-pill combination; sulfasalazine; tramadol in combination with paracetamol; the telmisartan/amlodipine single-pill combination; valsartan, including the valsartan/hydrochlorothiazide and valsartan/amlodipine/hydrochlorothiazide single-pill combinations; and vildagliptin, including the vildagliptin/metformin single-pill combination. We were the leading provider of generic varieties of gentamicin; gliclazide; and perindopril, including all perindopril-based single-pill combinations with amlodipine and indapamide.

In **Czechia**, another of our key markets, year-on-year sales increased by 6% to €62.2 million. With a 1.3% market share, we retained fourth place among foreign generic pharmaceutical providers. Prescription pharmaceuticals maintained the leading position, in particular Sorvasta (rosuvastatin), Atoris (atorvastatin), Pragiola (pregabalin), Lexaurin (bromazepam), Nolpaza (pantoprazole), Elicea (escitalopram), Doreta (tramadol/paracetamol), Asentra (sertraline), Tonanda (perindopril/amlodipine/indapamide), Tonarssa (perindopril/amlodipine), and Kventiax (quetiapine).

Non-prescription product sales amounted to €2.9 million. Besides Nalgesin S (naproxen), Septolete brand products and Nolpaza (pantoprazole) sold best. Sales of animal health products grew by 21%, with key products continuing to be those sold under the Dehinel and Fypryst brands.

Krka Group market position in Czechia
With a 1.3% market share, we ranked fourth among foreign providers of generic pharmaceuticals in the country. In 2025, we outperformed the entire market with respect to sales growth.
We were the leading provider of: • Sulphonamide antidiabetics, accounting for approximately a 30% market share; • SSRI and SNRI antidepressants, accounting for approximately a 25% market share. We were among the leading providers of: • Statins, accounting for more than a 25% market share; • Anxiolytics, accounting for approximately a 25% market share; • Proton pump inhibitors, accounting for more than a 20% market share; • Angiotensin II receptor blockers, also in combination with diuretics, accounting for more than a 15% market share; • ACE inhibitors, also in combinations with diuretics, accounting for approximately a 15% market share.
We were the leading provider of medicines containing atorvastatin; escitalopram; esomeprazole; gliclazide; carvedilol; lansoprazole; pantoprazole; pramipexole; rabeprazole; sertraline; and valsartan, including the valsartan/hydrochlorothiazide single-pill combination. We were the leading provider of generic varieties of levocetirizine and perindopril, including all perindopril-based single-pill combinations with amlodipine and indapamide.

Hungary, another key market, generated sales of €53.9 million, up 1% year on year, making it our third largest regional market. We ranked second among primarily foreign providers of generic pharmaceuticals in the country, holding more than a 1.6% market share. Prescription pharmaceuticals generated the highest sales, in particular, Co-Prenessa

(perindopril/indapamide), Dulsevia (duloxetine), Emozul (esomeprazole), Roxera (rosuvastatin), Kventiax (quetiapine), and Doreta (tramadol/paracetamol).

Sales of non-prescription products generated €3.6 million, 14% down on 2024. Septanazal (xylometazoline/dexpanthenol), Septolete Extra (benzydamine/cetylpyridinium chloride), and Bilobil (ginkgo leaf extract) generated the strongest sales. Animal health products generated €2 million in sales. Milprazon (milbemycin/praziquantel) and Enroxil (enrofloxacin) generated the strongest sales.

Krka Group market position in Hungary
With a 1.6% market share, we ranked second among primarily foreign generic pharmaceutical providers in the country.
In 2025, we outperformed the market as a whole in sales growth.
We were the leading provider of: • Platelet aggregation inhibitors (ADP receptor antagonists), accounting for more than a 35% market share; • Antimicrobials (oral fluoroquinolones), accounting for more than a 30% market share; • Mono-component thiazide diuretics and analogues, accounting for more than a 25% market share; • Prescription analgesics and antipyretics, accounting for approximately a 20% market share; • Antiparkinsonians, accounting for more than a 15% market share. We were among the leading providers of: • Angiotensin II receptor blockers in combination with diuretics, accounting for approximately a 35% market share; • Antidepressants and mood stabilisers, accounting for approximately a 20% market share; • ACE inhibitors and ACE-based combinations with diuretics, with a market share of more than 15%; • Proton pump inhibitors, accounting for more than a 15% market share; • Statins, accounting for more than a 15% market share; • Macrolide and pyranoside antibiotics, accounting for approximately a 15% market share; • Sulphonamide antidiabetics, accounting for approximately a 10% market share; • Cerebral and peripheral vasotherapeutics, accounting for approximately a 10% market share.
We were the leading provider of medicines containing duloxetine; etoricoxib; indapamide; clarithromycin; clopidogrel; quetiapine; mirtazapine; pomalidomide; pramipexole; rasagiline; tramadol in combination with paracetamol; and valsartan, including the valsartan/amlodipine/hydrochlorothiazide single-pill combinations. We were the leading provider of generic varieties containing ginkgo leaf extract and gliclazide.

In **Slovakia**, another key market and the fourth-largest regional market, we recorded product sales of €43.2 million, a slight year-on-year increase. Co-Prenessa (perindopril/indapamide), Atoris (atorvastatin), Co-Amlessa (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole), Amlessa (perindopril/amlodipine), and Prenessa (perindopril) generated the strongest sales of prescription pharmaceuticals, our leading product group. Year-on-year sales of non-prescription medicines dropped by 9%. Nalgesin S (naproxen), Flebaven (diosmin), Nolpaza (pantoprazole), and Septolete brand products generated the highest sales. Animal health product sales increased by 4%, with Fypryst and Dehinel brand products recording the strongest sales.

Krka Group market position in Slovakia
With a 2% market share, we ranked fourth among all generic pharmaceutical providers in the country.
We were the leading provider of: • Angiotensin II receptor blockers, also in combinations with diuretics and calcium channel blockers, accounting for approximately a 45% market share; • Antimicrobials (fluoroquinolones), accounting for approximately a 40% market share; • Antidementives, accounting for more than a 25% market share. We were among the leading providers of: • Proton pump inhibitors, accounting for more than a 35% market share; • Statins, accounting for approximately a 30% market share; • ACE inhibitors and ACE-based combinations, accounting for approximately a 25% market share; • Antidepressants and mood stabilisers, accounting for more than a 20% market share; • Anxiolytics, accounting for more than a 15% market share; • Lipid-lowering single-pill combinations, accounting for approximately a 15% market share; • Atypical antipsychotics, accounting for approximately a 15% market share.
We were the leading provider of medicines containing atorvastatin; diosmin; duloxetine; esomeprazole; the rosuvastatin/ezetimibe single-pill combination; indapamide; carvedilol; quetiapine; paliperidone; pantoprazole; pramipexole; ropinirole; tramadol in combination with paracetamol; valsartan; including all valsartan-based single-pill combinations with amlodipine and hydrochlorothiazide; venlafaxine; and ziprasidone. We were the leading provider of generic varieties of dexamethasone; escitalopram; and perindopril, including all perindopril-based combinations with amlodipine and indapamide.

Sales in **Lithuania** totalled €37.5 million, up 10%. As a result, we retained our position as the leading provider of generic pharmaceuticals in the country. Prescription pharmaceuticals accounted for the majority of overall sales, which saw a 12% increase, totalling €32.1 million. Roswera (rosuvastatin), Ravalsyo (rosuvastatin/valsartan), Nolpaza (pantoprazole), Sorvitimb (rosuvastatin/ezetimibe), Escadra (esomeprazole), Atoris (atorvastatin), Roxiper (perindopril/indapamide/rosuvastatin), and Captopril Krka (captopril) generated the strongest sales. Non-prescription product sales amounted to €3.5 million, up 9%, with Septabene (benzydamine/cetylpyridinium chloride) and Nalgesin (naproxen) generating the most notable sales. Sales of animal health products totalled €1.9 million. Milprazon (milbemycin/praziquantel) saw a 19% sales increase, and, together with Fypryst brand products, accounted for the majority of animal health product sales.

In **Latvia**, sales reached €20.4 million in 2025, a 7% year-on-year increase. We consolidated our position as the leading provider of generic pharmaceuticals in the country. Prescription pharmaceuticals generated the majority of overall sales, most notably Co-Amlessa (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole), Sorvasta (rosuvastatin), Escadra (esomeprazole), Bericox (etoricoxib), Co-Perineva (perindopril/indapamide), and Triemma (perindopril/indapamide/rosuvastatin). Non-prescription product sales amounted to €2.8 million. Daleron brand products, Septanazal (xylometazoline/dexpanthenol), and Septolete (benzydamine/cetylpyridinium chloride) recorded the strongest sales. Sales of animal health products totalled €0.7 million.

In **Estonia**, sales totalled €12.7 million, up 1% on 2024. Prescription pharmaceuticals again accounted for the majority of overall sales, above all Roswera (rosuvastatin), Rosazimib (rosuvastatin/ezetimibe), Atoris (atorvastatin), Nolpaza (pantoprazole), Co-Prenessa (perindopril/indapamide), and Prenessa (perindopril). Non-prescription product sales amounted to €1.4 million. Septolete Omni (benzydamine/cetylpyridinium chloride), Herbion brand products, and Septanazal (xylometazoline/dexpanthenol) remained the leading non-prescription products. Sales of animal health products increased by 26%.

Region West Europe

The markets of Region West Europe are collectively regarded as key markets for us. Regional sales amounted to €364.1 million in 2025, a 3% year-on-year increase. Germany, the Scandinavian countries and Finland, Portugal, Italy, and France recorded the highest sales. Sales through subsidiaries totalled €304.6 million, a 2% year-on-year increase. We generated 16% of sales through unrelated parties.

Prescription pharmaceuticals were the leading product group, generating sales of €315.7 million, up 4% on 2024, and accounting for 87% of overall regional sales. Medicines containing esomeprazole, candesartan, and valsartan were at the forefront.

Animal health products generated €36.6 million, accounting for 10% of overall regional sales. Sales through related parties grew by 7% in 2025 and accounted for two-thirds of total sales of animal health products in Region West Europe. Sales of animal health products for companion animals were driven by antiparasitic products, most notably the milbemycin/praziquantel combination and fipronil. Among our products for farm animals, medicines containing toltrazuril were the best-sellers.

Sales of non-prescription products decreased by 4%, accounting for 3% of regional sales. Sales were driven by Septolete brand products, products containing paracetamol, and products containing acetylsalicylic acid.

We operate in the region via our key market, Germany, and four subregional units: Europe – South; Scandinavia and Finland; Europe – Continental West; and Europe – West. We generated €10.7 million in product sales in other **European countries** that do not fall into any of our categories.

Germany remained our key regional and individual market. Country sales reached €86.8 million, up 4%. Our best-selling products included cardiovascular agents; oncology agents; central nervous system agents; agents for the treatment of blood and blood forming organs; and animal health products for companion animals. We remained one of the leading sartan providers in the country in 2025 as well. Candesartan, ramipril, pomalidomide, valsartan, and sitagliptin generated the highest sales.

Krka Group market position in Germany (pharmacy segment)
With a 1.5% market share, we ranked eighth among all foreign providers of generic pharmaceuticals in the country.
We were the leading provider of: • ACE inhibitors, also in combination with calcium channel blockers, accounting for approximately a 35% market share; • Angiotensin II receptor antagonists, also in combination with diuretics, accounting for more than a 25% market share; • Angiotensin II receptor antagonists, also in combination with calcium channel blockers, accounting for more than a 20% market share. We were among the leading providers of: • Calcium channel blockers in combinations with adrenergic receptor beta blockers, accounting for approximately a 35% market share; • Coronary therapy, excluding calcium channel blockers and nitrites, accounting for more than a 30% market share; • Lidomide antineoplastic agents, accounting for approximately a 20% market share; • Other antibiotics, accounting for more than a 15% market share.
We were among the leading providers of gliptin-based products, accounting for more than a 10% market share in terms of volume.
We were the leading provider of medicines containing cyproterone; the candesartan/hydrochlorothiazide single-pill combination; the candesartan/amlodipine single-pill combination; pomalidomide; the ramipril/amlodipine single-pill combination; tramadol in combination with paracetamol; valsartan/amlodipine/hydrochlorothiazide single-pill combination and valsartan/indapamide single-pill combination. We were among the leading providers of the bisoprolol/amlodipine single-pill combination; darunavir; dutasteride; the enalapril/hydrochlorothiazide single-pill combination; esomeprazole; ivabradine; candesartan; carvedilol; linezolid; the losartan/hydrochlorothiazide single-pill combination; the perindopril/indapamide single-pill combination; pramipexole; rabeprazole; ranolazine; ropinirole; sitagliptin; ticagrelor; valsartan, including the valsartan/hydrochlorothiazide single-pill combination; the vildagliptin/metformin single-pill combination; and ziprasidone.

Subregion Europe – South

Subregion Europe – South comprises Italy, Portugal, and Spain. Subregional product sales amounted to €87.7 million, up 1% on 2024. Products marketed under our brands accounted for 73% of total subregional sales.

In **Portugal**, year-on-year sales value increased by 13% to €38.2 million. Sales through our subsidiary recorded an 8% year-on-year growth. Prescription pharmaceuticals generated the highest absolute growth. Our paramount prescription pharmaceuticals included tapentadol – we were the leading provider of a generic variety of tapentadol in the country; the rosuvastatin/ezetimibe single-pill combination; olanzapine; and esomeprazole.

In **Italy**, we generated product sales of €27.7 million. We primarily increased sales of our animal health products. Medicines containing esomeprazole, pantoprazole, pregabalin, clopidogrel, and paliperidone were among our leading prescription pharmaceuticals.

In **Spain**, overall year-on-year sales decreased by 15%, totalling €21.7 million. Non-prescription product sales, however, increased. Products marketed under our brands accounted for 65% of total subregional sales. Medicines containing pramipexole, donepezil, galantamine, dexamethasone, and memantine generated the strongest sales.

Subregion Scandinavia and Finland

Our sales in Scandinavia and Finland generated €75.1 million, up 10% on 2024. Sales increased in all five subregional markets in that order: Sweden, Finland, Norway, Denmark, and Iceland. Sales were driven by medicines containing esomeprazole, pantoprazole, quetiapine, duloxetine, and candesartan.

We were one of the leading providers of generic medicines containing esomeprazole, quetiapine, and metoprolol in **Sweden**, and quetiapine and duloxetine in **Denmark**. In **Norway**, we retained the leading position of many medicines, particularly those containing esomeprazole, pantoprazole, and candesartan. Our product sales in **Iceland** surpassed €3 million for the first time, with esomeprazole and tadalafil recording the strongest sales.

In **Finland**, year-on-year sales value increased by 20% to €22.9 million. We were one of the leading providers of generic prescription pharmaceuticals containing valsartan, esomeprazole, and galantamine. Flea and tick prevention products, in particular fipronil, generated the strongest sales of our animal health products. Septabene (benzydamine/cetylpyridinium chloride) and Septanazal (xylometazoline/dexpanthenol) were leading non-prescription products.

Subregion Europe – Continental West

France and the Benelux make up our Subregion Europe – Continental West. Subregional product sales amounted to €54.2 million, up 10% year on year. Sales through our subsidiaries increased by 13%, accounting for 70% of overall subregional sales.

Sales in **France** totalled €22.9 million, up 12%. Prescription pharmaceuticals were the leading product group, generating €18.7 million, up 16%. Medicines containing esomeprazole, venlafaxine, and emtricitabine in combination with tenofovir were at the forefront. Antiparasitics for companion animals generated the strongest sales of our animal health product range, most notably fipronil and the milbemycin/praziquantel combination. Products containing paracetamol stood out among our non-prescription products.

In the **Benelux**, sales amounted to €31.2 million, up 8% year on year. In **Belgium**, we generated €17.3 million in product sales, up 31% on 2024, primarily through our subsidiary. Prescription pharmaceuticals generated the strongest sales, above all emtricitabine in combination with tenofovir, quetiapine, and aripiprazole. The best-selling animal health product was the combination of milbemycin and praziquantel. In the **Netherlands**, we generated €13.9 million in product sales, down 11% on 2024, also primarily through our subsidiary. Prescription pharmaceuticals generated the strongest sales, primarily medicines containing pomalidomide, lenalidomide, valsartan, and abiraterone. The best-selling product of all three product categories was the combination of milbemycin and praziquantel from our animal health product range.

Subregion Europe – West

The United Kingdom, Ireland, and Austria constitute our Subregion Europe – West. The subregion recorded €49.6 million, down 7% on 2024. Sales through our subsidiaries decreased by 9%, accounting for 93% of overall sub-regional sales.

Sales in the **United Kingdom** decreased by 17% year on year to €22.5 million. Milbemycin/praziquantel and fipronil/S-methoprene combinations, galantamine, venlafaxine, and pramipexole generated the strongest sales.

In **Ireland**, we generated €14.3 million in product sales, down 1% on 2024. We were one of the leading providers of pharmaceuticals containing esomeprazole, ezetimibe, candesartan, levocetirizine, valsartan in combination with a diuretic, and eplerenone.

In **Austria**, our sales grew by 10% to €12.8 million. Sales were driven by pharmaceuticals containing pregabalin, valsartan, and duloxetine.

Region Overseas Markets

Region Overseas Markets generated sales of €76.1 million, down 6% year on year. Two out of four sales offices recorded sales growth. Prescription pharmaceuticals accounted for the largest increase. We primarily marketed them under our brands, which accounted for more than 90% of overall regional sales.

Product sales in the markets of the **Middle East** totalled €25.2 million, a 6% year-on-year decrease. This decrease was due to tensions in **Iran**, where our sales fell by 17%, and Yemen, where our sales decreased by 61%. However, we recorded growth across all other markets covered by the sales office. We recorded the most substantial growth in the **United Arab Emirates**, **Saudi Arabia**, and **Iraq**. In the Middle East, Asentra (sertraline), Nolpaza (pantoprazole), Emanera (esomeprazole), Yasnal (donepezil), and Septolete brand products generated the strongest sales.

Product sales in the **Far East** and **Africa** reached €37.1 million, on par with 2024. We increased our sales by 2% in **Vietnam**, and the country remained the largest individual regional market. We recorded the highest relative sales growth in **Ghana** and **Malaysia**. Medicines containing gliclazide; esomeprazole; lansoprazole; amlodipine; tramadol in combination with paracetamol; and doxazosin were our best-selling products.

Our sales office in **China** generated €11.1 million in product sales, down 27% on 2024. The tender call for pregabalin in China was closed, which led to the decrease. In addition to pregabalin, we made available medicines containing losartan, atorvastatin, and gliclazide through our subsidiary, Ningbo Krka Menovo Pharmaceutical, in China. Strong sales of Palprostes (saw palmetto extract), the medicine made by our subsidiary TAD Pharma, and our other products continued in Hong Kong.

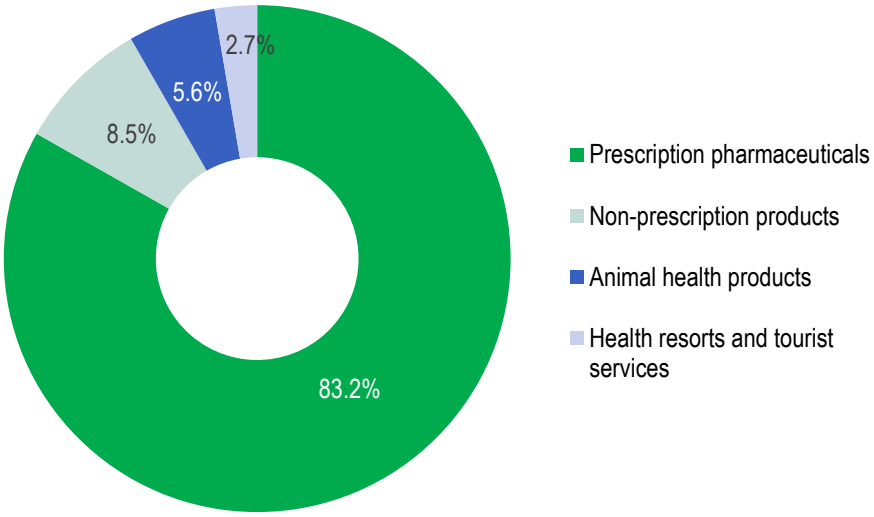
Our **Americas** sales office remained focused on Central American countries, and we also entered the **Mexican** market. Overall product sales totalled €2.7 million, up 34% on 2024. Valsacor (valsartan), atorvastatin in combination with ezetimibe, Valsaden (valsartan/hydrochlorothiazide), Yasnal (donepezil), and Vasilip (simvastatin) were our best-selling products.

Product and service groups

In 2025, sales of prescription pharmaceuticals accounted for 83.2% of total sales, followed by non-prescription products at 8.5%, animal health products at 5.6%, and health resort and tourist services at 2.7%.

Krka Group sales increased by 7%. Sales of prescription pharmaceuticals increased by 8%, non-prescription products by 1%, animal health products by 3%, and health resorts and tourist services by 10%.

2025 Krka Group sales by product and service group



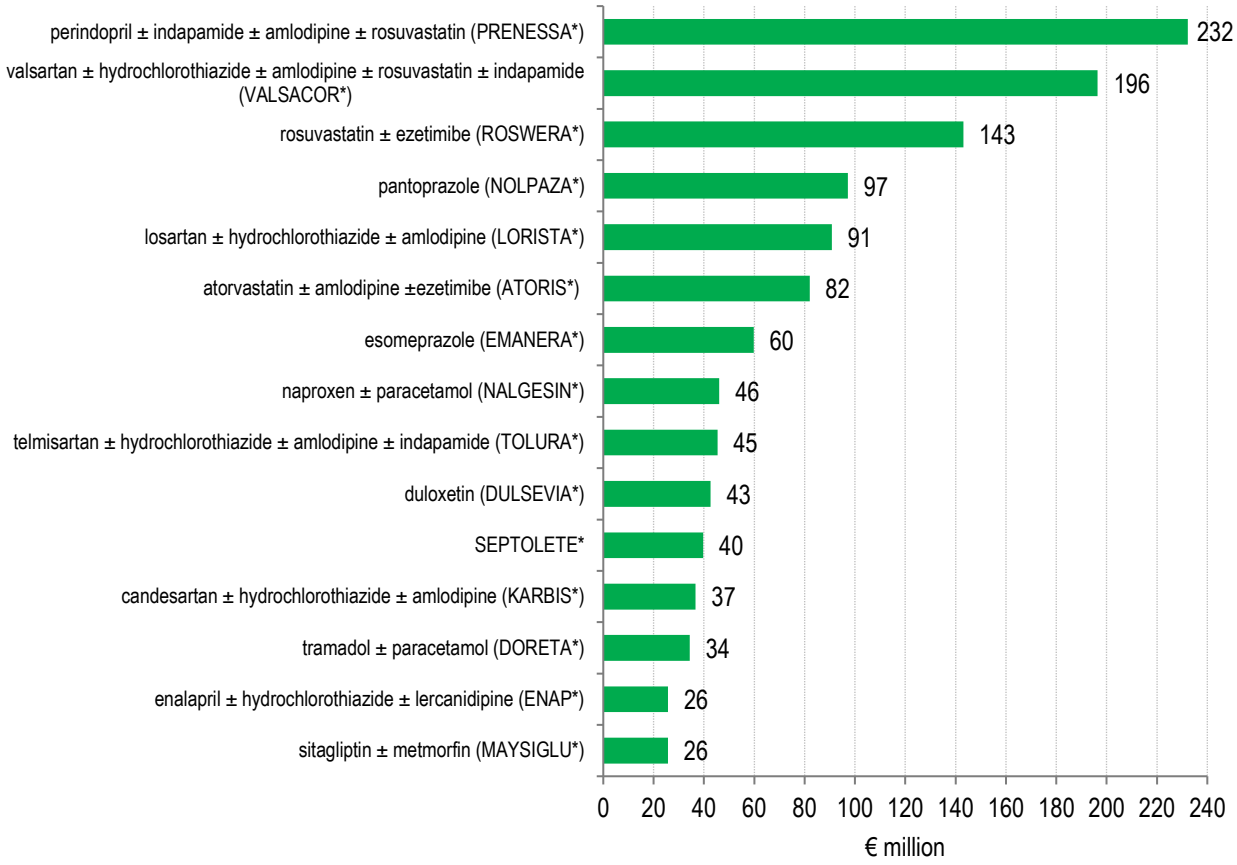
Krka Group and Company sales by product and service group

€ thousands	Krka Group			Company		
	2025	2024	Index	2025	2024	Index
Human health products	1,865,186	1,738,650	107	1,525,061	1,432,353	106
– Prescription pharmaceuticals	1,691,711	1,567,359	108	1,363,028	1,262,830	108
– Non-prescription products	173,475	171,291	101	162,033	169,523	96
Animal health products	114,652	111,847	103	99,725	106,223	94
Health resort and tourist services	54,201	49,351	110			
Total	**2,034,039**	**1,899,848**	**107**	**1,624,786**	**1,538,576**	**106**

Krka Group quarterly sales by product and service group

€ thousand	2025				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Human health products	477,202	478,974	442,203	466,807	442,988	454,155	405,777	435,730
– Prescription pharmaceuticals	431,584	446,676	395,800	417,651	400,179	423,177	357,910	386,093
– Non-prescription products	45,618	32,298	46,403	49,156	42,809	30,978	47,867	49,637
Animal health products	32,310	31,112	25,408	25,822	30,163	30,203	26,459	25,022
Health resort and tourist services	11,944	14,233	15,741	12,283	10,953	12,376	14,440	11,582
Total	**521,456**	**524,319**	**483,352**	**504,912**	**484,104**	**496,734**	**446,676**	**472,334**

2025 sales of leading products[a]



[a] Sales of leading products are presented by main active substance. Combination medicines that incorporate this active substance are also included.

New products

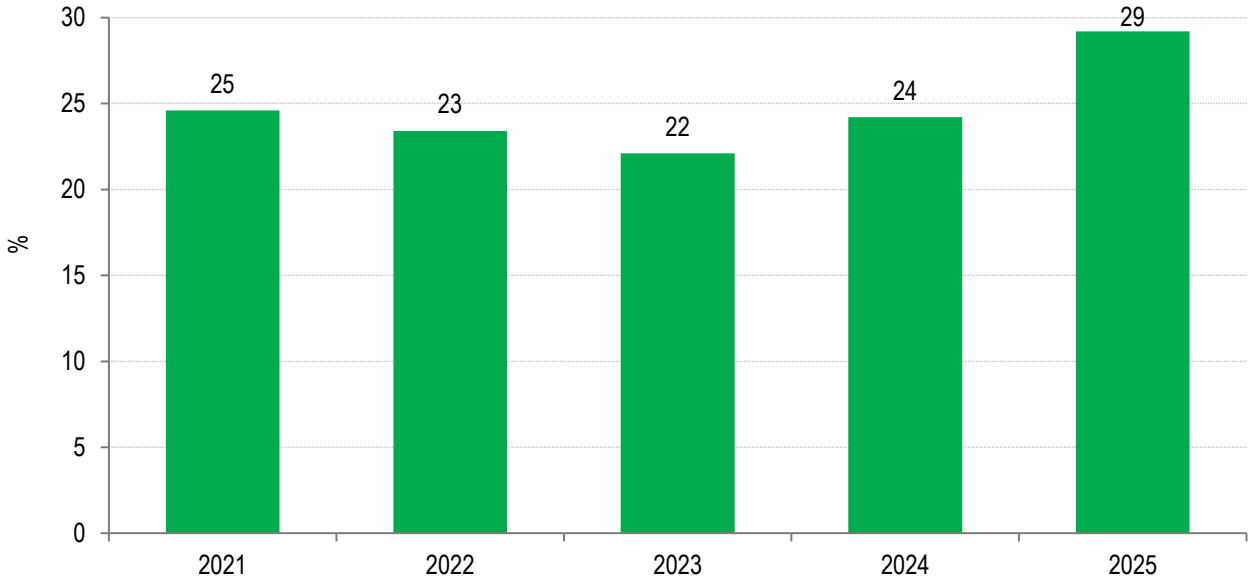
In 2025, sales of new products, i.e. products launched in individual markets over the last five years, accounted for 29% of the Krka Group overall sales, 5 percentage points up on the year before.

The following new products were most significant in terms of absolute sales growth: Pomadel* (pomalidomide), Dagrafors* (dapagliflozin), Valomindo*(valsartan/indapamide), and Tolurindo* (telmisartan/indapamide), first launched in 2024; and Co-Atoris* (atorvastatin/ezetimibe), first marketed in 2025.

In 2025, we introduced several new products containing new generic active substances, also in combinations, and expanded our range with new pharmaceutical forms or pack sizes, and launched them in new markets.

* Products marketed under different product brand names or the Krka trademark in individual markets are marked with an asterisk. The different brands are listed at the end of the chapter.

Percentage of sales generated by new products within the Krka Group over the last five years[a]



[a] Includes products we launched on individual markets within the past five years, or reworked them technologically and started marketing them.

New products in 2025

Prescription pharmaceuticals	
Cardiovascular agents	Co-Karbis* (candesartan/indapamide) Pixoroso* (perindopril/rosuvastatin) Co-Atoris* (atorvastatin/ezetimibe)
Central nervous system	Efigalo* (fingolimod)
Pain relief	Nalgesin Duo (naproxen/paracetamol)
Blood and blood-forming organs	Aboxoma* (apixaban) Delianda* (edoxaban) Eltrombopag Krka (eltrombopag)
Non-prescription products	
Cough and cold	Herbion* (Iceland moss extract) lozenges Septolete Total (benzydamine/cetylpyridinium chloride) cola-flavoured lozenges

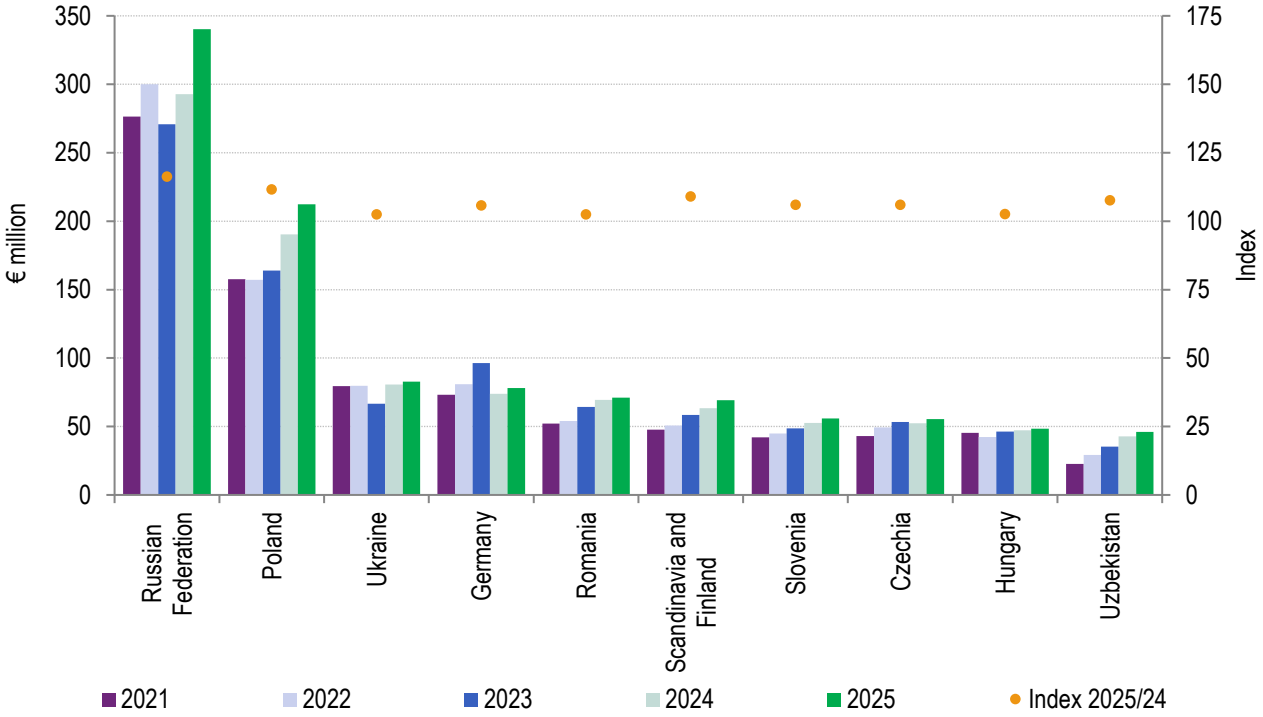
Prescription pharmaceuticals

In 2025, Krka Group sales of prescription pharmaceuticals amounted to €1,691.7 million, up 7.9% year on year. The strongest growth contributions came from the Russian Federation, Poland, and Scandinavia and Finland.

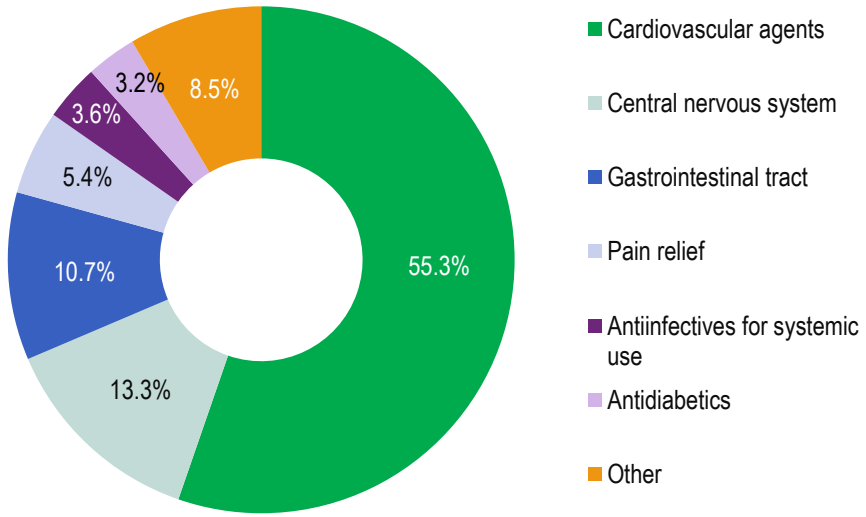
Top-ranking therapeutic classes of prescription pharmaceuticals included cardiovascular agents, central nervous system agents, medicines for the treatment of the gastrointestinal tract, pain relief, and antidiabetic agents.

We market prescription pharmaceuticals under our brands in most European countries through our marketing and sales network. In the countries where we have a long-standing presence, our marketing and sales network is among the most robust in the pharmaceutical industry. We use it to engage with the expert community, especially physicians and pharmacists. In most western European markets, we have been managing sales through our network.

Prescription pharmaceutical sales by ten major markets



2025 prescription pharmaceuticals product sales by therapeutic class



Cardiovascular agents

Sartans (angiotensin II receptor blockers)

Highlights
• More than 10 million patients take our sartans every day. • The majority of patients on generic sartan therapy in Europe are prescribed our sartans. • We are the leading generic manufacturer of all valsartan products in the world. We are also the leading manufacturer of all losartan products and generic telmisartan varieties in Europe

Sartans and sartan-based combinations

- We market 24 sartan-based products, with a range of six sartan varieties.
- We make them available in 60 markets across the world.
- We launched a single-pill combination of candesartan and indapamide as the first provider in the world in 2025.

Sartans	Combinations containing a diuretic	Combinations containing a calcium channel blocker	Combinations containing a diuretic and a calcium channel blocker	Combinations containing a statin
valsartan (Valsacor*)	valsartan/ hydrochlorothiazide (Co-Valsacor*) valsartan/ indapamide (Valomindo*)	valsartan/amlodipine (Wamlox*)	valsartan/amlodipine/ hydrochlorothiazide (Valtricom*)	valsartan/rosuvastatin (Valarox*)
losartan (Lorista*)	losartan/ hydrochlorothiazide (Lorista H*)	losartan/amlodipine (Tenloris*)		
telmisartan (Tolura*)	telmisartan/ hydrochlorothiazide (Tolucombi*) telmisartan/ indapamide (Tolurindo*)	telmisartan/amlodipine (Teldipin*)	telmisartan/amlodipine/ hydrochlorothiazide (Tolutris*)	
candesartan (Karbis*)	candesartan/ hydrochlorothiazide (Karbicombi*) candesartan/ indapamide (Co-Karbis*)	candesartan/amlodipine (Camlocor*)		
olmesartan (Olimestra*)	olmesartan/ hydrochlorothiazide (Co-Olimestra*)	olmesartan/amlodipine (Olssa*)	olmesartan/amlodipine/ hydrochlorothiazide (Olsitri*)	
irbesartan (Ifirmasta*)	irbesartan/ hydrochlorothiazide (Ifirmacombi*)			

Valsartan is our flagship sartan. Valsartan-based products ranked second among all our medicines in 2025 sales. We sold more than 1.5 billion valsartan tablets, which were taken by more than 4 million of patients. Valsartan-based products ranked among the best-selling Krka products also in absolute terms. Two single-pill combinations, **Valtricom*** and **Wamlox***, contributed the most to sales growth. **Valomindo*** is our latest single-pill combination from this class. We first launched it in 2024 and, in 2025, also made it available in the Russian Federation, Slovakia, Portugal, and elsewhere. We remained the only provider of that single-pill combination in Europe. We also extended the marketing reach of other single-pill combinations. We rolled out **Co-Valsacor*** through our subsidiary in China and through our business partner in Vietnam, and Valtricom* in the Republic of South Africa. Valtricom* remained the only generic triple combination containing valsartan in Czechia, Portugal, and certain other markets, and **Valarox*** the only single-pill combination of valsartan and a statin in Europe.

Lorista* is our second most important sartan. Losartan-based products were among the five best-selling Krka products and one of the six medicines to exceed one billion tablets sold. **Tenloris*** was the only losartan/amlodipine single-pill combination in Germany, Poland, and several other countries. We rolled it out through a business partner in the United

Arab Emirates in 2025. We were the leading manufacturer of losartan products in Europe, capturing over 20% market share.

Two more sartans, telmisartan and candesartan, were also among the fifteen best-selling Krka products in 2025. We first launched a single-pill combination **Tolurindo*** in 2024. We extended its marketing reach last year, making it available as the first provider in Portugal, Hungary, Slovakia, and several other markets of central Europe. **Tolutris*** remained the only triple combination of this type in the Russian Federation, Poland, Czechia, and elsewhere. We were the leading manufacturer of all telmisartan products in the Russian Federation. In 2025, we launched another sartan-based, innovative combination, candesartan/indapamide single-pill **Co-Karbis***. We rolled it out as the first provider in the world in Germany, Romania, Finland, and Portugal. We remained the leading generic manufacturer of telmisartan varieties in Europe, and one of the leading generic manufacturers of candesartan varieties in the world.

Angiotensin-converting enzyme (ACE) inhibitors

Highlights
• We are the leading manufacturer of generic angiotensin-converting enzyme inhibitors in the world. • We are the leading manufacturer of generic perindopril varieties in the world. • We sold more than 2 billion perindopril-based tablets.

Angiotensin-converting enzyme inhibitors and ACE combinations				
• We market 14 medicines across four angiotensin-converting enzyme inhibitor classes. • We are a generic pharmaceutical company with the most comprehensive perindopril-based product range in the world. • We started marketing a single-pill combination of perindopril and rosuvastatin as the first provider in Europe in 2025. • We are the only manufacturer to market two triple combinations: perindopril/rosuvastatin/indapamide, and perindopril/rosuvastatin/amlodipine.				
Angiotensin-converting enzyme (ACE) inhibitors	**Combinations containing a diuretic**	**Combinations containing a calcium channel blocker**	**Combinations containing a diuretic and a calcium channel blocker**	**Combinations containing a statin**
perindopril (Prenessa*)	perindopril/indapamide (Co-Prenessa*)	perindopril/amlodipine (Amlessa*)	perindopril/amlodipine/ indapamide (Co-Amlessa*)	perindopril/indapamide/ rosuvastatin (Roxiper*)
				perindopril/amlodipine/ rosuvastatin (Roxampex*)
				perindopril/rosuvastatin (Pixoroso*)
enalapril (Enap*)	enalapril/ hydrochlorothiazide (Enap-H*)	enalapril/lercanidipine (Elernap*)		
ramipril (Ampril*)	ramipril/ hydrochlorothiazide (Ampril HL*)	ramipril/amlodipine (Rameam*)		
captopril (Blocordil*)				

Perindopril-based products were our best-selling pharmaceuticals in 2025. We sold more than 2 billion perindopril-based tablets. We are the only manufacturer that supplies two combinations of perindopril, another antihypertensive, and a statin. We market **Roxiper*** and **Roxampex*** for treating lipitension, i.e. coexisting hypertension and hyperlipidaemia. In 2025, we rolled out Roxampex* in Slovakia as well. We extended our product range with another innovative single-pill combination of perindopril and rosuvastatin, **Pixoroso***. We were the only supplier of this combination in Lithuania, Czechia, and Portugal. We also extended the marketing reach of other perindopril-based combinations. We added to our portfolio another two agents, containing perindopril arginine, a new perindopril salt **Prenessa Neo*** and **Co-Prenessa Neo***. We rolled out Prenessa Neo* in Estonia, and Co-Prenessa Neo* in Germany. Much as in the year before, we remained the leading manufacturer of generic perindopril varieties worldwide.

Other antihypertensives

Besides sartans and angiotensin-converting enzyme inhibitors, our product portfolio also includes other antihypertensives: A calcium channel blocker **Tenox*** (amlodipine), a diuretic **Rawel SR*** (indapamide), adrenergic receptor blockers **Coryol*** (carvedilol), **Bloxazoc*** (metoprolol), **Niperten*** (bisoprolol), and a single-pill combination **Sobycombi*** (bisoprolol/amlodipine). Altogether, we marketed more than 45 antihypertensives in over 150 strengths.

Statins and other hypolipaemics

Highlights
• We remained the leading manufacturer of hypolipaemics in Slovenia and across central, eastern, and south-eastern Europe. • We recorded the highest sales increase of all generic pharmaceutical companies in the area. • Roswera* and Atoris* were the leading statins in the area.

Hypolipaemics and single-pill combinations

- We market 13 medicines based on four different statins and ezetimibe.
- They comprise single-pill combinations of statins and ezetimibe and single-pill combinations of statins and antihypertensives.

Statins and other hypolipaemics	Combinations of hypolipaemics	Combinations containing a calcium channel blocker	Combinations containing other antihypertensives
rosuvastatin (Roswera*)	rosuvastatin/ezetimibe (Co-Roswera*)		perindopril/indapamide/ rosuvastatin (Roxiper*)
			perindopril/amlodipine/ rosuvastatin (Roxampex*)
			perindopril/rosuvastatin (Pixoroso*)
			rosuvastatin/valsartan (Valarox*)
atorvastatin (Atoris*)	atorvastatin/ezetimibe (Co-Atoris*)	atorvastatin/amlodipine (Atordapin*)	
simvastatin (Vasilip*)	simvastatin/ezetimibe (Ezesimin*)		
pitavastatin (Pitavador*)			
ezetimibe (Ezoleta*)	atorvastatin/ezetimibe (Co-Atoris*)		
	rosuvastatin/ezetimibe (Co-Roswera*)		
	simvastatin/ezetimibe (Ezesimin*)		

Rosuvastatin remained our flagship hypolipaemic agent in 2025 as well. Rosuvastatin and the rosuvastatin/ezetimibe single-pill combination ranked among our five best-selling products. We sold more than one billion rosuvastatin-based tablets, up 100 million on the year before. Rosuvastatin-based products presented the highest absolute sales growth. **Roswera*** was the leading statin, outstripping our Atoris* in Slovenia and across central, eastern, and south-eastern Europe. **Co-Roswera***, our rosuvastatin/ezetimibe single-pill combination, ranked fourth of all statin-based products and first in terms of absolute sales growth in the specified area. We rolled it out in new markets, in Kazakhstan, Moldova, and as the first generic provider in Kyrgyzstan. As in the year before, we remained one of the leading manufacturers of generic rosuvastatin varieties in Europe.

Our second major statin-based product is **Atoris***. It ranked among our ten best-selling products and was one of our six products that surpassed the milestone of one billion tablets sold. In 2025, we added an atorvastatin/ezetimibe single-pill combination, **Co-Atoris***, to the portfolio and rolled it out in 13 markets, including Germany, Spain, and Poland. We were the first provider of the generic atorvastatin/ezetimibe combination in Finland and Ireland. Atoris* sales accounted for almost 30% of the atorvastatin market share in Slovenia and across central, eastern, and south-eastern Europe, making it the most prescribed statin.

We also market ezetimibe as a mono-component medicine. **Ezoleta*** was the leading ezetimibe product in Slovenia, Lithuania, and Latvia in 2025.

Statins are also incorporated in our single-pill combinations. In addition to single-pill ezetimibe combinations, we also market several lipitension combinations. They combine hyperlipidaemic and antihypertensive agents. Our portfolio comprises **Valarox***, a single-pill combination of a statin and a sartan, and single-pill combinations of a statin and angiotensin-converting enzyme inhibitors, **Roxiper*** and **Roxampex***. In 2025, we added **Pixoroso*** to this product range.

Other cardiovascular agents

In addition to antihypertensives and hypolipaemics, we also market **Bravadin*** (ivabradine), indicated for the treatment of stable angina pectoris and chronic heart failure. It was the leading generic variety of ivabradine in Europe in 2025. A diuretic **Apleria*** (eplerenone), and in off-patent markets **Dagrafors*** (dapagliflozin), are also indicated for the treatment of chronic heart failure. We also market **Tezulix***(ranolazine) prolonged-release tablets for treating stable angina pectoris. Our ranolazine was the leading generic variety in Germany and Portugal, and outperformed all ranolazine products in Latvia.

Central nervous system

Antidepressants

Highlights
• We are the leading manufacturer of generic antidepressants in Slovenia and across central, eastern, and south-eastern Europe. • Physicians most frequently prescribe our antidepressant compared to all other competing products in the specified area. • We were the leading manufacturer of all duloxetine products in Europe.

Antidepressants	
• We market six state-of-the-art antidepressants from different classes.	
duloxetine (Dulsevia*)	agomelatine (Lamegom)
escitalopram (Elicea*)	venlafaxine (Alventa*)
sertraline (Asentra*)	mirtazapine (Mirzaten*)

In 2025, we strengthened our position as the leading provider of generic antidepressants in Slovenia and across central, eastern, and south-eastern Europe. In this area, our antidepressants presented the strongest absolute sales growth of all products of this class. In Slovenia, Belarus, and Estonia, we were the leading provider of antidepressants.

Dulsevia* is our flagship antidepressant. In 2025, Dulsevia ranked among the ten best-selling Krka products and among the leading products in terms of absolute sales growth. Year on year, sales increased by more than 1.5-fold. Our duloxetine ranked first among duloxetine products in Europe, increasing its market share to nearly 10%. Dulsevia* sales surpassed 50% of the duloxetine market share in Poland, Hungary, the Russian Federation, and the entire area covering Slovenia, central, eastern, and south-eastern Europe.

Our flagship antidepressants were **Elicea*** and **Asentra***. Much like the year before, they remained the leading generic products, while **Mirzaten***, with a market share of almost 25%, remained the leading mirtazapine product in the specified area.

Antipsychotics

Highlights
• We are one of the leading manufacturers of generic antipsychotics in Slovenia and across central, eastern, and south-eastern Europe. • We are the leading manufacturer of generic ziprazidone and paliperidone tablets in Europe.

Atypical antipsychotics	
• We market six atypical antipsychotics, containing all best-selling active substances.	
aripiprazole (Aryzalera*)	paliperidone (Parnido*)
olanzapine (Zalasta*)	risperidone (Torendo*)
quetiapine (Kventiax*)	ziprasidone (Zypsilan*)

Kventiax* (quetiapine), our flagship antipsychotic, is available in tablet and prolonged-release tablet formulations. In Slovenia, central, eastern, and south-eastern Europe, we remained the leading provider of all quetiapine products, capturing over 30% market share in Hungary, Slovakia, Slovenia, and other markets. We rolled out Kventiax* in Greece in 2025.

Aryzalera* remained the leading generic variety of aripiprazole in the specified area as well. In the Russian Federation, it outperformed all aripiprazole products. **Zalasta*** was the leading olanzapine there, capturing almost 50% market share. We were the leading provider of all olanzapine products in Portugal. We rolled out Zalasta* in Belarus as well.

Anti-Parkinson agents

We market three medicines for the treatment of Parkinson's disease: **Oprymea*** (pramipexole), **Rolpryna SR*** (ropinirole), and **Ralago*** (rasagiline). For years, we have been one of the leading generic providers of those pharmaceuticals in Slovenia and across central, eastern, and south-eastern Europe, further improving our position in 2025. We were the leading provider of generic varieties in Poland and Bosnia and Herzegovina, and captured over 15% market share in Hungary, making us the leading provider of all anti-Parkinson agents in the country.Our pramipexole was among the leading generic pramipexole varieties, and our ropinirole outperformed all ropinirole products in Germany.

Anti-Alzheimer agents

We market four oral agents used for treating Alzheimer's disease: **Galsya*** (galantamine), **Yasnal*** (donepezil), **Marixino*** (memantine), and **Nimvastid*** (rivastigmine). Like the year before, we were the leading provider of a generic variety of memantine; the leading provider of all galantamine products; and among the leading generic providers of agents used to treat Alzheimer's disease in Europe.

Other central nervous system agents

Our product portfolio also includes anxiolytics, antiepileptics, and other central nervous system agents. One of them is **Aregalu*** (teriflunomide) for treating relapsing-remitting multiple sclerosis. We started marketing it in 2024 and rolled it out in 2025 to Germany, Austria, Slovenia, and certain other countries. **Efigalo*** (fingolimod) is from the same class, and we rolled it out in Hungary, Ireland, Slovakia, Slovenia, and certain other markets in 2025.

Gastrointestinal tract

Proton pump inhibitors

Highlights
• We are one of the leading generic manufacturers of proton pump inhibitors in Europe. • We have been the leading proton pump inhibitor manufacturer in Slovenia and across central, eastern, and south-eastern Europe for over a decade. • We recorded the sharpest sales increase among all competitors, with our market share of almost 20%.

Proton pump inhibitors	
• We have been marketing proton pump inhibitors for over 30 years. • Our proton pump inhibitors are available in 60-plus countries worldwide.	
pantoprazole (Nolpaza)	rabeprazole (Gelbra*)
esomeprazole (Emanera*)	omeprazole (Ultop*)
lansoprazole (Lanzul*)	

Nolpaza (pantoprazole) is our flagship medicine of this class, ranking among our five best-selling products. Nolpaza remained one of our six medicines to surpass one billion tablets sold. The leading proton pump inhibitor in Slovenia, central, eastern, and south-eastern Europe, it captured almost 15% market share. Nolpaza* posted the highest absolute sales growth among competing products, and we further increased its market share compared to 2024. It remained the leading pantoprazole product in over 15 countries, while in the Russian Federation, Lithuania, Slovenia, and several other markets, it retained a market share of over 60%. As in the year before, we ranked among the leading providers of a generic variety of pantoprazole in Europe. We also market Nolpaza as a non-prescription product.

Emanera* is our second major proton pump inhibitor and one of our ten best-selling products. In Slovenia, central, eastern, and south-eastern Europe, it remained the leading generic variety of esomeprazole, capturing a market share of over 25%. Emanera* saw the sharpest year-on-year increase among generic esomeprazole varieties in absolute sales. It was the leading proton pump inhibitor in Ireland and Lithuania, and Krka remained among the leading providers of generic varieties of esomeprazole in Europe. We also make it available as a non-prescription product in certain markets.

Pain relief

Highlights
• We are the leading generic manufacturer of the tramadol/paracetamol combination worldwide.
• Accounting for more than a 20% market share, Nalgesin* is the leading mono-component naproxen-based product in Europe.

Pain relief			
• We have a broad range of medications for relieving various types and intensities of pain.			
• We extended the range with a naproxen/paracetamol combination, Nalgesin Duo.			
• Our non-prescription products complement the range of prescription analgesics.			
Non-steroidal anti-inflammatory and antirheumatic drugs (NSAIDs)	**Opioids and opioid-based combinations**	**Other analgesics**	**Other agents for treating neuropathic pain**
naproxen (Nalgesin*)	tramadol (Tadol*)	metamizole (Algominal)	pregabalin (Pragiola*)
naproxen/paracetamol (Nalgesin Duo)	tramadol/paracetamol (Doreta*, Doreta* SR)		duloksetin (Dulsevia*)
diclofenac (Naklofen Duo*)	oxycodone/naloxone (Adolax*)		
dexketoprofen (Dekenor*)	tapentadol (Tapendolor*)		
etoricoxib (Roticox*)			
celecoxib (Aclexa*)			

Doreta* is our flagship prescription analgesic. It ranked among our ten best-selling products again in 2025. We make Doreta* available in tablets and dispersible tablets, and as the only provider in several European markets, also market **Doreta SR*** prolonged-release tablets. We were the leading provider of the tramadol/paracetamol single-pill combination in Germany, Romania, Poland, and many other countries, and the only provider in Finland. As in the year before, we were the leading generic provider of the tramadol/paracetamol combination in Europe, with a market share of over 15%.

Nalgesin* is a non-steroidal anti-inflammatory and antirheumatic medicine (NSAID). We also market it as a non-prescription product. In 2025, it was the leading mono-component naproxen-based medicine, ranked among the ten leading NSAIDs in Europe, and the leading medicine of this class in Slovenia. We rolled out **Nalgesin Duo** film-coated tablets as the first and only manufacturer in the Russian Federation. The single-pill is a combination of naproxen and paracetamol, which act in synergy, relieving mild to moderate pain.

Our non-steroidal anti-inflammatory and antirheumatic product range comprises **Naklofen Duo*** and two analgesics from the coxib sub-class, **Roticox*** and **Aclexa***. The two coxibs were among the leading generic varieties in Europe. Roticox* was the leading etoricoxib product in Hungary, Kazakhstan and the Baltic states. Our two agents, an antidepressant **Dulsevia*** and an antiepileptic **Pragiola*** are often used in neuropathic pain therapy. Pragiola* was the main generic pregabalin brand in Slovenia and Slovakia. It outperformed all pregabalin products in Austria and Estonia. **Algominal** (metamizole) complements our analgesic portfolio.

Antidiabetics

We marketed our antidiabetic agents in 50 markets. Our primary antidiabetic agents are classified as dipeptidyl peptidase-4 (DPP-4) inhibitors or as sodium-glucose co-transporter 2 (SGLT2) inhibitors. These agents have excellent safety profiles and can be used at the earliest stages of diabetes, either as monotherapy or in combination with other agents. SGLT2 inhibitors effectively reduce glycated haemoglobin levels and have positive effects on cardiovascular and kidney function.

In Slovenia, central, eastern, and south-eastern Europe, we were the leading provider of generic DPP-4 inhibitors, while in Poland and Moldova, we were the leading manufacturer of all DPP-4 inhibitors in 2025. Our primary medicine from this

product group is **Maysiglu*** (sitagliptin), but we also market a single-pill combination **Maymetsi*** (sitagliptin/metformin). We were the leading provider of sitagliptin products in the Russian Federation, Poland, and certain smaller markets, capturing over 25% market share. Our vildagliptin outperformed all vildagliptin products in Poland. **Glypvilo*** (vildagliptin) and **Vimetso*** (vildagliptin/metformin) are also two agents from our DPP-4 inhibitor product group.

Our latest antidiabetic agent belongs to the SGLT2-inhibitor class. We rolled out **Dagrafors*** (dapagliflozin) in 2024 and first made it available in the United Kingdom, China, Uzbekistan, and certain other markets in 2025.

The antidiabetic agent **Gliclada*** (gliclazide) is a sulphonylurea. In Europe, this is the only prolonged-release gliclazide tablet available in the 90 mg strength. We were the leading provider of a generic variety of gliclazide in Poland, Portugal, Ireland, and several other markets in 2025. Gliclada* outperformed all gliclazide products in Slovenia, Czechia, and the Baltic states. We ranked among the leading providers of generic gliclazide in Europe last year.

Blood and blood-forming organs

We market antiaggregant, anticoagulant, and certain other medicines from this product class.

Daxanlo* (dabigatran) was our flagship medicine from this product group. We first marketed it in 2023 and rolled it out in Serbia, Greece, Montenegro, and the United Kingdom in 2025. We maintained our position among the leading providers of generic varieties of dabigatran in Europe. Also, we remained the leading provider of a generic variety of dabigatran in the Russian Federation, with a market share of almost 20%.

Xerdoxo* (rivaroxaban), which we first rolled out in 2020, is also an anticoagulant. In 2025, we launched it in France, Ireland, and Vietnam. We expanded our anticoagulant portfolio with two new products: **Aboxoma*** (apixaban) and **Delianda*** (edoxaban). We rolled out Aboxoma* in the United Kingdom, Montenegro, and Bosnia and Herzegovina, and Delianda* in nine markets, including Romania and Iceland. We entered Slovenia, Bulgaria, and Croatia as the first provider of a generic variety of edoxaban. Our edoxaban was also the leading generic variety in those countries and in Czechia.

Our other antiaggregant medicines comprise: **Zyllt*** (clopidogrel), **Eliskardia*** (prasugrel), and **Atixarso*** (ticagrelor). We market Zyllt in over 40 countries. In 2025, it remained the leading generic variety of clopidogrel in Slovenia and across central, eastern, and south-eastern Europe. Our prasugrel outperformed all prasugrel products in Sweden and Norway, while our ticagrelor surpassed all other generic varieties in Germany and Slovenia. We rolled out Atixarso* in more than ten new markets, including Germany, Scandinavia, and Portugal.

In 2025, we started marketing another medicine for blood and blood-forming organs, **Eltrombopag Krka** (eltrombopag), indicated for treating various types of thrombocytopenia. We made it available in ten markets. We were among the first providers of a generic variety of eltrombopag in Germany, Ireland, and Sweden, and the only generic manufacturer in Slovenia. We were the leading provider of a generic variety of eltrombopag in Slovenia, Germany, Hungary, and Finland.

Oncology

We marketed over ten oncology agents, primarily small-molecule oral dosage forms indicated for the most common cancer types, such as prostate cancer, breast cancer, and various types of leukaemia.

Our flagship oncology agent is **Pomadel*** (pomalidomide). It is used in combination with other medicines to treat multiple myeloma. We made it available in 2024 and rolled it out in 2025 to Austria, Italy, Poland, and Slovakia as well. We were one of the leading providers of generic varieties of pomalidomide in Slovenia, Austria, Ireland, and Sweden, while our pomalidomide outperformed all other pomalidomide products in Germany. **Lenabdor*** (lenalidomide) is another agent indicated for treating multiple myeloma. Our product surpassed other generic varieties of lenalidomide in Poland last year, and we were among the leading providers of a generic variety of lenalidomide in Slovenia, Belgium, Finland, and several other countries.

Meaxin* (imatinib) and **Dasatilen*** (dasatinib) are two oncology agents indicated for treating various types of leukaemia. In 2025, we ranked among the leading providers of generic varieties of imatinib and dasatinib in several countries. Our product outstripped all dasatinib products in Finland, and we remained the only provider of that medicine in Slovenia.

Our flagship agent in this class is **Abiratel*** (abiraterone), which is indicated for treating metastatic prostate cancer. In Croatia and Finland, we placed third among all providers of abiraterone, while in Slovenia, Germany, and Poland we were among the leading generic manufacturers. In 2025, we rolled it out in Greece and Georgia.

In addition to agents acting directly on cancer cells, we also market certain complementary medicines. **Orlixon*** (dexamethasone) is used in oncology, haematology, and other therapeutic areas. It is available as tablets and as a solution for injection. As in the year before, we remained the only provider of 40 mg dexamethasone tablets in Germany, Spain, Slovenia, and central, eastern, and south-eastern Europe. We ranked among the leading providers of the generic variety of dexamethasone in Europe.

Non-prescription products

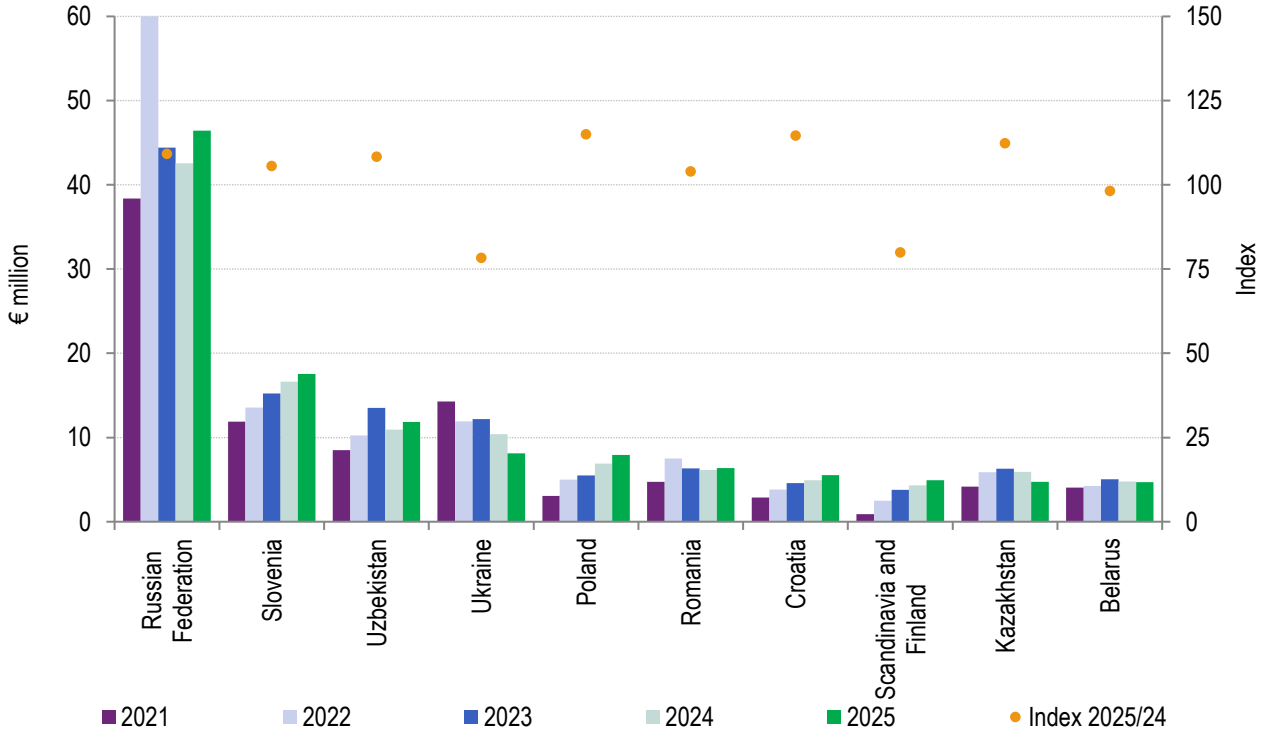
In 2025, the Krka Group sales of non-prescription products totalled €173.5 million, up 1.3% on 2024.

We recorded the highest absolute sales increase in the Russian Federation, Poland, and Slovenia.

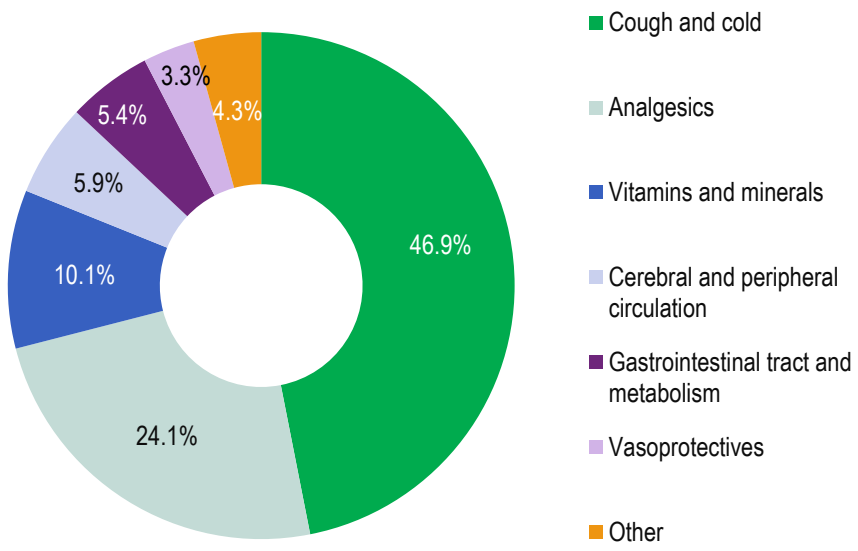
We market non-prescription products through our dedicated marketing and sales network in most countries of central, eastern, and south-eastern Europe.

Septolete*, Nalgesin*, Herbion*, and Septanazal* were our primary product brands by sales.

Non-prescription product sales by ten major markets



2025 non-prescription product sales by therapeutic class



Septolete remained our leading non-prescription product brand in 2025 and one of our top ten products by sales. **Septolete Total*** (benzydamine/cetylpyridinium chloride) is available in spray and lozenges. We added another lozenge flavour to those of eucalyptus, elder-and-lemon, and honey-and-lemon. We rolled out **Septolete Total cola-flavoured lozenges** in Slovenia, Romania, Portugal, and elsewhere, altogether in 15 markets.

Nalgesin* (naproxen) is our second major non-prescription product. Naproxen is a non-steroidal anti-inflammatory drug that has gained importance in Europe due to its rapid onset of action and long-lasting effect. In 2025, it remained the leading mono-component naproxen-based medicine and ranked among the ten leading non-steroidal anti-inflammatory drugs in Europe. It remained the leading non-prescription analgesic of this product group in Slovenia. We also make it available as a prescription pharmaceutical.

Herbion, our third major non-prescription product brand, also belongs to the cough-and-cold product group. It comprises herbal syrups for various types of cough. We market several types of syrup: **Herbion* Ivy**; **Herbion Cowslip**; **Herbion Plantain**; and **Herbion* Iceland Moss**. **Herbion Ivy lozenges** help expectoration. This pharmaceutical form is especially suitable for adults. We rolled out a new product under this brand in 2025, Herbion* Iceland Moss lozenges for relieving hoarseness and dry, irritating cough. We made the product available in over ten markets, including Poland, Slovenia, and Lithuania. We rolled out Herbion* (Iceland moss extract) syrup in Italy. The brand remained one of the three leading cough-and-cold product brands, and outperformed all herbal brands and natural syrups in Slovenia and central, eastern, and south-eastern Europe.

Septanazal* (xylometazoline/dexpanthenol) is a nasal decongestant available as a spray for adults and a spray for children. We have marketed it in over 30 countries, including Spain, since last year. It was one of the leading sprays in this category in Slovenia, Latvia, and Lithuania in 2025, and outperformed all competing products in Moldova, where its market share reached over 20%.

Bilobil*, which contains the ginkgo leaf extract, belongs to the peripheral vasodilator product group and is indicated for slowing the progression of cognitive decline. We market it in 25 markets across Europe and the Middle East. Bilobil* was among the leading ginkgo-based products in Slovenia, central, eastern and south-eastern Europe, and ranked first in its class in Slovenia, Belarus, Ukraine and several other countries.

Vitamins and minerals make up a significant part of our non-prescription product portfolio. **Pikovit** and **Duovit** are our brands of vitamins and minerals. We recorded strong sales of Pikovit, especially in eastern Europe where it remained one of the leading brands of vitamins and minerals for children. Our food supplement **Magnezij Krka*** is available in water-soluble granules. **Magenzij Krka DIREKT** powder, designed for direct oral use without liquid, complements our food supplement range. The Magnezij Krka* product group captured over 50% market share, securing the top position among

magnesium brands in pharmacies in Slovenia. **Vitamin D3 Krka** (cholecalciferol) is indicated for treating and preventing vitamin D deficiency. In Slovenia, it remained the leading cholecalciferol-based product in pharmacies, capturing over 40% market share.

The product group with effects on the gastrointestinal tract and metabolism comprises two proton pump inhibitors: **Nolpaza Control*** (pantoprazole) and **Emozul Control*** (esomeprazole). We also market the two products as prescription pharmaceuticals. Nolpaza Control* was one of the leading non-prescription products for the gastrointestinal tract, capturing over 25% market share and ranking first in that category in Slovakia and Lithuania.

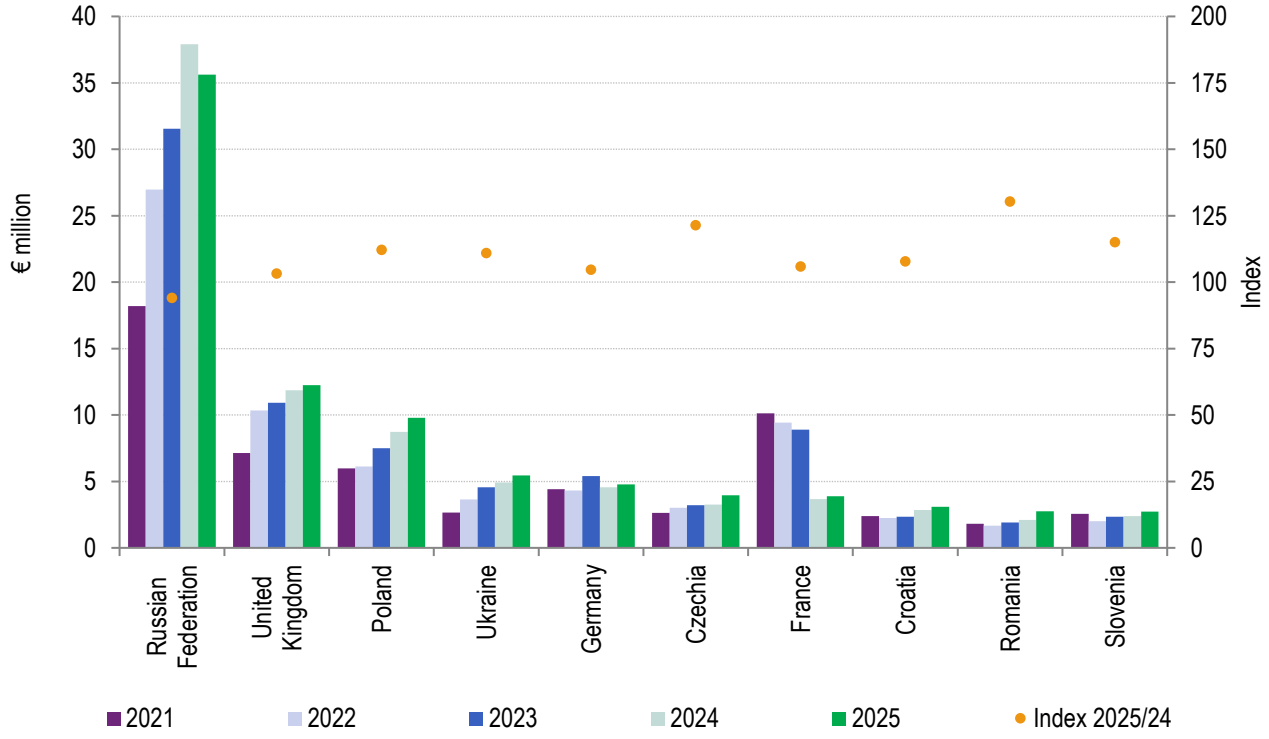
Animal health products

In 2025, the Krka Group sales of animal health products amounted to €114.7 million, a 2.5% year-on-year climb. Sales generated in Poland, Ireland, and Czechia were the primary drivers of absolute sales growth.

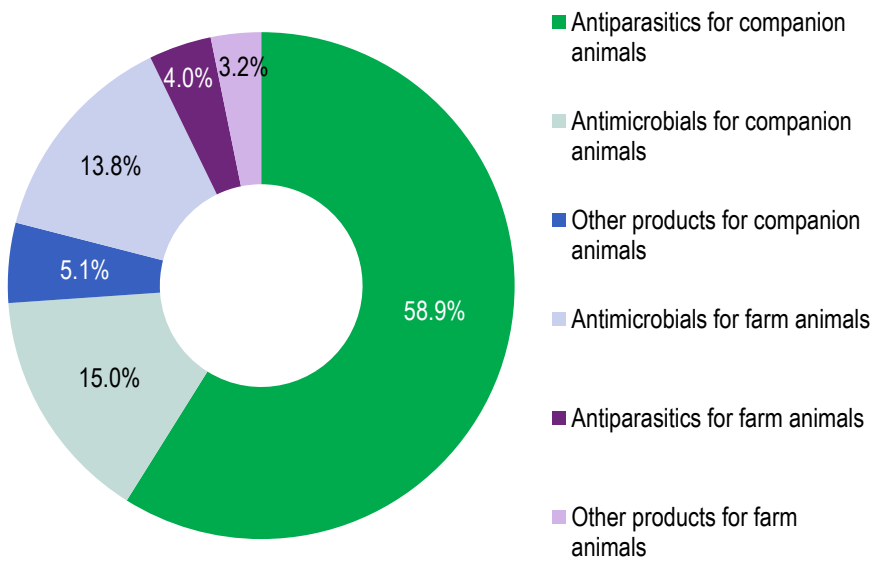
In Slovenia, central, eastern, and south-eastern Europe and most markets of western Europe, we use our dedicated marketing and sales network to sell our animal health products. In other western European and overseas countries, we market them through our partners.

As in the year before, the combination of milbemycin and praziquantel (Milprazon*) remained our best-selling animal health product in 2025. It was followed by products containing fipronil (Fypryst*, Fypryst* Combo) and selamectin (Selehold*).

Animal health product sales by ten major markets



2025 animal health product sales by therapeutic class



Products for companion animals, which accounted for over 75% of animal health sales last year, were the primary drivers of sales growth. Our animal health product range also comprises products for farm animals.

Our flagship companion animal product is the antiparasitic **Milprazon*** (milbemycin/praziquantel), which is also our best-selling animal health product. We make it available as **Milprazon*** flavoured tablets and **Milprazon Chewable*** natural liver flavoured tablets for cats and dogs, which captured over 60% of Milprazon* sales. 'Easy To Give' certification awarded by the iCatCare, an international cat care charity, demonstrates that administration of Milprazon Chewable* is easy. We rolled it out in the United Arab Emirates and Jordan in 2025.

Spot-on solutions accounted for the majority of our companion animal product range. Our primary product brand of this class is **Fypryst***, which comprises fipronil-based products. This is our second major animal health product brand. **Fypryst* Combo** (fipronil/S-methoprene) accounts for the major share of this brand's sales. We recorded the strongest Fypryst* sales in the United Kingdom, the Russian Federation, and France. Pharmacists in Czechia recognised Fypryst* as the best antiparasitic product for veterinary use, while Fypryst* Combo was our second product that received 'Easy To Give' certification.

Another antiparasitic for companion animals, the endectocide **Selehold*** (selamectin), is available as a spot-on solution. It is one of the safest products for treating and preventing infestations with endo- and ectoparasites, and can also be used to treat young or pregnant animals. We recorded the strongest sales in the Russian Federation, Ukraine, and the United Kingdom. Last year, it was our third-most-important animal health product by sales.

Another spot-on solution from the antiparasitic class for treating ectoparasite infestations in dogs is **Ataxxa*** (permethrin/imidacloprid). Since 2025, it has been approved as a repellent.

Our newest spot-on solution, **Prinocate*** (imidacloprid/moxidectin), is also an endectocide for companion animals. This double fixed-dose combination is indicated for treating endo- and ecto-parasites in dogs and cats. In 2025, we launched it in the Russian Federation. We were granted new marketing authorisations for another indication, demodicosis.

Our portfolio of antiparasitic agents for companion animals includes the **Dehinel*** brand products, which we have been marketing for over 25 years. We market **Dehinel Plus*** (febantel/pyrantel/praziquantel) for small dogs and **Dehinel Plus* XL** for large dogs. Our Dehinel* range also includes flavoured tablets for dogs, **Dehinel Plus* Flavour**, and the single-pill combination **Dehinel*** (pyrantel/praziquantel) in tablets for cats.

Cladaxxa (amoxicillin/clavulanic acid), a single-pill combination, is our primary antimicrobial agent for companion animals. This first-choice medicine is available as chewable tablets in three strengths and is indicated for treating bacterial infections

of the skin, gums, respiratory tract, urinary tract, and intestines in cats and dogs. We launched Cladaxxa in 2022, and it was our fourth animal health product by sales last year.

Ear drops **Otomicol*** (miconazole/prednisolone/polymyxin B) is our new triple combination indicated for otitis externa in dogs and cats, and primary and secondary skin and skin adnexa infections in dogs, cats, and guinea pigs. We launched it in 2024 and expanded into over 15 new markets in 2025, including Germany, Spain, and the Russian Federation.
Robexera (robenacoxib) chewable tablets for dogs is our latest addition to medicines for veterinary use for companion animals. This non-steroidal anti-inflammatory agent from the coxib class is indicated for relieving pain and treating inflammation associated with chronic osteoarthritis and soft tissue surgeries. We first launched it in 2023. **Rycarfa*** (carprofen), available as tablets and a solution for injection, is another analgesic from our companion animal product range.

Our primary products for farm animals are two antimicrobials, **Enroxil*** (enrofloxacin) and **Floron*** (florfenicol), and **Florflu*** (florfenicol/flunixin), which have both antimicrobial and analgesic effects. In 2025, we were the first provider to make this combination medicine available as a solution for injection in Ukraine.

Health resort and tourist services

Terme Krka recorded sales of €54.2 million in 2025, up 10% year on year. The Talaso Strunjan business unit contributed the largest share, one-third, to overall revenue. Medical wellness programmes accounted for the largest proportion of all programmes, contributing 36% to total sales. Terme Krka business units recorded a total of 353,745 overnight stays, up 3% from the year before. Wellness programmes were the most popular choice among foreign guests, with the majority from Italy, Croatia, and Germany.

Products marketed under different brands in individual markets

Prescription pharmaceuticals	
APIs	**Brands**
amlodipine	Alneta, Amlobe, Amloc, Amlodinova, Hipres, Hypress, Tenox
aripiprazole	Arisppa, Aryzalera, Zylaxera
atorvastatin	Astator, Atoridor, Atoris
atorvastatin/amlodipine	Amaloris, Atordapin
atorvastatin/ezetimibe	Atoris Plus, Atorimib, Coatoris, Co-Atoris
bisoprolol	Niperten, Sobyc, Sobycor, Zonsiloc
bisoprolol/amlodipine	Bisodipin, Niperten Combi, Sobycombi
candesartan	Candecor, Canocord, Karbis
candesartan/amlodipine	Camlocor, Candecam, Kandoset
candesartan/hydrochlorothiazide	Cancombino, Candecor, Canocombi, Karbicombi
candesartan/indapamide	Candecor-Inda, Candexin, Caninda, Co-Karbis
carvedilol	Carvetrend, Coryol
celecoxib	Aclexa, Dilaxa
clopidogrel	Kardogrel, Pigrel, Zyllt
dabigatran	Dabixom, Danengo, Daxan, Daxanlo
dexketoprofen	Dekenor, Dexfenia, Dexketia
diclofenac	Naklofen, Naklofen Duo
donepezil	Yasnal, Yasnal Q-Tab, Yasnoro, Yradan
duloxetine	Duloxalta, Duloxenta, Dulsevia, Loxentia
enalapril	Corvo, Enap
enalapril/hydrochlorothiazide	Corvo HCT, Enap-CO, Enap-H, Enap-HL
enalapril/lercanidipine	Elernap, Elyrno, Enacanpin
eplerenone	Apleria, Enplerasa, Riolma
escitalopram	Ecytara, Elicea, Elicea Q-Tab, Escitalex
esomeprazole	Emanera, Emozul, Escadra, Esolib, Ezoprole, Tazokap
etoricoxib	Bericox, Etoriax, Etoxib, Myox, Roticox
ezetimibe	Exelzio, Ezetad, Ezoleta
galantamine	Bergal SR, Galnora, Galsya, Galsya SR
gliclazide	Diacronal MR, Dynacaz MR, Gliclada, Gliclada SR, Glubitor-OD, Glyclada
imatinib	Imanivec, Itivas, Meaxin, Neopax
indapamide	Icorvida SR, Rawel SR
irbesartan	Ifirmasta, Irabel
irbesartan/hydrochlorothiazide	Co-Irabel, Ifirmacombi, Irbecor
ivabradine	Bixebra, Bravacor, Bravadin, Brivecor, Ivabalan, Valheart
lansoprazole	Gastevin, Lancap, Lansoptol, Lanzul, Zoletad
losartan	Lavestra, Lorista
losartan/amlodipine	Alortia, Lortenza, Telorssa, Tenloris
losartan/hydrochlorothiazide	Lavestra H, Lavestra HCT, Lorista H, Lorista HD, Lorista HL
memantine	Marixino, Maruxa, Maryzola, Memando, Memaxa, Mentixa
metoprolol	Bloxan, Bloxazoc, Metazero XR
mirtazapine	Mirtin, Mirzasna, Mirzaten, Mirzaten Oro-Tab, Mirzaten Q-Tab
naproxen	Analgesin, Analgesin Forte, Nalgesin, Nalgesin Forte, Naprosyn
olanzapine	Gorsyta, Zalasta, Zalasta Q-Tab, Zolrix
olmesartan	Olimestra, Olmecor
olmesartan/amlodipine	Olmedipin, Olmeamlo, Olmira, Olssa, Polaplom
olmesartan/amlodipine/hydrochlorothiazide	OlmeAmlo HCT, Olsitri, Polaplom HCT
olmesartan/hydrochlorothiazide	Co-Olimestra, Olmecor HCT
omeprazole	Medoome, Ultop

Prescription pharmaceuticals	
APIs	**Brands**
oxycodone/naloxone	Adolax, Oxynador
perindopril	Perineva, Prenessa, Prenessaneo
perindopril/amlodipine	Amlessa, Amlessa Neo, Amlessini, Aramlessa, Dalnessa, Dalneva, Peramlonorm, Predalneva, Tonarssa, Tonarssa Neo
perindopril/amlodipine/indapamide	Amlewel, Co-Amlessa, Co-Amlessa Neo, Co-Amlessaneo, Coaramlessa, Co-Dalnessa, Co-Dalneva, Tonanda, Tonanda Neo
perindopril/amlodipine/rosuvastatin	Rosamera, Roxampex, Roxatenz-amlo
perindopril/indapamide	Comaranil, Co-Perineva, Coprenessa, Co-Prenessa, Co-Prenessa Neo, Co-Prenessaneo, Prenewel, Prenewel Neo
perindopril/indapamide/rosuvastatin	Roxatenz-Inda, Roxiper, Triemma
perindopril/rosuvastatin	Peramos, Pixoroso
prasugrel	Eliskardia, Prasillt, Sigrada
pregabalin	Apregia, Pragiola, Pregabador, Pregabio, Rewisca
quetiapine	Kventiax, Kventiax Prolong, Kventiax SR, Quentiax, Quentiax SR
rabeprazole	Gelbra, Zulbex
ramipril	Ampril, Amprilan
ramipril/amlodipine	Rameam, Ramidipin
ramipril/hydrochlorothiazide	Ampril HD, Ampril HL, Amprilan H, Amprilan HD, Amprilan HL, Marilamed
rasagiline	Raglysa, Ralago
risperidone	Rorendo Oro-Tab, Torendo, Torendo Q-Tab, Zoxadon
rivaroxaban	Rivarolto, Rivaroxia, Rozarya, Xerdoxo
ropinirole	Kinetica, Ralnea, Rolpryna, Rolpryna SR
rosuvastatin	Rosuvador, Roswera, Roxera, Sorvasta
rosuvastatin/ezetimibe	Co-Rosuvador, Coroswera, Co-Roswera, Co-Roxera, Rosazimib, Roswera Combi, Roxera Plus, Sorvasta Plus, Sorvitimb
sertraline	Asentra, Sertrone
simvastatin	Sivales, Vasilip
simvastatin/ezetimibe	Ezesimin, Vasitimb
sitagliptin	Asiglia, Maysiglu, Sitagavia
sitagliptin/metformin	Asigefort, Asiglia Met, Maymetsi, Sitagavia Met
tapentadol	Apeneta, Tapendolor
telmisartan	Telmista, Tolura
telmisartan/amlodipine	Tamloset, Telassmo, Teldipin, Telmista AM
telmisartan/amlodipine/hydrochlorothiazide	Telmista Trio, Tolutris, Tolvecamo
telmisartan/hydrochlorothiazide	Telmista H, Telmista HD, Toluco, Tolucombi
telmisartan/indapamide	Tedenomo, Telinstar, Tolupind, Tolurindo
teriflunomide	Aregalu, Teriflago
ticagrelor	Atixarso, Ticabril
tramadol/paracetamol	Doreta, Doreta Prolong, Doreta SR, Dytracet, Tamoltra, Tramabian
valsartan	Valsacor, Valsareta, Valsarfast
valsartan/amlodipine	Valodip, Vamloset, Wamlox
valsartan/amlodipine/hydrochlorothiazide	Calsar, Co-Valodip, Co-Vamloset, Valsam, Valsamtrio, Valtricom
valsartan/hydrochlorothiazide	Co-Valsacor, Co-Valsareta, Valsacombi, Valsacor H, Valsacor HD, Valsaden, Valsarfast Plus
valsartan/indapamide	Vabincor, Vabinxo, Valomindo, Valsacor Inda, Vamipino
valsartan/rosuvastatin	Ravalsyo, Valarox, Valsaros
venlafaxine	Alventa, Olwexya, Venlafex XL
vildagliptin	Glypvilo, Vildabetes
vildagliptin/metformin	Glypvilo Met, Vildakombi, Vimetso
ziprasidone	Ypsila, Zipsilan, Zypsila, Zypsilan

Non-prescription products	
APIs	**Brands**
benzydamine/cetylpyridinium chloride	Septabene, Septafar, Septo, Septolete Duo, Septolete Extra, Septolete Omni, Septolete Total, Septolete Ultra
esomeprazole	Emanera, Emozul Control, Esozoll
ginkgo leaf extract	Bilobil, Gingonin
Iceland moss extract	Herbion islandski lišaj, Herbimoss, Herbisland
ivy leaf extract	Herbion bršljan, Herbihelix
magnesium citrate	Magnesol, Magnezij Krka 300, Magnezij Krka 400, Magnezij Krka Direkt
naproxen	Analgesin, Ilgesin, Naldorex, Nalgedol, Nalgesin Mini, Nalgesin Relief, Nalgesin S
pantoprazole	Nolpaza Control, Sedipanto
xylometazoline/dexpanthenol	Septanazal, Septanasal

Animal health products	
APIs	**Brands**
amoxicillin/clavulanic acid	Cladaxxa, Clavipet
carprofen	Karprovet, Rycarfa
enrofloxacin	Enrox, Enroxal, Enroxil
febantel/pyrantel/praziquantel	Anthelmin Plus, Dehinel Plus, Wormscreen Plus
fipronil	Amflee, Fleaaway, Fyperix, Fypryst
fipronil/S-methoprene	Amflee Combo, Fleascreen Combo, Fyperix Combo, Fypryst Combo, Vetbox Combo
florfenicol	Fenflor, Floron
florfenicol/flunixin	Florflu, Flovuxin
imidacloprid/moxidectin	Imoxicate, Prinocate
miconazole/prednisolone/polymyxin B	Otomicol, Otosur
milbemycin/praziquantel	Milpra Plus, Milprazin, Milprazon, Milprazon Plus, Milquantel
permethrin/imidacloprid	Ataxa, Ataxxa
pyrantel/praziquantel	Anthelmin, Dehinel, Wormscreen
selamectin	Selafort, Selehold

Research and development

Krka persistently prioritises development and innovation in its business model and allocates around 10% of its annual revenue to research and development. Continuous investments result in an upgraded product portfolio and enhanced production process efficiency. We encourage the introduction of new solutions and strive to swiftly address patients' needs while complying with regulations across different environments.

Our strategy focuses on vertical integration and the close synergy between development and production expertise. By overseeing the entire process, from the initial idea to the final product, adapting development approaches to regional and local legislation, we can ensure the timely introduction of high-quality, safe, and effective medicines into over 70 markets. We currently provide over 50 medicines from the WHO *Model List of Essential Medicines, 2023,* in middle- and low-income countries, not only to developed markets.

We continuously expand our product lines. There are about 170 projects at various development stages aiming to expand our range of medicines across key therapeutic classes, including high blood pressure, high cholesterol and other cardiovascular diseases, metabolic diseases, blood and blood-forming organs, and cancer. This enables us to contribute to the widespread availability of high-quality medicines, aligning with one of the United Nations Sustainable Development Goals (SDGs).

In developing our pharmaceuticals, we are cognisant of improving patient health and quality of life. Our main focus is to develop complex products with added value. Among them are single-pill combinations, which contain two or more active substances, and play an important role as they provide double or triple therapy in one medicinal product. Our portfolio already includes over 150 combination medicines, which represent a significant part of our development projects. We develop generic and novel combinations of established active substances. Reducing our environmental footprint is another advantage of combination medicines over tablets with a single active substance, as their manufacturing requires fewer excipients, less packaging material, and less energy to produce these single-pill combinations. Yet, they require state-of-the-art technological solutions transferable to industrial production scale and complex analytical evaluations, including clinical studies to ensure the safety, quality, and efficacy of finished products.

The field of complex peptide-based products is also important. In 2025, we continued investing in expertise and laboratory equipment for physico-chemical analytics and cell tests, enabling us to develop in-house analytical methods and conduct additional development work. Through collaboration with diverse partners, we enhanced our knowledge and competences in scaling up manufacturing processes and developing orthogonal analytical methods.

Our R&D incorporates the latest scientific advancements and contemporary development approaches, and we also collaborate with external partners. We foster continuous exchange of expertise, build competencies, and introduce innovation, all of which contribute to progress in industry and academia. We actively collaborate with the EDQM (European Directorate for Quality of Medicines and Healthcare) to establish quality standards for active pharmaceutical ingredients (APIs).

Quality is paramount for our products from the earliest development stages. We ensure that all development activities adhere to established quality systems that we consistently update and upgrade. New products are supported by safety and effectiveness studies. We conduct clinical trials in line with the applicable legal requirements, good practice guidelines, the Helsinki Declaration, and Regulation (EU) 2016/679 (General Data Protection Regulation).

Environmental and economic aspects are considered in the development of new products and continuous optimisation of existing technological procedures. With a strong commitment to the environment, we prioritise simple, energy-efficient technological solutions that also enhance the affordability of our products. We develop our products in line with our environmental policy and the ISO 14001 standard. We ensure that technological procedures have a minimal environmental impact through measures to reduce our carbon footprint, water consumption, and organic solvent volumes, thereby aligning our efforts with circular economy objectives.

We also invest significantly in data science and technology, accelerating the digitalisation of research and development processes. In 2025, we prioritised the implementation of the unified Laboratory Information Management System (LIMS) and its integration with key information sources, including SAP, Waters ELN, and Documentum. In-house-developed AI

tools helped us conduct comprehensive master data digitalisation, thereby enhancing the traceability and uniformity of our laboratory data. We also upgraded other systems used in R&D area and ensured user support for the integration of in-house tools. We pursued the introduction of modelling, simulation, robotisation of lab processes, and other modern solutions, optimising execution time, improving precision, and minimising the likelihood of errors. We prepared a digitalisation strategy for R&D areas for 2026–2030, defining the main guidelines for the development of future digital solutions.

Again in 2025, the wider community recognised our researchers' achievements. At the national level, we received a gold innovation award from the Slovenian Chamber of Commerce and Industry for our innovation project, Double treatment effect through breakthrough technology, in which we developed an innovative technological platform with dual-release kinetics of active substances for treating high blood pressure. For the project *Integrating innovation, know-how, and technology to provide readily accessible cancer treatment*, we received a silver award.

Protecting our know-how and industrial property

In 2025, we filed eleven patent applications for innovations we had developed and evaluated as inventions at the global ranking level. Based on priority applications from 2024, we filed eight international and one European patent applications. We were granted 15 patents in various countries. Overall, 250 valid patents protect Krka's technological solutions.

We filed 39 applications for Krka trademarks in Slovenia. We also filed 68 international and 18 national trademark applications. Overall, we have registered trademarks for more than 1,150 different signs across multiple countries.

New Products and Marketing Authorisations of the Krka Group

In 2025, we expanded our product range by 17 new products, including 13 new prescription pharmaceuticals, two additions to our non-prescription product portfolio, and two animal health products.

We finalised over 900 registration procedures for both new and already established products and received approvals for more than 32,000 regulatory variations to ensure the uninterrupted supply of our products to various markets.

Prescription pharmaceuticals

In 2025, we obtained marketing authorisations for new products from key therapeutic categories. Marketing authorisations were granted for contemporary antidiabetic agents allowing for patient-tailored therapy. Our innovative single-pill antidiabetic agent, **Dagraduo*** (sitagliptin/dapagliflozin), available in film-coated tablets, is indicated for patients with advanced type 2 diabetes mellitus. The novel single-pill combination enables concomitant therapy with both active substances as it combines two distinct mechanisms of action to improve glycaemic control. Our single-pill combination **Mexdagry*** (dapagliflozin/metformin) film-coated tablets ensure effective glycaemic control and good patient compliance. **Lynxaram*** (linagliptin) film-coated tablets are another antidiabetic agent for reliable glycaemic control that can be used as monotherapy or in combination with other agents. We finished development activities for **semaglutide**. Launches are planned in accordance with the expiration of patent protection in target markets.

We added new products to our cardiovascular agents portfolio, our largest therapeutic class. **Valkubit*** (sacubitril/valsartan) film-coated tablets is used to treat patients with different forms of chronic heart failure. The combination of sacubitril and valsartan is associated with reduced risk of hospitalisation and increased survival of patients with chronic heart failure. **Bi-Prenessa*** (bisoprolol/perindopril) film-coated tablets combine a selective beta-blocker and an ACE inhibitor. The synergistic effect of two active ingredients allows for effective blood pressure control. It is indicated for the treatment of coronary artery disease or chronic heart failure. We obtained marketing authorisations for new strengths of **Co-Amlessa*** (perindopril/amlodipine/indapamide) tablets and **Co-Roswera*** (rosuvastatin/ezetimibe) film-coated tablets, and hence provided new options for patient-tailored therapies. We also obtained new marketing authorisations for formulations of our established medicines indicated for the treatment of arterial hypertension: **Telassmo*** (telmisartan/amlodipine) tablets and **Tolucombi** (telmisartan/hydrochlorothiazide) tablets. **Pixoroso*** (rosuvastatin/perindopril) film-coated tablets are our innovative single-pill combination for patients with concomitant arterial hypertension and hyperlipidaemia. Achieving target values for lipids and blood pressure with just one tablet per day is thus possible, while at the same time simplifying the potential transition to single-pill combinations of three active substances.

As the first generic manufacturer, we obtained marketing authorisations under the decentralised procedure for **Delanxara*** (tramadol/dexketoprofen) film-coated tablets. This single-pill analgesic combines two active substances with different mechanisms of action. Due to their synergistic effect, the medicine provides effective relief of moderate to severe pain even at lower doses and causes fewer adverse effects.

Vonoprazan is a modern gastrointestinal medicine that inhibits gastric acid secretion, providing rapid and sustained relief. Vonoprazan film-coated tablets were granted approval in China. In China, we also received marketing authorisations for our **dapagliflozin** film-coated tablets indicated for the treatment of type 2 diabetes mellitus.

Our established products were granted new marketing authorisations in additional markets. Among them, in the European Union markets we highlight **Varesta*** (vortioxetine) film-coated tablets, indicated for the treatment of depression in adults and is a medicine of choice for patients with severe forms of the disease. An additional marketing authorisation for the single-pill combination **Pemiros** (perindopril/indapamide/rosuvastatin) film-coated tablets was also granted. In eastern European countries, approvals were granted for a new strength of the antihypertensive agent **Valsacor INDA** (valsartan/indapamide) 80 mg/1.5 mg modified-release tablets and for the antidiabetic agents **Dapafors** (dapagliflozin), **Asiglia** (sitagliptin) and **Asiglia Met** (sitagliptin/metformin) film-coated tablets. We also obtained marketing authorisations for **apixaban** film-coated tablets, our contemporary antithrombotic agent. Marketing authorisations were granted in additional markets in south-eastern Europe for the contemporary antithrombotic agent **Daxanlo** (dabigatran) capsules and the single-pill combination **Valomindo** (valsartan/indapamide) modified-release tablets. We also obtained marketing authorisations for **Co-Atoris** (ezetimibe/atorvastatin) film-coated tablets indicated for the treatment of hyperlipidaemia.

In overseas markets, new marketing approvals were granted for our medicines from several therapeutic classes. Among cardiovascular medicines, we highlight the combination products **Wamlox** (amlodipine/valsartan), **Olmedipin** (olmesartan/amlodipine), and **Ifirmacombi** (irbesartan/hydrochlorothiazide) – all three available as film-coated tablets, and **Telassmo** (telmisartan/amlodipine) and **Co-Amlessa** (perindopril/amlodipine/indapamide) tablets. Among our agents for the treatment of blood and blood-forming organs, **Atixarso** (ticagrelor) tablets and an additional strength of **Xerdoxo** (rivaroxaban) tablets were granted marketing authorisations. We also received approvals to market our **Maysiglu** (sitagliptin) film-coated tablets for the treatment of diabetes. **Erlotev** (erlotinib) film-coated tablets received marketing authorisation in the oncology medicines group.

Non-prescription products

In the non-prescription product range, two new non-prescription products for relieving pain and inflammation in the oral cavity and throat received marketing authorisations. **Septabene/Septolete Total Lemon-and-Ginger Flavoured Lozenges** (benzydamine/cetylpyridinium chloride) are the first product based on Krka's new soft-core lozenge technology. This innovative form builds on our established lozenges but dissolves differently in the mouth, enhancing consumer acceptability even further. **Septabene**/**Septolete Total Cola-Flavoured Lozenges** with an appealing, natural aroma bring the product closer to taste preferences. Both products have antiseptic, analgesic, and anti-inflammatory effects and are intended for adults and children aged six and above.

The already established **Herbion Iceland Moss** lozenges that contain dry extract of Iceland moss received marketing authorisations in additional markets. They relieve irritation of the mucosa in the throat and mouth, as well as the associated dry cough, and can be taken by adults and adolescents aged 12 years and older.

Animal health products

We added two new products for companion animals. **Dehinexxa** (praziquantel/emodepside), also available in certain markets as **Dehispot**, is a spot-on solution indicated for the treatment and prevention of mixed internal parasitic infections in cats. In certain countries, it has been approved as a non-prescription product, making it more accessible to pet owners. **Robexera** (robenacoxib) solution for injection is indicated for the control of pain and inflammation associated with orthopaedic or soft tissue surgery in cats and dogs. The new product is an important addition to the robenacoxib product range.

We received marketing authorisations in additional markets for several established products. Marketing authorisation was granted for **Ruboxim***(robenacoxib) chewable tablets, indicated for relieving pain and treating inflammation associated

with chronic osteoarthritis and soft-tissue surgeries in dogs. We also received new marketing authorisations for **Otomicol** (miconazole/prednisolone/polymyxin) ear drops and cutaneous suspension for dogs, cats, and guinea pigs. **Flovuxin** (florfenicol/flunixin) solution for injection indicated for the treatment of bacterial respiratory infections in cattle was granted marketing authorisations. We also received new approvals for our companion animal and farm animal products in overseas markets.

* Products marketed under different product brand names or the Krka trademark in individual markets are marked with an asterisk.

Health resort and tourist services

Last year, we completed the refurbishment and modernisation of the conference hall at the Hoteli Otočec business unit. At the beginning of 2025, we finished the complete renovation of Krkin Hram, a vineyard estate on Trška Gora. In October, the thorough reconstruction of Hotel Vital at the Dolenjske Toplice health resort started. By doing so, we are pursuing a strategy of systematic, gradual improvements to Terme Krka's product portfolio.

Production and supply chain

The key objective of the production and supply chain is to satisfy market demand by providing sufficient quantities of quality products in a timely and cost-effective manner. To meet this objective, we promptly address shifting market demands, continuously enhance processes to reduce lead times throughout the supply chain, and integrate supply processes across all Krka Group subsidiaries and our partners' production sites.

We ensure compliance with new product manufacturing requirements and applicable laws by promptly implementing advanced technological processes for the production of active pharmaceutical ingredients and finished products. We have been increasing production capacities and improving the cost-effectiveness of processes in Slovenia and at our subsidiaries abroad. By controlling all product life cycle stages, we are better equipped to respond to market challenges more readily and effectively.

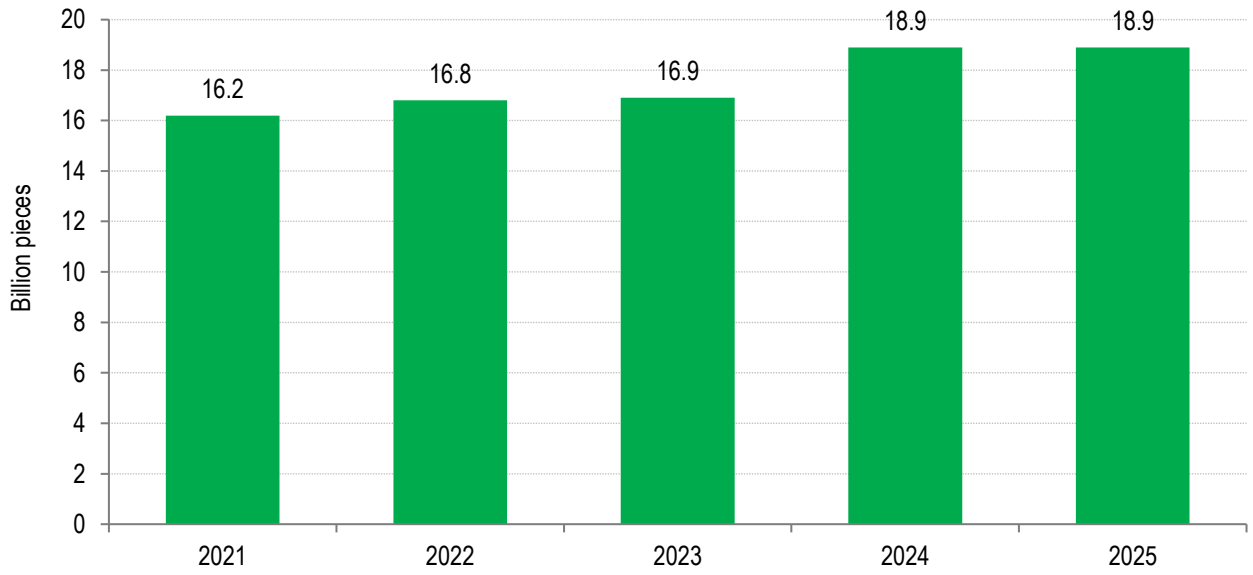
We effectively integrate research and development with API and pharmaceutical production, enabling us to swiftly and smoothly transfer new products from development to regular production. In 2025, we accelerated technological problem-solving, optimised technological processes, and introduced numerous alternative sources of materials to ensure uninterrupted production and long-term volume growth.

Planning

We significantly cut the average lead time from order to delivery through continuous process enhancements. This, in turn, boosted our responsiveness and process flexibility across the entire supply chain, helping us further leverage sales opportunities in the market. We continued to optimise inventories of raw materials and finished products.

By optimising available resources across the controlling company and ist subsidiaries and through cooperation with partners, we manufactured and packed 18.9 billion tablets and other pharmaceutical forms in 2025. Actual product manufacturing remained at the 2024 level and was in line with planned market needs, while the portfolio of combination medicines increased significantly.

Finished product manufacturing over the last five years



Bulk and finished product numbers rose on the back of the increasing number of products and production sites; shifting market requirements; requirements for package labelling in national languages; and other demands. Careful planning and efficient production allowed us to meet diverse customer demands.

We continuously improved post-registration procedures for preparing packaging materials and technological documents for production in Slovenia, at our subsidiaries abroad, and with manufacturing partners to ensure the timely provision of products and a prompt response to sales demands.

We continued upgrading IT support for process management, monitoring and control, standardisation of production processes, and optimising the production documentation system and process controls. In 2025, we increased the use of production documentation in e-format and improved process digitalisation.

Supply process

We mainly use self-produced raw materials for our products, but also buy some on the market. Despite the ongoing unstable situation, shortages of incoming materials, lower manufacturing output at our partners due to soaring energy prices, and transport issues, we provided enough raw materials to ensure uninterrupted manufacturing of finished products. We enhanced the transparency of purchasing raw and packaging materials and upgraded our system for managing purchase agreements and coordinating raw material specifications with suppliers.

We effectively managed prices in the market for purchasing raw materials and continued to introduce alternative sources of active pharmaceutical ingredients, excipients, and packaging materials of equal quality at better prices. This helped mitigate the risks posed by changing circumstances affecting supply.

We improved the integration of our subsidiaries, optimised purchasing processes, and strengthened our established supplier partnerships. The situation in the Russian Federation and Ukraine did not significantly impact the Krka Group's supply chains or the seamless supply to production units at Krka and its subsidiaries.

Purchase and transport agreements concluded with our suppliers and contractors require them to comply with national and international laws and regulations. In 2025, we worked with 174 ISO 45001-certified suppliers and 374 ISO 14001-certified suppliers and regularly audited them. We conduct approximately 125 audits a year.

Production of active pharmaceutical ingredients

A high level of vertical integration in the production process generates high added value. Vertical integration means that we produce and technologically control a large proportion of the active ingredients that we incorporate into our products at various production sites in Slovenia and abroad. Doing so reduces our dependency on external suppliers in this key supply chain segment.

We improve the cost-effectiveness of producing key intermediates and raw materials by optimising processes at all production sites. We transferred additional technologies (products) to expand capacity at our Sinteza 1 plant in Krško, Slovenia. In turn, we significantly expanded active ingredient production capacity for our vertically integrated products and plan to expand capacities even further. The intensive production of active ingredients and intermediates continued at our production sites in Novo mesto and Krško, both in Slovenia. We replaced and upgraded our computerised manufacturing execution system (MES) for active pharmaceutical ingredients. Our production plans for 2025 were executed.

Production of pharmaceutical products

We have been integrating additional high-capacity equipment and advanced high-tech solutions into pharmaceutical production.

Upgrades and refurbishments have enhanced production process efficiency and augmented digitalisation. In 2025, we completed the implementation cycle of a sophisticated manufacturing execution system (MES), enabling the use of production documentation in e-format and contributing to greater automation and paperless operation at all production sites. Optimisation played a key role in improving production efficiency and driving strong growth in product segments that saw a significant increase in market demand.

In 2025, we maintained and even strengthened growth in combination medicines, significantly increasing the production volume of medicines containing two or more active pharmaceutical ingredients, mainly used to treat chronic diseases. Combination medicines simplify treatment, improve patient adherence and treatment control.

Production at our production sites abroad continued, further consolidating our position as a local manufacturer and enabling us to supply all necessary products to key markets, benefiting local stakeholders.

To respond more quickly to growing product demand, strengthen our presence in international markets, and reduce production process risks, we continued activities to transfer production technologies to our partners and expanded our manufacturing partner network. In 2025, we further intensified product technology transfers in bulk-product manufacturing and packaging phases and increased production volumes. This helped ensure steady production growth and the long-term supply of our products to markets. We also expanded our production capacities through a joint venture, Krka Pharma Private Limited, headquartered in Hyderabad, India. The construction of the production facilities began in 2025. The new site will be used to manufacture a wide range of solid dosage forms.

To ensure continuous training and uphold work quality standards, we upgraded the Pharmaceutical Production training centre, where our employees receive hands-on training on equipment used in all key production and technological processes. Participants learn through the experience and expertise of their mentors, selected from Krka's top-performing employees, as well as through modern knowledge-transfer methods.

Warehousing and transport

We improved warehouse capacity utilisation through process optimisation, new computer system options, and inventory optimisation in conjunction with other organisational units. The new multipurpose warehouse served its purpose well.

We increased the number of eco-friendly vehicles for product supply and distribution and reduced average fuel consumption. We expanded the use of railway and maritime transport for long-distance goods transport. We efficiently utilised our first heavy-duty electric truck for product transportation. Despite the complex situation, we supplied our products to all markets in 2025.

We introduced a special customs procedure for products and materials destined for non-EU markets. The procedure eliminates the need for import into the European Union, thereby affording greater flexibility. We are approved as an authorised economic operator (AEO) for customs clearance procedures. This allows for a faster flow of goods and facilitates simplified declaration authorisation procedures.

Suppliers

Our long-standing relations with business partners, including suppliers of equipment, raw and base materials, contractors, and partners, are forged through mutual respect, trust, honesty, integrity, and fairness.

Employees must comply with the procedures defined in internal guidelines, international agreements, and local regulations at all stages of the purchasing process. Purchasing roles and responsibilities are clearly defined, covering everything from identifying user needs and preparing tenders to selecting suppliers, contracting and placing orders.

In line with our long-term objectives, sustainability goals, and main principles, we select potential suppliers by considering their:

- Adherence to relevant standards and regulations;
- References in implementing similar projects with other clients;
- Development capabilities and technical facilities;
- Number of key employees and their respective qualifications;
- Financial stability and relation to sub-suppliers or sub-contractors; and
- Previous track record when doing business with Krka.

We conduct supplier audits in accordance with quality standards and Krka guidelines and take into account suppliers' quality, responsiveness, delivery terms, reliability, prices, regulatory compliance, compliance with our guidelines, and social responsibility. In 2025, we further assessed and evaluated some of our key suppliers based on sustainability criteria and initiated activities to establish an appropriate due diligence process, which we will upgrade in accordance with international guidelines and European legislation.

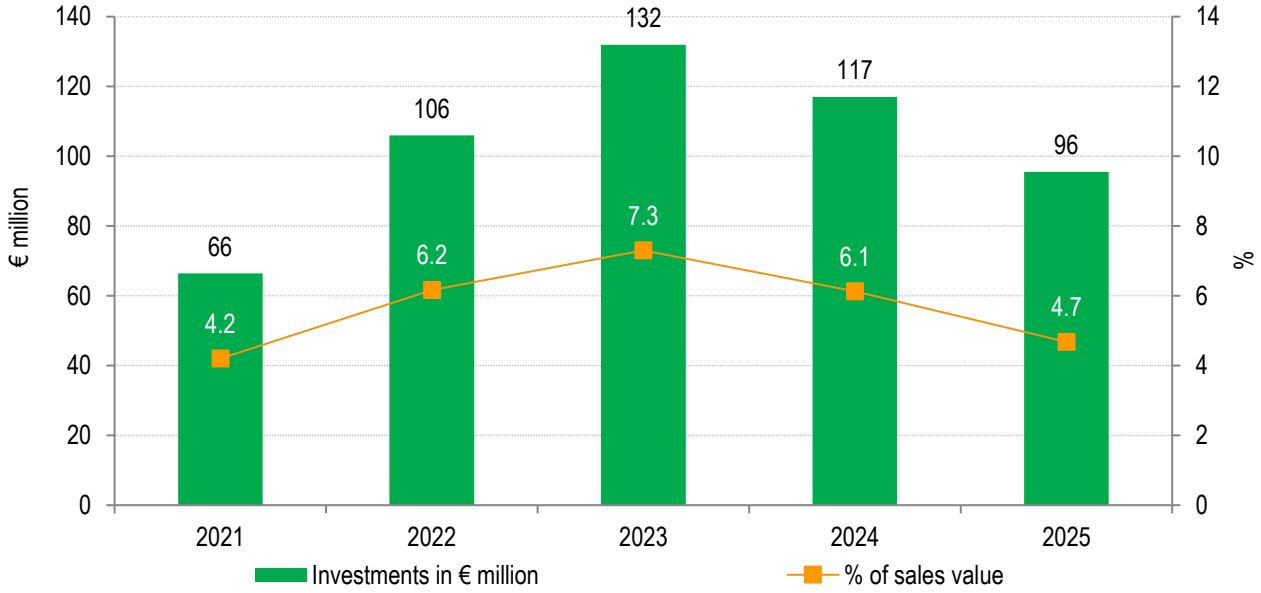
We pursue a policy and practice of engaging local suppliers and contractors, particularly when factors such as responsiveness, flexibility, and the frequent or ongoing involvement of suppliers and contractors in investment and service processes are important, alongside competitive pricing. In 2025, spending on suppliers of goods and services in Slovenia accounted for 13% of Krka's total procurement budget.

Investments

In 2025, the Krka Group allocated €95.5 million to investments, of which €70.0 million to the controlling company and €25.5 million to subsidiaries. We primarily invested in expanding and technologically redesigning our production and development facilities, improving quality assurance, and our production and distribution centres worldwide.

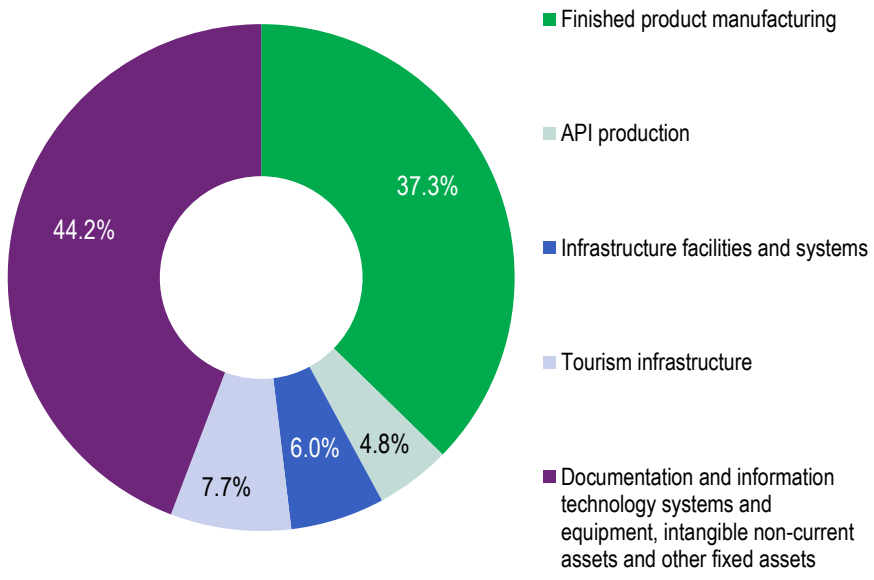
We prioritise sustainable development values, carefully evaluating environmental standards and both direct and indirect environmental impacts in all our investment projects. The selected equipment embodies the best available technology for environmental protection and energy efficiency, ensuring safe and efficient operations.

2021–2025 Krka Group investments over the last five years



In Slovenia and internationally, we made multiple investments in new production equipment and upgrades to systems and instruments, further boosting our production, development, and infrastructure capacities, as well as product quality. In 2025, our investments were primarily focused on the production of finished products, followed by information and documentation management systems, intangible assets, and infrastructure. The investments play a crucial role in aligning our research and development, production, and control processes, showcasing the advantages of our vertically integrated business model. Investments accounted for 4.7% of revenue generated in 2025.

2025 Krka Group investment breakdown



Production and capacity upgrades

We replaced 16 packaging lines, installed robotic cells, and upgraded washing and granulation systems in the Notol Department at our central site in Novo mesto, Slovenia. We also installed a new inspection machine and continued modernising the logistics system to ensure that our Notol Department will operate reliably for the next 20 years and beyond. The design phase for the extension to the solid dosage production plant is underway to upscale the production capacity.

To enhance the production capacity at the Notol 2 Department, another production plant in Novo mesto, Slovenia, additional equipment is being installed. The installation of an additional container tumbler continues to boost the reliability of the production process. We also plan to install a new high-capacity tablet press. The investment is estimated at €2 million.

We upgraded production and installed a container filling-and-packaging line at the Solid Dosage Products plant in Novo mesto, Slovenia. The investments in additional capacities for tabletting mixture preparation, granulation, and logistics continue. The upgrade of robotic cells on packaging lines is still in progress, as is the rearrangement of clean equipment storage and the installation of an additional capsule-filling machine.

We finished the installation of a new suspension inspection line at the Sterile Products Department in Novo mesto, Slovenia, enhancing quality control and output capacity. Also, we finished building an extension for a new production line for sterile solutions. Installation works are currently in progress, as are preparations for equipment delivery, expected to ensure long-term production of high-volume sterile products.

Work is in progress in the Powders and Solutions work unit at the Bršljin Department in Novo mesto, Slovenia, to increase packaging capacities for tablets and spot-on products for veterinary use. We plan to replace the syrup filling-and-packaging line to ensure stable and effective liquid product output. The construction of a multi-storey building is underway to increase long-term capacity for veterinary products.

We increased the production capacity for granulation and packaging at the Ljutomer plant in Slovenia. We installed an inspection machine to increase the capacity for production of uncoated lozenges, and a robotic cell to optimise packaging. Two projects are under way: the introduction of uncoated soft-core lozenge production and the construction of an automated high-bay warehouse to enhance long-term production growth. Upgrades to packaging lines with aggregation and gradual replacement of washing machines for format parts are also underway.

The construction of a new multi-purpose building and reconstruction of the canteen at our central site in Ločna, Novo mesto, Slovenia, continue. In 2025, we completed the main construction and most of the installation work. We plan to set up the equipment and carry out the technical inspection in 2026.

Increasing API development and production capacities

We obtained the integral building permit for our plant in Krško, Slovenia, comprising the Sinteza 2 API production plant, laboratories for chemical analyses (Kemijsko-analitski center), the liquid raw materials warehouse, and the waste water treatment plant, all based on project documents and an environmental impact assessment. In 2025, we completed construction of the technically and technologically advanced waste water treatment plant, which has been in trial operation since September 2025. We are still in the process of obtaining the environmental protection and chemical safety (Seveso) permit. We finished the air-conditioning project for the raw material warehouse to ensure controlled storage conditions and increase the reliability of production supplies.

Infrastructure

Our efforts to enhance energy efficiency and environmental compliance at our central site in Ločna, Novo mesto, Slovenia, continue. Also, we are gradually upgrading our supporting systems in compliance with our sustainability goals. We replaced steam kettle burners and adapted combustion devices to comply with the latest air emission regulations in 2025. We also continue replacing FLUO lighting with LED lights.

We expanded the capacity for pharmaceutical water production by improving drinking water treatment at our Vodarna 2 water plant in Novo mesto, Slovenia. This upgrade ensures redundancy and reliability across all stages of the treatment process and the production of pharmaceutical water from drinking water.

We started site preparation works for the construction of new buildings in the industrial zone of Cikava, Novo mesto, Slovenia. Archaeological and geomechanical surveys have been completed, while geophysical surveys are ongoing.

We completed the handling area project, optimising the loading and unloading times, floor marking, and occupational safety.

Investments outside Slovenia

At the production and distribution centre in Jastrebarsko, Croatia, the installation of the secondary packaging line has increased production capacity for solid veterinary products. Part of the investment in the building and system revamp was allocated to creating rooms for Quality Management and Information Technology. We also plan to upgrade tabletting equipment and refurbish the rooms.

At TAD Pharma in Germany, we renovated the old wing of the office building and refurbished the conference hall and reception area. We plan on replacing the ageing packaging line and building an extension to the commissioning warehouse within the next two years to ensure reliable packaging and order picking for at least the next 10 years.

Our investment of €1.4 million enabled a reliable supply of purified water and supported the upgrade of the granulation line at our subsidiary Krka - Polska.

We are setting up product manufacturing in China to boost growth in animal health products in Asian countries. This investment aims to establish premises, secure utility connections, set up clean utility supplies, and install and qualify a filling-and-packaging line.

The construction of research and development facilities for oncology products and solid dosage forms is underway at Krka Pharma Private Limited (Hyderabad, India). We have obtained construction documents and regulatory permits; construction work is still in progress, and we have ordered key technological equipment.

New projects

We plan to construct an automated high-bay warehouse with 15,600 pallet places and handling areas at our plant in Ljutomer, Slovenia. The new warehouse will be four times the size of the existing facility, with handling areas spread across three floors. We have already compiled the project documents, while the administrative procedures for the building permit and the calls for tenders are still underway. We started planning a major plant extension at the same time.

We also started designing a new multi-purpose building on the newly acquired construction sites next to the Laguna building in Novo mesto, Slovenia. As per the building design, the business premises will house underground parking, a contemporary IT data centre, and rooms for employees from Information Technology, Animal Health, and Sales. We are currently in the process of obtaining the building permit. We have already compiled project documents.

We are currently renovating and extending transformer stations and preparing to connect an additional transformer to support the planned upscaling of production capacity.

We are setting up a new finished product warehouse to provide for new pallet places in Dobruška vas, Slovenia. The works are in line with the plan.

We intend to replace an automated wrapping machine and modernise warehousing systems at the finished product warehouse in Ločna, Novo mesto, Slovenia.

Also, at our central site in Ločna, we plan to replace the vapour detection system to improve detection reliability, micro-location of alarms, and integration with the control system. A new compressor will replace the old one in the compressor station to ensure a reliable supply of compressed air and increase energy efficiency.

We invest significantly in contemporary IT solutions, in the transition to SAP S/4HANA for business process optimisation, and in the introduction of a laboratory information management system (LIMS) for the digitalisation of laboratory analyses. Also, we make investments in other IT infrastructure and upgrades for work unit data integration. The solutions are based on modern approaches that also incorporate artificial intelligence tools.

All investments are funded exclusively by our assets, not only to build new facilities, but also to pursue the vision of sustainable development, a circular economy, and digital transformation. Automation, robotics, and advanced IT systems contribute to reducing environmental impacts and our carbon footprint while strengthening our competitiveness in the global market.

Terme Krka

We continue developing the tourism infrastructure in Strunjan, Slovenia. The reconstruction of the Rožmarin Villa, including a power-generating station, is in the project design phase. Renovation of swimming pool areas and fango baths is on schedule. We refurbished the conference hall at Otočec, Slovenia.

We began the extensive refurbishment of the Hotel Vital in Dolenjske Toplice, Slovenia, to improve patient accommodation. This investment aims to improve the quality of our services and to provide complete catering services.

Quality

Our fundamental strategic focus on quality is to ensure the quality of our products, processes, and services. To this end, we pursue effective quality system performance, which requires compliance with requirements of good practices in the pharmaceutical industry, standards for responsible management of safety, health and the environment, information security and personal data protection, data integrity, and business continuity. We maintain flexibility, respond quickly to new developments, market needs, and legal requirements, make investments, and roll out advanced work systems and appropriate control methods to meet diverse client requirements. In addition, we demonstrate the continued suitability of products, processes, and services. We systematically address quality-related risks and opportunities to achieve sustainable development. Meticulous planning, employee culture of quality, and continuous development pave the way for further improvements.

Uniformly managing diverse requirements and standards is the key to manufacturing quality, safe, and effective products, achieving optimal business targets, and delivering services effectively. This approach reflects our commitment to quality, environment, energy management, safety and health, information security, personal data protection, and business continuity.

Regulatory inspections, partner audits and regular certification of our systems by SIQ (Slovenian Institute of Quality and Metrology) lend corporate credibility and reinforce and maintain customer trust. In 2025, we further upgraded the system to align with the relevant legislation and guidelines. We upgraded and ISO 13485-certified our medical device production system and began upgrading the energy management system to align with the ISO 50001 standard. The renewal and issuance of new certificates testify to the system's compliance.

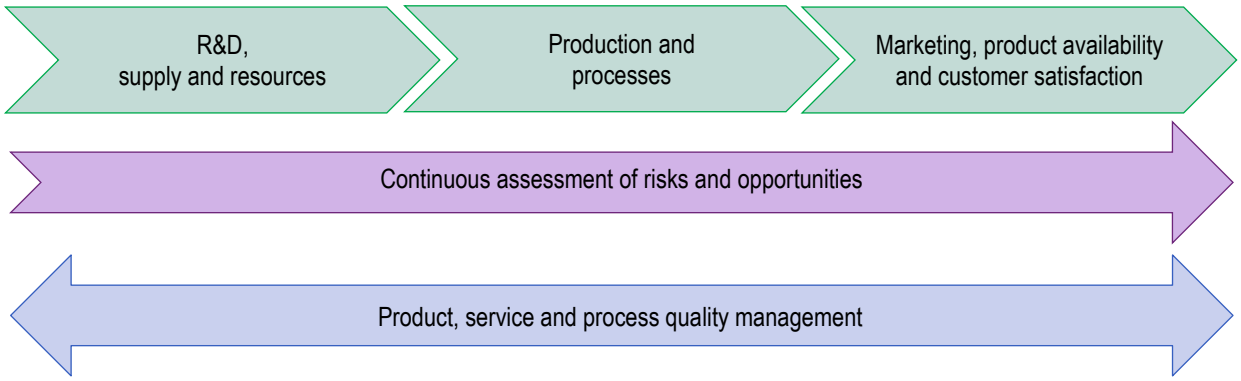
The quality system is supported by a centralised information and document management system, which we regularly upgrade through digitalisation and other measures to ensure that data in documents and electronic records are credible, easily accessible and protected and to provide transparency regarding our processes and products. We use this approach to conduct analyses and observe trends to ensure sound support for improving process and service efficiency, and product quality. Our data management system embodies ethical principles of personal integrity and staff accountability, ensuring diligent performance. It is built on framework quality guidelines, operating procedures, and controls that are seamlessly integrated into IT systems and organisational processes.

Quality management system



Ongoing improvements, guided by principles, standards, quality guidelines, and the PDCA (Plan-Do-Check-Act) approach, drive the advancement and enhancement of the company's operations. We systematically manage processes across purchasing, research and development, production of active ingredients and finished products, distribution, marketing and sales and customer satisfaction monitoring, employing the vertical integration business model. Customer satisfaction and sustained business success remain our key objectives going forward. Quality is a cornerstone of all our processes, products and services throughout their life cycles and it is the core of every Krka employee's work attitude. It is our key advantage in ensuring product quality, safety, and efficacy and it serves as the foundation of our business success.

Product, service and process quality management



Quality management

The baselines for establishing and developing the quality system are defined in *Krka Group's Quality Policy*, our framework document on quality, and Krka Group's guidelines and instructions in line with legislation, good practices and standards. We regularly monitor all related developments and systematically roll them out across our processes. We are committed to continuously upgrading the quality system to enhance process and service efficiency. We control processes that warrant operational performance, the suitability of the quality management system, and product quality at all our production sites. The same principle applies to our collaboration with key strategic partners, reinforcing our commitment to delivering quality, safe, and effective products across all production sites.

We conduct periodic management reviews to assess how we deliver on our quality objectives, relying on established key processes, supported by appropriate resources. Our greatest asset is our employees, who recognise the importance of quality. They undergo continuous training and constantly upgrade their qualifications in quality management, fostering a strong culture of quality across all processes. We collaborate with experts from various fields to identify improvement opportunities, develop innovative approaches, and implement new advancements.

Proper process implementation relies on physical resources, including buildings, equipment, and IT systems. Before commissioning a new or renovated facility, including its integrated equipment and systems, Quality Management ensures compliance with all applicable good-practice requirements. The vast number of projects demonstrates large-scale investment in new plants and departments, new or reconstructed rooms, new production, laboratory and development equipment, etc. Major projects in 2025 included robotising and increasing packaging capacities at the Solid Dosage Products plant, refurbishing rooms and increasing granulation, packaging and uncoated lozenge production capacities at the Ljutomer Department, increasing warehousing capacities at our sites in Ločna and Krško, installing an automated inspection line for suspensions at the Sterile Products Department, and upgrading granulation lines at the Notol plant (all Slovenia).

We ensure suitable conditions in all processes by qualifications and validations of investment and computer projects, technological and laboratory equipment, utilities, air-conditioning systems, technological procedures, cleaning procedures, transport conditions, and equipment calibration and maintenance. Technological equipment availability in finished product manufacturing has surpassed 99.2% over the last five years, ensuring that processes run smoothly.

We maintain data integrity, especially regarding completeness, persistence, availability, legibility, accuracy, origin, contemporaneity, consistency, security and descriptiveness, and ensure regulatory compliance. Considerable attention is given to developing and implementing information systems, as well as to introducing and managing laboratory and production equipment. We maintain source data integrity through equipment validations and qualifications, change control, and deviation management. In 2025, we introduced electronic management of user requirements related to laboratory equipment. We deployed the SAP S/4HANA system, which allows us to manage changes in laboratory equipment electronically.

Quality is integrated at the early stages of product development to produce a quality, safe and effective product. We promptly incorporate legislative amendments in our work processes to follow good practices and standards from the product development phase onwards. When producing medicines for clinical research, we use new approaches and apply expertise to ensure the level of patient and volunteer safety required by law.

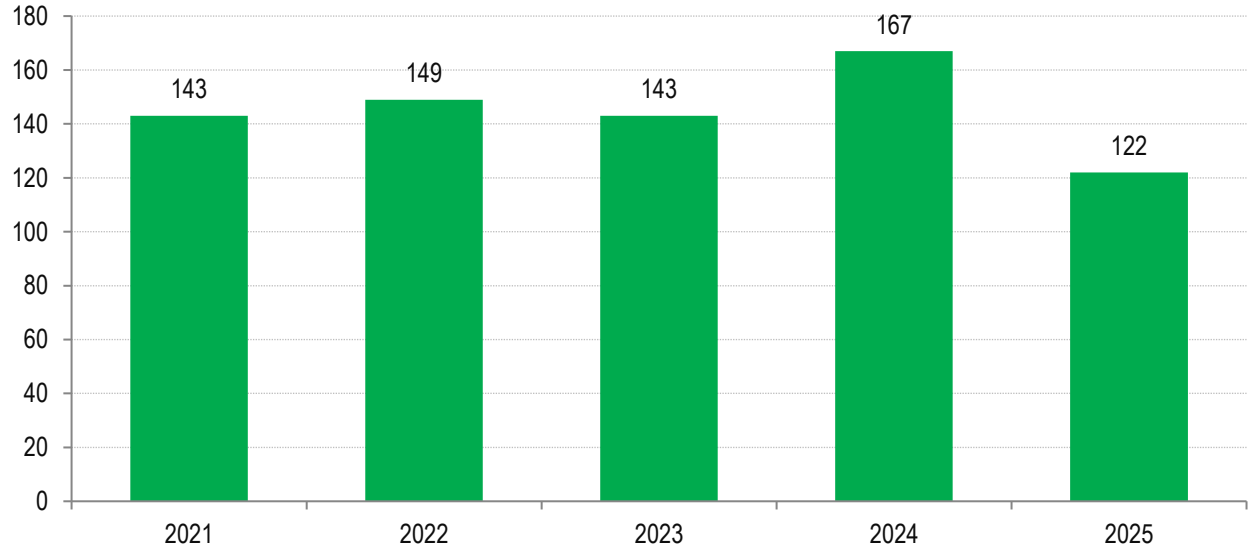
We set up a system for ensuring the quality of clinical research and the safety of patients and volunteers participating in research. We ensure quality through: highly qualified personnel, the use of adequate equipment and computer systems, risk management, careful screening of partners involved in the entire product manufacturing process, clinical research performance monitoring, reporting on patient safety and the safety of all other participants in clinical research, and a deviation investigation system.

The pharmacovigilance system ensures the safety of medicinal products for use in human and veterinary medicine by complying with the EU and third-country statutory requirements and quality system requirements. We carefully record and conduct medical reviews of reported adverse events claimed to be associated with our medicines in every country where we hold marketing authorisations. Any new findings relevant to the safe administration of our medicines are incorporated into product information leaflets or addressed through other risk mitigation measures. In addition, we present data and findings to regulatory authorities. We also have surveillance and vigilance systems in place to monitor medical devices after they are placed on the market. They help us systematically gather and analyse medical device quality, performance and safety data throughout their life cycles.

Our quality system for active ingredients and other incoming materials complies with legislative requirements and good practice standards, ensuring that active ingredients, incoming and other materials provided or produced by our suppliers or partners and directly or indirectly used in product manufacturing adhere to relevant national laws and good practice standards (e.g. ISO standards, EXCiPACT certificate, European GMP guidelines, Krka requirements, and WHO requirements). We verify partners' compliance at the start of the partnership and regularly throughout the partnership. Competent national agencies for medicinal products also verify and approve our partners' compliance, alongside the

compliance of producers of pharmaceutical products and active ingredients. We also regularly review the compliance of our partners' operations as part of risk assessments and quality system assessments conducted at their production sites. If assessment findings indicate any shortcomings, we work with the partner to implement measures necessary to ensure materials meet suitable quality standards. The system currently covers over 1,000 producers of various materials or over 30,000 different combinations (producer/supplier/material) and is a prerequisite for engaging in actual product manufacturing. At each receipt of the material, adherence to internal regulations ensures that all incoming materials comply with registration documents and quality standards. Our systematic approach to managing incoming material sources has contributed to positive quality trends over the last five years, resulting in a marginal number of complaints related to incoming material batches. For packaging materials, which account for the major share in total receipts, the complaint rate is expressed per thousand.

External audits over the last five years

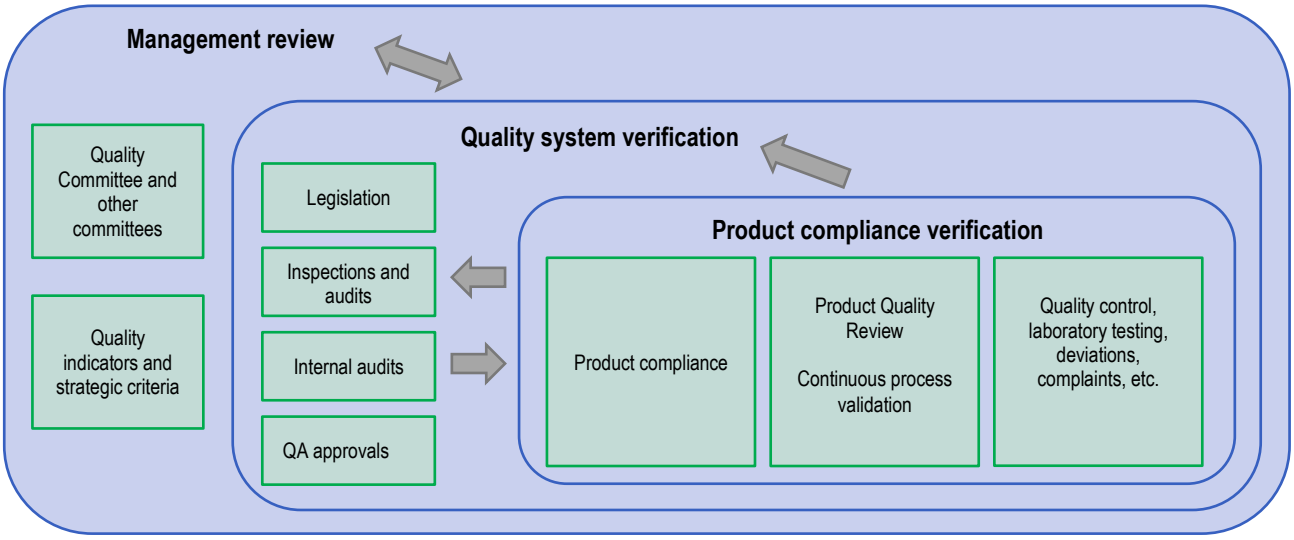


We employ artificial intelligence tools to develop in-house computerised solutions, extract data from analytical documents, and convert them into a structured format suitable for other data systems. In 2026, we intend to identify new ways to use the tools within relevant segments of our quality system.

Quality system oversight

Our finished product and API production builds on in-house technology. We control the critical stages of the production process and examine and assess documents for every product batch separately to confirm that our medicines are manufactured in compliance with the marketing authorisation requirements, prescribed procedures, and good manufacturing practice guidelines. Process, packaging, and cleaning validations ensure compliance with technological procedures applied in bulk product manufacturing, finished product packaging, and production equipment cleaning. To ensure smooth equipment operation, we also oversee the rooms where technological procedures are performed. The rooms are designed, qualified, and maintained to meet the required standards for cleanliness and intended use. We develop product control strategies that incorporate quality attributes to ensure adequate and reproducible product quality. We closely monitor and assess quality attributes to identify potential risks. Assessments of production processes and quality attributes serve as the basis for preparing annual Product Quality Reviews (PQR) and reports on continuous process verification. We prepare them in compliance with the latest standards and guidelines for pharmaceutical production, using advanced statistical tools and report systems. We also compile annual Qualification and Validation Reviews (QVR) for technological and laboratory equipment, utilities, air-conditioning systems, computerised systems, cleaning validations, and environmental monitoring.

Product and process quality control



The safety of medicinal products is paramount, achieved through stringent quality control of active pharmaceutical ingredients and finished products. Regulatory bodies, particularly those in the European Union, closely examine safety issues. They have recently been focusing on impurities with carcinogenic potential. They establish guidelines and progressively adopt measures for certain active pharmaceutical ingredients and products. We apply all their guidelines and measures to ensure the compliance of our products.

We also adhere to national requirements to prevent falsified medicinal products from entering the legal supply chain. Our medicines have safety features placed on their packaging. They consist of a unique identifier (serialisation), which prevents a falsified medicinal product from being dispensed, and an anti-tampering device, which helps to detect whether the product's packaging has been tampered with. In addition to serialisation, products intended for certain countries must be shipped in labelled transport boxes and pallets (aggregation) for improved medicinal product traceability and control from the producer to the user. In 2025, the single European safety feature system became operational in Greece and Italy. In Italy, an additional two-year transitional period was announced to align with the requirement to implement an additional safety label replacing the current Bollino label. We began assigning identification codes to medical devices in line with the globally accepted standard for medical device identification and coding. In 2025, there were no reports of falsification or safety feature non-compliance from the markets.

A batch sample undergoes laboratory quality control before an incoming material or finished product batch can be released to production or the market. Each material or product must be tested using a specific analytical procedure that defines validated and verified methods approved by responsible persons from Quality Management and the required quality parameters. Our qualified personnel conduct testing using state-of-the-art qualified laboratory equipment supported by validated software. We conduct over 500,000 tests a year, including microbiological monitoring of the environment, personnel, equipment, and water, as well as technological equipment cleanliness testing. We ensure the integrity and completeness of analytical results through internal verification procedures.

The number of samples analysed is rising each year. In 2025, we experienced a sharp increase in the number of contract-manufacturing samples. We therefore have to increase our laboratory capacities and the number of employees steadily. We prepare daily plans for laboratory processes and coordinate them in the SmartQC system, ensuring the timely implementation of production and sales plans.

We are continuously augmenting the digitalisation of laboratory equipment and implementing enhancements and optimised solutions to improve responsiveness in conducting analyses. We rolled out the LIMS system to enable centralised management and implementation of most laboratory processes. In 2025, we focused on deploying different interfaces connecting the LIMS system and other computerised systems at Krka. We standardised and harmonised master data shared between analytical and R&D laboratories to pursue digitalisation of laboratory processes. The LIMS system is set to accelerate and streamline laboratory processes, save time, and reduce quality control costs.

Quality culture remains the cornerstone of our work, driving the achievement of our goals.

We carefully plan and coordinate activities crucial to the timely execution of production and sales plans, tracking their progress daily. We regularly improve and optimise the planning process. We monitor response times in the release phase to ensure the timely release of materials and finished products. The person responsible for releasing medicinal products authorised by the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia (JAZMP) certifies each batch before its market release. We also continually monitor the stability of APIs and marketed products and ensure their compliance with specifications throughout their shelf lives.

We measure our work performance by regularly monitoring quality indicators. Feedback from our customers and users is a critical indicator. We track and thoroughly investigate their complaints, opinions and suggestions and respond to them as soon as possible. The ratio of batches with complaints lodged over the last five years to the total number of released finished product batches is marginal and shows no upward trend despite increasing production volumes. There has been no upward trend in recalls over the last five years. In 2025, we made three recalls at marginal cost. In two class III recalls, product appearance deviated from specifications (non-compliant colour variation in tablets, chipped tablet edges). We optimised the production process and improved the appearance of the tablets. One class II recall was made after the adoption of new regulatory requirements. We upgraded the quality system within the legally mandated time frame, enabling us to supply a compliant product to the market. The recalls had no significant impact on the quality, safety, or efficacy of the medicines in question. Recalls are carried out in accordance with good manufacturing practice and relevant laws, in collaboration with marketing authorisation holders (MAHs) and the competent authorities responsible for medicinal products in individual countries. We test the effectiveness of the recall procedure in mock recalls.

Complaints and recalls over the last five years

		2025	2024	2023	2022	2021
Complaints						
Justified complaints to released batches ratio (%)		0.64	0.75	0.73	0.61	0.63
Recalls						
Total recalls		3	5	3	3	4
Number of recalls according to the assessed hazard involved and/or recall value (€ thousand)	Class I	0/ 0	1/ 4.4	0/ 0	0/ 0	0/ 0
	Class II	1/ 0.001	2/ 100.7	3/ 38.4	0/ 0	3/ 16.0
	Class III	2/ 19.7	2/ 2.5	0/ 0	3/ 15.0	1/ 11.6

We constantly monitor the quality of our products on the market, collecting and evaluating data on a medicine's safety throughout its life cycle, before and after obtaining marketing authorisation, and during its daily use. We continuously manage risks and provide the correct information to healthcare providers and users of our medicines.

Competent regulatory bodies and our partners supervise the quality system. We also conduct internal system audits, and our process controllers and other experts supervise the system at productions sites.

We manufacture and market products in various countries, meaning we are subject to inspections by different regulatory authorities and inspection bodies. The Agency for Medicinal Products and Medical Devices of the Republic of Slovenia (JAZMP) monitors medicinal products and medical devices intended for the EU markets. The Health Inspectorate of the Republic of Slovenia (ZIRS) monitors self-medication products and food supplements. The Chemicals Office of the Republic of Slovenia controls biocidal products and compliance with good laboratory practice principles, while the Administration of the Republic of Slovenia for Food Safety, Veterinary Sector and Plant Protection (UVHVVR) controls feed additives and distribution of veterinary medicinal products. The Metrology Institute of the Republic of Slovenia (MIRS) conducts inspections of measuring devices in use and on the market, as well as of prepacked products.

In 2025, we observed a decrease in inspections and audits at the Krka Group level compared to the previous year. JAZMP, which regularly inspects medicinal product and API manufacturing processes, medicinal product distribution, clinical trials, and pharmacovigilance, conducted two regular inspections of sterile product and API production sites along with their processes.

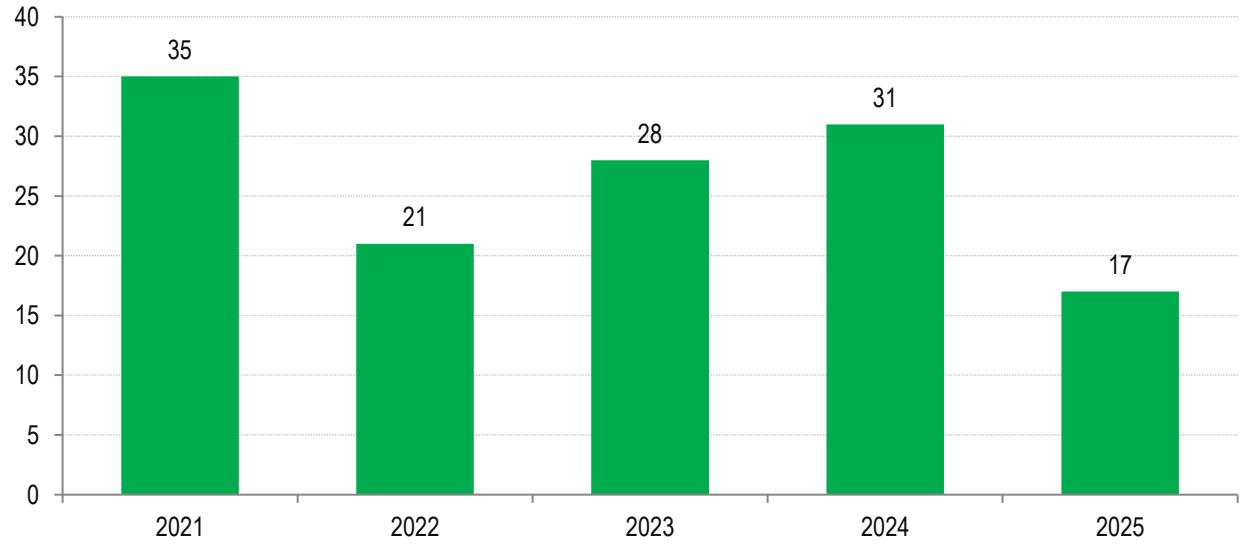
Regular inspections facilitate renewals of good manufacturing practice (GMP) and good distribution practice (GDP) certificates, ensuring that the manufacture and distribution of medicines and APIs comply with good practice principles and guidelines. In 2025, regular supervision by the Chemicals Office of the Republic of Slovenia confirmed our compliance with good laboratory practice (GLP) principles.

Our medicines are also marketed in non-EU states where national requirements apply. Certain countries do not recognise European GMP certificates, meaning competent national regulatory bodies conduct national inspections. In 2025, we underwent a GMP inspection by the regulatory authority of Saudi Arabia. EAEU GMP certificates remained valid for all our production sites in Slovenia, which manufacture medicinal products for human and veterinary use. The certificates allow us to apply for marketing authorisations and market medicinal products in the EAEU member states.

Our experts participated in preparations for EU, EAEU, and Chinese inspections at our subsidiaries and main contractual partners. Oversight of operations and quality management in product manufacture and distribution, clinical research monitoring, and pharmacovigilance inspections play a crucial role in ensuring integrated quality management, product safety and efficacy, and risk management in all areas.

Our partners and certification bodies conduct annual audits of Krka Group companies to verify compliance with good practices and standards, the suitability of the pharmacovigilance system, and contract compliance. In 2025, no critical non-compliances were identified in inspections and audits.

Inspections over the last five years



Competent authorities for medicinal products also conduct quality control of marketed products. Every year, several products undergo their control procedures to verify product quality. In 2025, the results of all 302 control procedures were compliant, reaffirming the effectiveness of our internal quality control system.

The Quality Committee systematically assesses and reviews the quality system operation twice a year during management reviews, analysing the operational outputs of all key processes within the quality system. Once a year, the Quality Committee reviews and determines over 40 strategic criteria. Of that, five criteria or outputs relate to quality: costs of non-quality, justified complaints to released batches ratio, performance measured through external inspections and audits, response times in the finished product market release, and maintaining rejected batches to assessed batches ratio. Quality Management pursues over 100 additional goals, which are systematically identified and reviewed annually. We constantly monitor their achievement and adapt them to deliver on the set results.

Information security and personal data protection

Our information security management system (ISMS) is ISO/IEC 27001-certified and undergoes regular review through self-inspections, audits, and inspections. After passing the initial audit against the new ISO/IEC 27001:2022 standard in 2024, we underwent a recertification audit in 2025, which concluded without any deviations or recommendations. Our ISMS system integrates the prescribed policy, operational procedures, and rules, aligned with the EU GMP Annex 11: Computerised Systems, the International Society for Pharmaceutical Engineering (ISPE) GAMP® 5: A Risk-Based Approach to Compliant GxP Computerized Systems, and other regulations and guidelines. We regularly assess risks associated with information sources and employ state-of-the-art technologies to safeguard our systems against external attacks. Our subsidiaries adhere to the guidelines established by the controlling company in the *Information Security Policy* and *Rules on Personal Data Protection*. The ISMS is integrated into our business continuity system and additionally governed by internal rules on IT continuity management and recovery procedures after major incidents and disasters, ensuring a uniform ISMS across all Krka Group companies. We have been running the NIS2 project to ensure compliance with the Slovenian Information Security Act (ZInfV-1) in 2026.

To comply with applicable legislation, we implemented personal data protection measures in 2025, including video surveillance in certain parts of the production premisses and web pages for professionals who prescribe and dispense prescription pharmaceuticals. We regularly monitor specific personal data processing procedures and align them with the latest practices of supervisory bodies in Slovenia, other EU member states, and non-EU states. We aim to minimise the risk of violations and ensure compliance with applicable legislation and practice.

Regular and ongoing employee training and awareness campaigns are essential to the successful implementation of the ISMS. In 2025, we focused on raising awareness among all Krka Group employees about phishing and smishing attacks through simulated attacks mimicking real-life situations. We ensure high uptime for critical systems, including the business, production, documentation, e-mail, and control systems. The expected minimum availability of critical systems is 99.5%. Krka has duplicated its data centre and implemented various measures to bolster data safety and system availability. Together with the main data centre, they guarantee high redundancy, meeting the requirements for high-level availability and data safety. Backups are made in real time for all computer systems, applications, and databases at a remote location outside Novo mesto.

We continuously monitor vulnerabilities and eliminate them if they occur. We rolled out advanced cybersecurity enhancements, conducted regular backups and penetration tests, and continuously monitored the security landscape. Our qualified experts and independent organisations conduct regular penetration tests. External software can be used in our internal IT environment only after passing relevant safety checks. In 2025, there were no major or moderate information security or cybersecurity incidents.

Business continuity

The business continuity management system (BCMS) complies with ISO 22301. Its purpose is to prepare and implement measures and procedures for uninterrupted production and sales of our flagship products in the event of major incidents and disasters. The BCMS operates in accordance with the adopted strategy and policy and is regularly updated. Key features of the BCMS include procedures for optimising our resilience to incidents, incident management procedures, and business continuity plans for crisis management. The BCMS is integral to the Krka Group's comprehensive risk management. We regularly control it through internal audits and inspections.

In 2025, we evaluated the implementation of the BCMS strategy, focusing on the reliable supply of active ingredients, heating, cooling, and power sources, and other key sources, as well as appropriate warehousing. We regularly arranged complex drills to verify the feasibility and efficiency of planned business continuity measures across critical processes identified in the Business Impact Analysis. This initiative fostered awareness and strengthened the skills of employees responsible for managing emergencies, directing damage limitation activities, and swiftly restoring operations online. Following the training analysis, we made the necessary improvements to business continuity plans or validated the adequacy of the planned measures.

Corporate social responsibility

We are aware of the impact of our operations on society as we are an international pharmaceutical group and one of the largest companies in Slovenia. Our day-to-day business takes into account social responsibility principles and social needs, adhering to our strategic guidelines.

We foster open communication with local communities and run corporate campaigns that advance community progress and create opportunities for us to collaborate with all key stakeholders in our local setting. We make strategic plans and design and manage our business model by factoring in their views, interests, and rights, including their human rights.

We continuously foster integrated social development, scientific research, intergenerational and interdisciplinary cooperation, adherence to diversity principles, and healthy lifestyles. We support health and quality-of-life projects and collaborate with partners that share similar sustainability values.

We maintain long-term partnerships across sports, culture, healthcare, science, education, and humanitarian initiatives. We prioritise long-term projects that enable us to forge close, efficient partnerships. We support the development of young talent and their involvement in sports and cultural activities, fostering healthy lifestyles and shaping bright futures.

The *Krka Group Development Strategy* is the umbrella document regulating sponsorships and donations. We then implement the initiatives in accordance with the Code for Allocating Sponsorships and Donations, our guidelines aimed at enhancing Krka's positive social impact and its contribution to the sustainable development of society as a whole.

We view sponsorships as partnerships that benefit the sponsored entity, the sponsor, and society as a whole, and that consolidate our reputation, while donations facilitate the general progress of society. They primarily include donations to humanitarian campaigns and initiatives that support local institutions and individuals. We help address the aftermath of natural disasters, alleviate social distress, poor living conditions and health issues, and preserve natural, cultural, and technical heritage.

We identify the community's needs through regular contacts, long-term partnerships, and annual meetings with our partners. Our sponsorship and donation committee screens sponsorship and donation applications.

In 2025, we allocated 0.21% of our revenue to sponsorships and donations and helped more than 600 institutions, associations, and organisations achieve their goals. As many as 17 sports and cultural clubs and associations appeared under the Krka banner, and Krka supported another seven clubs and associations as their main sponsor.

At the 19th sponsorship recipients' meeting, four outstanding young individuals received the Talent-of-the-Year Award, while 12 others were recognised for their achievements. We also expressed our gratitude to 13 representatives from various clubs, associations and institutions for their contributions. Since the Talent-of-the-Year Award for sports and culture was introduced in 2017, 28 outstanding young individuals from various Krka associations, clubs, and institutions have been honoured. Additionally, we have presented 119 awards for remarkable achievements in sports and culture, along with 49 Krka recognitions.

Encouraging New Scientific Discoveries

We endorse projects that advance the work of various educational and scientific institutions and deepen the expertise of highly skilled professionals. Projects are designed to upgrade infrastructure, offer scholarships, facilitate high-quality educational activities, promote research, and enable participation in national and international competitions.

We attract young research talent through Krka Prizes. Over the past 55 years, we have awarded 3,297 Krka Prizes. The Krka Prizes Council has played a prominent role in making research work popular among students, pupils and mentors in educational institutions. In response to the call for secondary school research papers, pupils submitted 49 research papers, and we awarded 27 Krka Prizes and 22 recognitions. In response to the call for graduate and postgraduate research papers, we received 127 research papers and awarded Krka Prizes to 55 young researchers. Five of them received Krka Grand Prizes, and the other four Krka Prizes with special commendation for their exceptional research work. Authors of other papers received recognition. The research papers covering theoretical and experimental issues and employing a

multidisciplinary approach have been steadily improving in quality and variety. The growing number of applicants each year reflects the high regard for Krka Prizes among secondary schools and universities.

In 2025, we partnered with more than 65 primary and secondary schools, supported major projects at six primary schools and kindergartens, and donated to school funds for talented pupils. We also supported several end-of-year celebrations at primary and secondary schools. Among the projects aimed at the development of the youngest, we donated Piramida playground equipment and didactic toys that enhance the development of motor, cognitive, and social skills, as well as equipment and tools for creative play.

At the Earth Day ceremony in the Novo mesto Grammar School, we opened a new biology prep room. As the main donor, we supported the refurbishment of the room and the purchase of tools needed for students' research tasks and competition papers in biology and other science subjects. Students at the school now have a science prep room where they can follow state-of-the-art science lessons and engage in high-quality research.

Krka supported the Association for Technical Culture of Slovenia (ATCS), which, for over 75 years, has educated young people in technical skills and science. Our collaboration aimed to encourage Slovenian secondary school students to participate in international competitions such as the European Olympiad of Experimental Science, the International Chemistry Olympiad (IChO), and the European Union Contest for Young Scientists (EUCYS). We were also present at important venues organised by ATCS in Slovenia. Among them were young researchers meeting in Murska Sobota and the traditional event for ATCS talents. This is how we strengthen our dedication to the development of knowledge, innovation, and the support of young talent who will contribute to future science and the economy.

In 2025, we supported the 50th anniversary celebration of the University of Maribor, the 40th anniversary of design studies at this faculty, and the 80th anniversary of the Academy of Fine Arts and Design of the University of Ljubljana.

The Faculty of Chemistry and Chemical Engineering of the University of Maribor is among the institutions with which we have a long-standing partnership. Krka was awarded the Dean's Recognition Award for productive cooperation and support in the development of the Faculty. The award was presented to Management Board member and Director of Pharmaceutical R&D and Production, Dr Aleš Rotar, at the ceremony marking the 30th anniversary of the faculty and the 65th anniversary of chemistry education in Maribor. We are aware that the links between universities and Krka are of great importance. We at Krka therefore devote special attention to pupils' and students' research work, which we have been encouraging for 55 years through the Krka Awards.

Krka is a long-time sponsor of the Slovene Science Foundation. In 2025, the Foundation organised the 31st Slovene Science Festival with international attendance. In cooperation with the Slovenian Pharmaceutical Society and the Faculty of Pharmacy of the University of Ljubljana, we helped organise the jubilant 15th Central European Symposium on Pharmaceutical Technology – CESPT, under the patronage of the European Federation for Pharmaceutical Sciences (EUFEPS). The conference is a scientific meeting recognised for promoting the exchange of new scientific findings in the field of pharmacy between young researchers and established scientists from different research environments.

Charity and volunteering

Volunteering and charity have become inseparable parts of our organisational culture. In 2012, we consolidated all our charitable and volunteering initiatives under Krka's Week of Charity and Volunteering. In 2025, the number of Krka employees who volunteered to participate in the campaign was close to 1,000. Among them, the number of young employees joining us at the events is increasing each year.

In 2025, we presented Krka's volunteering activity at press conferences in Novo mesto and Ljubljana, and on the occasion, handed over two donations. We donated funds for a wheelchair ramp to the Paraplegic Society of Dolenjska, Bela krajina and Posavje, which will allow easy and safe entry and exit from vehicles. Employees of the Second Violin restaurant received a donation for organising a team-building event. Charity events took place across Slovenia, with Krka employees in 21 other countries where Krka has its subsidiaries and representative offices. Last year, volunteers in Romania, Germany, Ukraine, Bosnia and Herzegovina, Spain, Italy, Latvia, Belarus, North Macedonia, Poland, Czechia, Croatia, Hungary, Slovakia, and Portugal joined the campaign, and so did our employees in Mongolia, India, Uzbekistan, Turkmenistan, Kazakhstan, and Armenia. All in all, more than 11,000 Krka employees contributed to the campaign through

their acts of kindness over the last 12 years. Our activities are adapted to the needs of the environment in which we operate. Over the past years, we collected 36.8 tonnes of clothes, food, books, toys, toiletries and other necessities for the Red Cross and the Slovenian Karitas charity, and donated 1,241 litres of blood. We helped prepare more than 10,950 food packages and sort clothes and other necessities at the Red Cross and the Karitas charity. We socialised with residents of 37 retirement homes. We spent time with the residents of 18 various institutions, associations and primary schools for children with special needs. We collected almost 4.9 tonnes of pet food and helped at pet shelters and the Ljubljana ZOO. We hosted almost 24,600 visitors at the Krka's Doors Open Day.

We encourage our employees to volunteer on non-profit institution sponsorship boards and provide supplies. Mutual values have connected us for almost 50 years with the Dragotin Kette Primary School through the Krka sponsorship board of the Dragotin Kette school for children with special needs. On their 70th anniversary, pupils and teachers of the Dragotin Kette Primary School organised a celebration with a cultural programme. On the occasion, we presented our annual donation to the school and an additional donation for purchasing computer equipment. Milena Kastelic, our worker director, presented the donation in Krka's name.

We are proud that many of our employees volunteer throughout the year, not just during the Week of Charity and Volunteering. Since 2012, we have honoured the exceptional volunteers who help people in need with their humanitarian activities and participate in social responsibility initiatives in their local environments with the Krka Volunteer of the Year award. Over the 13 years of awarding the Krka Volunteer of the Year Award, we have honoured 27 volunteers, with two remarkable co-workers joining them in 2025. At the event held in December, a day before International Volunteer Day, we, as tradition dictates, also expressed our gratitude to as many as 182 Krka jubilant blood donors. Last year, 48 Krka employees donated blood for the first time.

Support for health care institutions

In line with our mission, 'Living a healthy life', we allocate most of our sponsorships and donations to projects related to health and quality of life. This also agrees with the United Nations' sustainable development goal Good health and wellbeing (SDG 3), to which we contribute the most by our core business. We also provide affordable treatment by donating to healthcare institutions, in compliance with applicable laws. Our donations to acquire state-of-the-art medical devices enhance the quality of healthcare services, diagnostics, and patient treatment.

Our donation of bedside ultrasounds to family medicine practices advances primary-level healthcare in Slovenia. The OPUS (Slovenian acronym of bedside ultrasonography) project was designed in 2021. At that time, we also made an important decision: in addition to the donation, we would support high-quality training programmes in ultrasound practice. In this way, ultrasound diagnostics could be introduced hands-on in family medicine practices where it had been used quite rarely before. The project is ongoing and presents a drive to advancement. It demonstrates again that success lies in dialogue with experts, through which we identify opportunities for advancing patient care.

In December 2025, we donated a new warmer bed with integrated resuscitation to the Gynaecology and Obstetrics ward at Brežice General Hospital. It protects and keeps neonates warm during the first hours of life, while their parents can be reassured that their child is receiving the best care. Brežice General Hospital strives to provide quality healthcare, the wellbeing, and safety of its patients by investing in modern equipment and room refurbishment. Help from Krka is very valuable because advanced technology and integrated medical devices enable healthcare personnel to provide even better support to their youngest patients.

Donations of medical equipment are a chapter in Krka's Heartfelt Stories, underscoring that caring for fellow human beings is at the heart of our mission.

Support for patient associations and societies

We work with patient associations and societies. Societies organise workshops, seminars, and events to inform patients and their families about diseases, treatments, and new research. Patients can better understand their illness and be actively involved in therapy. In this way, we together improve the quality of treatment and the safety of patients with chronic diseases.

Among others, we supported two projects: What Does Your Heart Beat for?, a campaign run by the Slovenian Hypertension Society and the Slovenian Society of Cardiology, and Neuropathic Pain, a project managed by the Slovenian Association for Pain Management.

Partnership in sports

We promote many sporting activities to foster healthy lifestyles. We focus on supporting local clubs and associations, encouraging youth involvement in recreational or professional sports. We donate funds to purchase sports equipment for schools and other organisations that promote a healthy lifestyle. We further deliver on our mission by supporting sporting events and recreational sports for a broad range of people.

Our long-term partners in sports are Krka Athletic Club Novo mesto, Gymnastics Society Novo mesto, Golf Club Grad Otočec, Krka Bowling Society Novo mesto, Adria Mobil Cycling Club Novo mesto, Krka Equestrian Club - Grm Novo mesto, Krka Basketball Club, Krka Men's Volleyball Club Novo mesto, Krka Men's Handball Club, Krka Table Tennis Club Novo mesto, Krka Football Club, TPV Volley Club Novo mesto, Krka Mountaineering Society Novo mesto, Krka Rog Ski Society, Krka Chess Society Novo mesto, Krka Otočec Tennis Club, Krka Women's Basketball Club Novo mesto, and Krka Women's Handball Club. Through our campaign Caring for Your Health – Together We Scale the Heights, we carried out maintenance work on 17 signposted Krka hiking trails and contributed to safety in the Slovenian mountains together with the Alpine Association of Slovenia.

Our exclusive sponsorship of the Ski Flying World Championship in Planica was an acknowledgement of a more than 40-year-long collaboration. We arranged a trip to Planica for 500 children and their mentors from eleven primary special education schools to attend the ski jumping qualification event.

We also supported the Women's FIS Ski Jumping World Cup in Ljubno, Slovenia, events organised by the Slovenian Tennis Association, and the biggest amateur cycling event in Slovenia, the Franja Marathon BTC City.

In October 2025, Krka received the Sports-Friendly Company Certificate. The certificate is awarded to companies that systematically embed sport and physical activity into their organisational culture, strategy documents, and daily activities. We received the certificate as a 2nd-generation company. The standards for this level of the certificate are higher and require that the work environment fully support employees' physical activity. By supporting sport, we strengthen shared values such as team spirit, trust, efficiency, and flexibility. Active participation in sports activities strengthens our community and contributes to a relaxed work environment where new ideas can be generated. We consolidate our commitment to sports in the broadest sense by supporting sports organisations, preferably those that promote young people's participation in recreational or competitive sport. In 2025, we cooperated with 70 sports organisations at the local, regional or national level. Being honoured with the Sports-Friendly Company Certificate confirms that we are dedicated to health, wellbeing and social sustainability. At the same time, it encourages us to continue creating an environment where physical activity is a natural part of employees' everyday lives and the wider community.

Since its establishment in 2000, we have actively supported recreational and sporting activities of the Krka Retirees Society.

Dedicated to Culture

We strive to bring culture closer to our employees and the local and wider community. We support various cultural projects, both locally and internationally, including music events, festivals, book publications, art exhibitions, musical and theatrical performances, as well as visual, theatrical, and literary projects in primary and secondary schools.

Krka cultural evenings have enriched the cultural atmosphere of the Dolenjska region since 2008. Cultural evenings in Kostanjevica na Krki and Novo mesto give local audiences the opportunity to meet distinguished artists from around the world who would typically appear only on the world's biggest stages. The tradition of cultural evenings began at the monastery church of the Galerija Božidar Jakac gallery, where we invited many distinguished Slovenian and international artists. We enlarged our concert stage and added the Krka Hall in our headquarters to the venues. In 2025, we hosted two cultural evenings. 'The bright side of life', a musical performance by the Zagreb City Theatre 'Komedija', was set in Kostanjevica na Krki in July, and a piano recital by Simon Trpčevski, one of the most renowned pianists of his generation,

took place in the Krka Hall in December. The concert by this renowned artist from North Macedonia, a country where Krka has been present for decades with its high-quality products, is yet another confirmation of our dedication to the art we share with society. We celebrated Slovenian National Cultural Day with a concert by the FUNtango ensemble, a distinguished group of musicians formed by Marko Hatlak, the Slovenian accordion artist, in 2004. Bernarda Fink, mezzo-soprano, Marcos Fink, bass-baritone, and dancers Nika Bagon and Miha Vodičar joined them.

In 2025, we supported more than 45 cultural institutions and organisations. We were the main sponsor of the Galerija Božidar Jakac gallery in Kostanjevica na Krki, the Pihalni orkester Krka brass band, the Anton Podbevšek Teater theatre, and the Marjan Kozina music school and its symphony orchestra. We also substantially supported Pihalni orkester Kostanjevica na Krki brass band, Pihalni orkester Občine Šentjernej brass band, Festival Ljubljana, the Slovenian Philharmonic Orchestra at the occasion of their Asian tour, the Slovenian Reading Badge Society, and the Slavic Society of Dolenjska and Bela krajina. We also supported the 57th International PEN Writers' Meeting organised by the Slovene PEN Centre, the Cankar Award for best original literary work, and the France Marolt Student Folk Dance Group.

In December 2025, we enriched the Krka book collection with an illustrated children's book. *Piko searching for a job* was presented at The Krka Fairy Land, a special seasonal celebration event held for the children of our employees. It is the first children's publication in Krka's book collection, which now comprises ten books across different non-fiction and fiction genres. Darja Divjak Jurca, the author of the book, brought our mascot, Piko the young tomcat, to life in a story in which the curious and gentle Piko unveils to children the precious values in life, such as friendship, cooperation, perseverance, creativity, and helping others, at the same time Krka values. The illustrator Marko Renko enriched the story with vivid illustrations that imbued it with warmth and playfulness.

Krka's Culture and Arts Society plays a prominent role in fostering culture. It has been active and present in daily cultural life since 1971, without interruption. In 2025, the Society arranged the 46th Dolenjska Book Fair, 15 art exhibitions, eight Theatre Club meetings and various art workshops. Events were enriched by performances by Krka's mixed choir and Krka Octet.

Support for Non-Governmental Organisations

Every year, we support several non-profit, non-governmental, and non-political organisations, as well as their initiatives and self-help organisations. We collaborate with humanitarian organisations like the Red Cross and the Slovenian Karitas charity, directing our funds toward saving lives, alleviating social and psychosocial distress, and improving social conditions.

Krka has been the main sponsor of the People in Need Fund of the Regional Branch of the Red Cross in Novo mesto for several years. We collaborated with humanitarian organisations and made several substantial donations to help families and individuals in need. In collaboration with the 'Palčica Pomagalčica in dobrodelni škratki' society, Krka and many of its employees donated financial means to support the development of gene therapy.

We continued our partnership with the Chain of Good People project, launched by the 'Anita Ogulin and ZPM' Association, which supports families in need across Slovenia. We have worked with the Novo mesto Occupational Activity Centre for several years, where residents once again prepared New Year gifts for our company.

We provided both material and financial support to firefighting departments, contributing to the purchase of new fire engines and equipment and to the renovation of fire stations, thereby improving the operational capacity of 17 fire brigades and departments across Slovenia. We also helped 73 fire brigades to raise funds by preparing promotional material. On the occasion of the celebration of the 70th anniversary of the Novo mesto Firefighter Association, its leaders received the keys to a new fire engine, primarily sponsored by Krka. Our company received an award in recognition of its year-long support and cooperation, which we are committed to continuing in the decades to come. Krka firefighters helped the community recover from the damage caused by a severe hailstorm that devastated a large part of Novo mesto in September 2025. They joined forces with intervention leaders and public firefighters units from the Novo mesto municipality to eliminate damage as soon as possible. The volunteer activities of our firefighters, who also volunteer in fire brigade associations in the region, and of many of our employees, again showed how strong the call for help and comradeship was during a major intervention in the Novo mesto region.

We frequently support important cultural, historical, and socially significant projects that broaden awareness, educate, and preserve collective memory, particularly if they take place in the hometown region.

In 2025, we supported the Slovenian Exiles' Association in commemorating the 80th anniversary of deportations during the Second World War. Events, such as the meeting in the Rajhenburg castle, are important for keeping the collective memory alive and for warning against the tragic consequences of war.

For the third consecutive year, Krka was the general sponsor of the Institution Dr. Šiftar Foundation. The institution cares for the Garden of Remembrance and Comradeship at Petanjci, a protected cultural and historical monument. Its mission is the preservation of the natural and cultural heritage, the encouragement of scientific and research work in ecology, history, biology, and environmental protection, and the organisation of cultural and educational events that tackle nature, art, and society. This is how the foundation strengthens sustainable values and ties of the local community.

We have been sponsoring the Slovenian Federation of Pensioners Associations for many years and support its Programme for Older Persons by Older Persons in the Dolenjska and Bela Krajina regions. The programme organises volunteers to provide companionship, transport, accompaniment to medical appointments, and help with minor household tasks, while more complex situations are referred to professional services for older people. The programme operates at the person-to-person level and at the local level through societies, municipalities, and regions, as well as at the national level. At present, over 65% of people aged 69 or older in Slovenia are involved.

Dedicated to the environment

We believe that caring for nature means caring for health. By supporting numerous societies, we help local communities, encourage sustainable practices, and contribute to preserving natural resources for future generations.

We are well aware that water is a key strategic natural resource. Last year, this awareness led us to support the production of an RTV Slovenija documentary about the River Krka, a new episode of the *Slovenian Water Cycle* documentary series. The series explores the richness of Slovenia's water landscapes, including its rivers, creeks, lakes and coastal bays. The river is presented from its source to its confluence through the stories of people who live and work along its banks, highlighting the region's natural attractions as well as its cultural, historical and industrial heritage. Alongside the Book about Krka, which showcases the emerald beauty and attractions of the River Krka through photographs by Bojan Radovič and texts by Tone Pavček, the film is our second tribute to the river that our pharmaceutical company is named after.

Keeping waters clean, preserving biodiversity and caring for natural resources are fundamental to sustainable development. This is why we support local societies and projects that protect the environment and natural heritage and enhance the quality of life. In 2025, we supported the Novo mesto Fishing Club, REVIVO Institute, Krka and Zagradec Beekeepers Society, Novo mesto Mushrooming Society, M3 Divers Club and the Novo mesto cave exploration club.

Social responsibility projects

If you need further information on social responsibility projects, please e-mail us at druzbena.odgovornost@krka.biz or contact us by regular post at Krka, tovarna zdravil, d. d., Novo mesto, Public Relations, Šmarješka cesta 6, 8501 Novo mesto, Slovenia.

Sustainability statement

General information

ESRS 2 – General disclosures

BP-1 – General basis for preparation of sustainability statements

The sustainability statement is prepared in accordance with Directive (EU) 2022/2464 as regards corporate sustainability reporting; the European Sustainability Reporting Standards (ESRS); the European Financial Reporting Advisory Group (EFRAG) guidance documents; Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (*Taxonomy Regulation*) and the related delegated acts; Commission Delegated Regulation (EU) 2025/1416 amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings; and the provisions of the *Companies Act* (ZGD-1).

The sustainability statement includes disclosures related to impacts, risks and opportunities that we have defined and assessed as material from the perspective of double materiality, meaning the materiality of impacts on the natural or social environment and/or financial materiality (the financial effects of risks and opportunities on the Krka Group). The process of defining the double materiality assessment and material sustainability impacts, risks and opportunities are outlined within the Disclosure Requirement ESRS 2 IRO-1 – Description of the process to identify and assess material climate-related impacts, risks and opportunities. Incorporation by reference is used when disclosures in other parts of the annual report meet a reporting requirement or datapoint or complement and explain it if it is essential for better understanding. An overview of disclosures under ESRS is presented in the context of Disclosure Requirement IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement. Some disclosures under certain topical standards are presented as other information and have not been subject to the auditor's review as part of the sustainability assurances. We include these disclosures to ensure a more detailed and comprehensive understanding of the standard.

We apply the same level of consolidation as in the financial statements. The sustainability statement is prepared at the consolidated level for the entire Krka Group, covering all its operations. Within the sustainability statement, the name *Krka* refers to the Krka Group. The term *Krka Group* is also used in some instances. If the information pertains to the controlling company, the terms *controlling company* or the *Company* are used. The sustainability statement is written in the first-person plural and refers to the Krka Group unless stated otherwise.

It includes information about the Group's activities and business performance. The calculation of Scope 3 greenhouse gas (GHG) emissions also incorporates data from both the upstream and downstream value chain. The value chain was taken into account when defining the double materiality assessment. We utilised internal information and data obtained through regular engagement and collaboration with stakeholders across the value chain and in business relationships. Internal experts and sustainability officers from various professional and business fields participated in gathering information. These individuals maintain regular contact with different value chain segments and representatives.

We have not exercised the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation. Likewise, we have not exercised the right to exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

BP-2 – Disclosures in relation to specific circumstances

Our reporting adheres to the medium- or long-term time intervals defined in ESRS 1.

Regarding Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions, our calculations of Scope 3 GHG emissions generated within the Krka Group's value chain are based on the standards and recommendations of ISO 14064-1:2018 Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and the GHG Protocol.

Different GHG have varying warming potentials, depending on their ability to absorb and re-emit radiation from the Earth's surface and their atmospheric lifespan. A common unit – the global warming potential (GWP) index – has been established to facilitate measurement and comparison. This index is based on carbon dioxide (CO_2), the most well-known greenhouse

gas. It measures the warming potential of other greenhouse gases relative to CO_2 over a specified time interval, typically 100 years, by considering their radiative efficiency. Various GHG emission factors were used in the calculations. A GHG emission factor is a coefficient that links activity data to corresponding GHG emissions. It is expressed in kilograms or tonnes of CO_2 equivalent (tCO_2eq). It represents the amount of GHG generated through the production and/or use of a product or service.

Due to cost constraints, direct measurements of GHG emissions were not feasible. Instead, emissions were estimated by multiplying activity data (quantitative measures of activities that result in GHG emissions, such as mass, volume, and energy consumption) by published emission factors, typically expressed as tCO_2eq per unit of activity data. A 100-year time interval was applied to the GWP calculations. The calculations were based on emission factors from various sources, primarily the emission factor tables published by the UK Department for Environment, Food and Rural Affairs, DEFRA, and the Ecoinvent database. All relevant GHG emission sources within the defined reporting boundaries were identified, documented, and included in the calculations. The GHG emission data were obtained through modelling using Krka's primary data (such as energy and material consumption, the amount of generated waste, the number of kilometres travelled, etc.) along with various emission factors from databases, primary data from individual suppliers, data from studies and scientific articles, and Bank of Slovenia foreign exchange rates.

Assumptions were applied for certain GHG emission categories, as detailed in the topical standard ESRS E1 under Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions.

In 2025, we invited several of the most important suppliers of raw materials, which have a material impact on the calculation of the Krka Group's carbon footprint, to provide emission factors. Complete primary data on emission factors were received for only two key raw materials, which indicates the complexity of preparing such calculations, where the underlying data originate from the upstream value chain. Most suppliers have not yet established such processes, in particular for active pharmaceutical ingredients, finished pharmaceutical products and bulk products, for which data are largely unavailable even in publicly accessible or paid emission factor databases prepared by various international institutions. Going forward, we will strive to increase the use of primary data also in cases where previous estimates relied on assumptions, studies, or scientific literature. There is a certain degree of uncertainty associated with emission factors. The main sources of uncertainty stem from the data provided by raw material manufacturers, particularly for active ingredients, bulk products, and products. Any changes in emission factors within these categories could significantly impact the final GHG calculation.

Compared with the previous reporting period, we changed the methodology for calculating the following metrics: total HFC quantity in kg (as detailed under Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions; total water stored (as detailed under Disclosure Requirement E3-4 – Water consumption); gender pay gap and ratio of the remuneration of the highest paid individual to the median total remuneration of employees (as detailed under Disclosure Requirement S1-16 – Compensation metrics (pay gap and total compensation)); average payment term (as detailed under Disclosure Requirement G1-6 – Payment practices).

In 2025, we updated ESG goals to link them even more directly to the identified material impacts, risks and opportunities, as well as to our policies and activities set up to manage them. In doing so, we further improved the measurement of material impacts, risks and opportunities. The revised goals and their implementation are presented under the topical standards below and relate to pollution, water and marine resources, resource use and circular economy, own workforce, and consumers and end-users. We also incorporated the revised ESG goals into the updated *2026–2030 Krka Group Development Strategy*, adopted by the Supervisory and Management Boards of Krka in 2025 and outlined them in the *2026–2030 Strategic ESG Goals of the Krka Group*, published on Krka's website.

In addition to the information required by ESRS, our sustainability statement also includes disclosures mandated by the *Taxonomy Regulation* (Regulation (EU) 2020/852) and the related delegated acts, as well as information from Appendix B of ESRS 2, which is presented under ESRS 2 IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement. These disclosures are compiled in the table List of datapoints in cross-cutting and topical standards that derive from other EU legislation.

Table of information presented using cross-referencing in accordance with section 9.1 of ESRS 1

ESRS	Requirement	Requirement title	Section	Subsection	Page
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	Corporate governance statement	Supervisory Board (Note to requirement 21. (b))	22
				Management Board (Note to requirement 21. (b))	27
				2025 diversity policy for Management and Supervisory Boards (Note to requirement 21. (d))	33
				Composition of Supervisory Board of Krka as at 31 December 2025 (Note to requirements 21. (c) and 21. (e))	36
				Composition of Management Board of Krka as at 31 December 2025 (Note to requirement 21. (c))	38
	GOV–5	Risk management and internal controls over sustainability reporting	Corporate governance statement	Internal controls and risk management relating to financial and tax reporting	34
	SBM-1	Strategy, business model and value chain	Notes to consolidated financial statements of the Krka Group	Note 32. Companies in the Krka Group	345
	SBM-1	Strategy, business model and value chain	At a glance	Krka Group business model	13
E1	E1-5	Energy consumption and mix	Notes to consolidated financial statements of the Krka Group	Note 4 – Revenue from contracts with customers	312
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Notes to consolidated financial statements of the Krka Group	Note 4 – Revenue from contracts with customers	312
S1	S1-6	Characteristics of the undertaking's employees	Notes to consolidated financial statements of the Krka Group	Note 32. Companies in the Krka Group	345
G1	ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	Corporate governance statement	Composition of Supervisory Board of Krka as at 31 December 2025 (Note to requirements 5. (a) and 5. (b))	36
				Composition of Management Board of Krka as at 31 December 2025 (Note to requirements 5. (a) and 5. (b))	38

GOV-1 – The role of the administrative, management and supervisory bodies

Composition and diversity of the management and supervisory bodies

Information about the composition and diversity of the management and supervisory bodies is presented in the 'Corporate governance statement' section, subsections 'Supervisory Board', 'Management Board', '2025 Diversity Policy related to representation in Management and Supervisory Boards', 'Composition of the Supervisory and Management Boards'. Detailed information about the role of the Annual General Meeting, Supervisory Board and Management Board is disclosed in the 'Corporate governance statement' section, subsections 'Annual General Meeting', 'Supervisory Board', and 'Management Board'. These subsections include information on the number of members, their experience related to the company's sectors, products and geographic locations, the percentage of independent board members, and data on the representation of employees and other workers. Information on the diversity of management personnel in the controlling company, its subsidiaries and representative offices is disclosed in the 'Corporate governance statement' section, subsection '2025 Diversity Policy related to representation in Management and Supervisory Boards'.

In 2025, Krka followed the recommendations of the European Voice of Board Members (ecoDa), a non-profit organisation representing national associations of supervisory boards, concerning the gender balance in the management and supervisory boards, adhering to the 40/33/2026 model, which mandates that members of the underrepresented sex hold at least 40% of positions in supervisory boards and 33% of positions in the management and supervisory boards combined. The Company met both targets in 2025. Based on best practices, the described model has been regulated by the *Companies Act* (ZGD-1) since 22 November 2024.

Diversity, Equity and Inclusion Policy

The diversity policy for management and supervisory bodies of the Company is linked to the management of positive impacts related to employee diversity, inclusion and participation. The Supervisory Board reviews the policy annually during its regular annual self-assessment and is approved through a formal decision. If necessary, the board adopts a decision regarding revisions to the policy.

The *Diversity, Equity and Inclusion Policy of the Krka Group*, reflecting Krka's commitment to diversity, equity, and inclusion, applies to the Company and its subsidiaries. It applies to all Krka Group employees and serves as the basis for further reinforcing our expectations of business partners in the value chain. The policy is detailed in topical standard ESRS S1 under Disclosure Requirement S1-1 – Policies related to own workforce.

Krka Group ESG Policy

The Krka Group *ESG Policy* defines Krka's current and future commitments to sustainable management in environmental, social, and governance (ESG) areas, which Krka has been committed to for decades. Integrated, strategic, and efficient ESG governance is essential for managing material impacts, risks, and opportunities. To ensure long-term business success, we integrate sustainability principles into our management processes and decision-making.

The *Policy* defines (1) key stakeholder groups and their forms of engagement, (2) our contribution to achieving the global sustainable development goals (SDG) from the 2030 Agenda, (3) sustainability within the Krka Group, (4) material sustainability topics from the perspective of double materiality, (5) the purpose, goals, and scope of the policy, (6) the Krka Group's sustainability commitments, (7) sustainability management within the Krka Group.

The *Policy* is our framework document on sustainability and serves as the foundation for other related sector-specific policies. It encompasses all key sustainability areas for Krka and relates to managing all material impacts, risks and opportunities outlined under Disclosure Requirement SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model.

Krka's Supervisory and Management Boards play a leading role in overseeing sustainability management and the *ESG Policy* within the Krka Group. The *ESG Policy* is binding for the controlling company Krka, d. d., Novo mesto, and all subsidiaries in the Krka Group. It is a commitment to implementing sustainability principles and promoting their application in business operations across the entire value chain. The adequacy of the *Policy* is generally reviewed once a year. The *Policy* can be amended when proposed so by the Sustainability Board members or ESG managers. The Management Board and the Supervisory Board approve the amendment.

Responsibility for sustainable management

Krka's Supervisory Board decides on the approval of the proposed Krka Group strategy, which includes sustainable development, and is informed about the *Risk Register*, the *Integrity Plan*, the *ESG Policy*, and any potential amendments.

Krka's Management Board is responsible for integrating the sustainability strategy and establishing a culture of sustainability, values, and operational processes. It approves all key and relevant decisions related to sustainability (defining stakeholders and topics, as well as material impacts, risks and opportunities), as well as related sector-specific policies (*Environmental Policy of the Krka Group* – defined in section E1-2, *Human Rights Policy of the Krka Group* – defined in section S1-1, *Diversity, Equity and Inclusion Policy of the Krka Group* – defined in section S1-1, *Code of Conduct for Business Partners of the Krka Group* – defined in section G1-1, *Due Diligence Policy of the Krka Group* – defined in section S2-1), which also determine responsibilities regarding the oversight of task implementation. At the operational-strategic level, decisions made by the Sustainability Committee also define these responsibilities.

Krka's Management Board member responsible for sustainability leads and oversees the work of sustainability officers and chairs the Sustainability Committee.

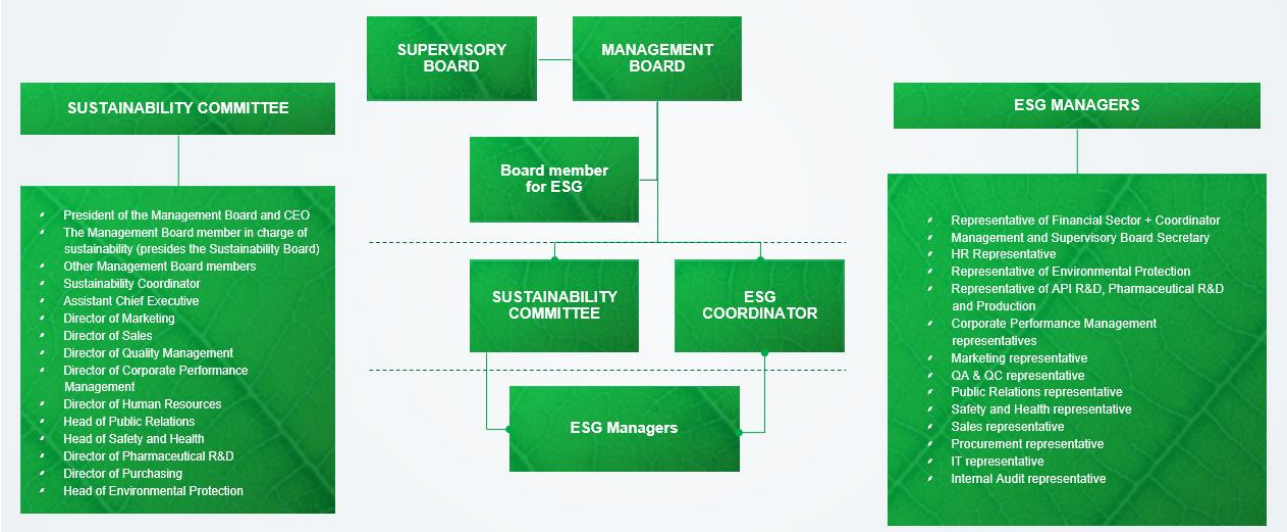
Krka's Sustainability Committee reviews the implementation of ESG policies, strategies, and key activities to achieve sustainability goals. It discusses proposals for changes and upgrades to policies, proposals for strategic sustainability goals, amendments to strategic sustainability areas, and the identification and management of material impacts, risks and opportunities. The committee also addresses stakeholder sustainability-related initiatives and plans key activities in this area.

The sustainability coordinator is a member of the Sustainability Committee and acts as a liaison between the committee, the Management Board member responsible for sustainability, and the sustainability officers. The coordinator is responsible for operational oversight, ensuring and promoting sustainability policy implementation and other decisions of the Sustainability Committee. The coordinator collaborates on stakeholder engagement and communication on sustainability with investors, media, expert community, and other relevant stakeholders.

Sustainability officers are responsible for promoting strategic sustainability activities and a sustainability culture. They report to the Sustainability Committee and coordinator on the implementation of activities and progress toward goals within their business areas. This also includes participating in stakeholder engagement and assessing impacts, risks and opportunities. They contribute to sustainability reporting and propose improvements in sustainability management.

Other committees that support Krka's Management Board in its work are responsible for preparing business policies and strategic guidelines for their respective areas and hold certain decision-making powers relating to the implementation of annual plans. These committees oversee the management of impacts, risks and opportunities within their respective business areas and ensure compliance with specific ESRS topical standards relevant to those areas.

Organisational structure of sustainability management in the Krka Group[a]



[a] The Supervisory Board, Management Board, Sustainability Committee and sustainability officers all operate within the Company.

The Management Board, sustainability coordinator, directors and heads of individual organisational units related to specific sustainability topics are responsible for reporting to the management and supervisory bodies. They prepare information and materials for management board meetings, supervisory board sessions, and other committees. The departments responsible for specific topical areas prepare disclosures in the sustainability statement, with the Finance department and Corporate Performance Management department leading the preparation process.

Management and oversight of material impacts, risks and opportunities

The heads of individual organisational units are accountable for managing impacts, risks and opportunities as part of their responsibilities, tasks and activities. Dedicated controls and procedures are in place, with a particular focus on S4 – Consumers and end-users (management of impacts, risks and opportunities related to ensuring quality, safe and effective products), topical standards E1 to E5 – Environmental protection, and S1 – Own workforce.

David Bratož, a member of the Management Board, is responsible for sustainability, including overseeing impacts, risks and opportunities. Other Management Board members are also responsible for monitoring impacts, risks and opportunities related to specific ESRS topical standards within their respective business areas.

The expertise of Supervisory and Management Board members in sustainability and material impacts, risks and opportunities is disclosed in the 'Corporate governance statement' section, subsection 'Composition of the Supervisory and Management Boards'. This subsection outlines competencies for sustainable business operations, including business conduct, and competencies related to specific ESRS topical standards. These competency areas are defined based on the skills, expertise and experience of board members in relation to material impacts, risks and opportunities specific to individual ESRS topical standards.

Strategic ESG goals

In 2025, strategic ESG goals were revised and incorporated into the *2026–2030 Krka Group Development Strategy*. We also outlined them in the *2026–2030 Strategic ESG Goals of the Krka Group*, published on Krka's website. Individual organisational units develop proposals for sustainability goals within individual focus areas. These proposals are reviewed by the Sustainability Committee, approved by the Management and Supervisory Boards, both of which, along with the Sustainability Committee, are regularly informed about goal achievements.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Krka's Management and Supervisory Boards receive regular updates about sustainability operations. In 2025, the Supervisory Board addressed sustainability-related progress and advancements as a standalone agenda item at each

meeting, totalling six sessions per year. The Supervisory Board was briefed about new developments in sustainability reporting in the *2025 Annual Report*, the ESG rating, the report on double materiality assessment results regarding material sustainability impacts, risks and opportunities of the Krka Group, the attainment of ESG goals in 2024, the GHG emission report, and the review of legislative amendments to sustainability reporting. At each meeting, it reviewed a written report from the Management Board on the activities and supporting documentation. The Management Board examined these materials at least as frequently. This responsibility is part of the special additional duties of the Supervisory Board, as defined in Resolution 4.4 adopted at the 29th Annual General Meeting (AGM). Since the adoption of the *Amendment to the Companies Act* (ZGD-1), the Audit Committee of Krka's Supervisory Board has also been regularly addressing sustainability matters.

The remit and decision-making processes of Krka's 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 internal rules. In its meetings in 2025, the Supervisory Board discussed past and current operations, financial and business risks, situation on sales and purchase markets, human resource issues, investments and products, and monitored development strategy implementation. It supervised the upgrades to Krka Group's sustainable business practices and the reporting on progress in this area. Together with Krka's Management Board, it reviewed the updated *2026–2030 Krka Group Development Strategy*, which includes sustainability management, strategic ESG goals, and corporate compliance and corporate integrity issues.

Each year, the Management Board reviews the achievement of Krka Group's strategic criteria, approves key environmental objectives and programmes, and determines human, organisational and financial resources required for their implementation. The achievement of operational-strategic criteria at the sales market level is monitored by the supervisory or management boards of Krka's subsidiaries. Various internal committees oversee the implementation of operational-strategic criteria in specific areas of operation. These committees consist of relevant Management Board members, division directors, and heads of departments (Directors' Committee, Sales Committee, Development Committee, Quality Committee, Investment Committee, Human Resource Committee, Information Technology Committee, Economics and Finance Committee, Corporate Identity Committee, and Sustainability Committee). When making decisions on major transactions and important activities related to material impacts, risks and opportunities, potential negative impacts and risks are carefully assessed, in particular those regarding product quality, safety, and efficacy, environmental protection, and occupational safety and health.

In 2025, Krka's Management Board, Supervisory Board and individual committees reviewed material impacts, risks and opportunities related to environmental matters, workforce, consumers and end-users, and corporate compliance. They were also informed about the achievement of strategic sustainability goals in 2024.

GOV-3 – Integration of sustainability-related performance in incentive schemes

Since 2023, the remuneration of the Management Board has been directly linked to the achievement of sustainability performance criteria, as stipulated in the *Remuneration Policy for Management and Supervisory Bodies*, which was prepared at the Company in accordance with the *Companies Act* (ZGD-1) and adopted by the 29th AGM on 6 July 2023. Performance and the achievement of objectives are assessed across six areas identified as key strategic sustainability topics for the Krka Group:

- Accessible healthcare;
- Product quality and patient safety;
- Talent attraction and retention;
- Good leadership and governance practices;
- Planet and climate change (the report on the basis of which the Supervisory Board decides whether the Management Board's work in this area has been successful; includes achievement of greenhouse gas (GHG) reduction targets);
- Compliance, integrity and transparency.

Each strategic sustainability area is assigned an equal number of points. Sustainability-related criteria carry the same weight as most financial performance criteria. The remuneration policy is based on Krka's long-term development strategy and its sustainability policy. It encourages the Management Board to achieve the Company's strategic objectives and is focused on its long-term development and sustainable operations. Krka Group sustainability performance accounts for 35% of the variable remuneration of Management Board members, with planet- and climate-related criteria, including

compliance with the action plan for reducing Scope 1 and Scope 2 GHG emissions, accounting for 6% of the total variable remuneration of Management Board members. The Supervisory Board evaluates the Management Board's sustainability performance twice a year, based on a written report submitted by the Management Board and the opinion of the relevant committee: covering the first half of the current year and the full previous year. The remuneration of Supervisory Board members and other management bodies does not include incentives related to strategic sustainability areas.

GOV-4 – Statement on due diligence

We encourage respect for human rights and environmental protection along the entire value chain. We encourage our business partners to adhere to internationally recognised standards, our commitments, and principles. Our values, efforts, and due diligence regarding human rights and environmental protection in business relationships with partners are outlined in the *Code of Conduct for Business Partners of the Krka Group*. Contracts concluded with our suppliers impose an obligation on the suppliers to comply with sustainable management guidelines, particularly regarding environmental protection and occupational safety and health, and familiarise themselves with Krka's *ESG Policy* and the *Code of Conduct for Business Partners of the Krka Group*. In line with the *Due Diligence Policy of the Krka Group*, we established the process to assess the risks of human rights violations and adverse environmental impacts in 2025, based on a risk-based approach methodology. We used this procedure to assess our major suppliers. The *Code of Conduct for Business Partners of the Krka Group* is described under G1, Disclosure Requirement G1-1 – Business conduct policies and corporate culture. The *Due Diligence Policy of the Krka Group* is described under S2, Disclosure Requirement S2-1 – Policies related to value chain workers. The process to assess the risks of human rights violations and adverse environmental impacts is described under IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities. Within the Krka Group, due diligence is integrated into the *Integrity Plan*, which is further reported in topical standard G1 under Disclosure Requirement G1-1– Business conduct policies and corporate culture. When reviewing or assessing suppliers and customers, particularly for GxP compliance, the Quality Management department conducts specific audits. Additional details on quality management and the supply chain can be found in the 'Quality' and 'Production and supply chain' sections.

Core elements of due diligence related to the social and natural environments	Paragraphs in the sustainability statement
(a) **Embedding due diligence in governance, strategy and business model**	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies S2-1 – Policies related to value chain workers
(b) **Engaging with affected stakeholders in all key steps of the due diligence**	SBM-2 – Interests and views of stakeholders IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities S1-1 – Policies related to own workforce S2-2 – Processes for engaging with value chain workers about impacts S4-1 – Policies related to consumers and end-users S4-2 – Processes for engaging with consumers and end-users about impacts
(c) **Identifying and assessing adverse impacts**	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities S2-1 – Policies related to value chain workers G1-2 – Management of relationships with suppliers S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
(d) **Taking actions to address those adverse impacts**	E1-3 – Actions and resources in relation to climate change policies E2-2 – Actions and resources related to pollution E3-2 – Actions and resources related to water and marine resources E4-3 – Actions and resources related to biodiversity and ecosystems E5-2 – Actions and resources related to resource use and circular economy S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
(e) **Tracking the effectiveness of these efforts and communicating**	S1-2 – Processes for engaging with own workforce and workers' representatives about impacts S2-1 – Policies related to value chain workers

GOV-5 – Risk management and internal controls over sustainability reporting

The preparation of the sustainability statement is the responsibility of experts specialising in relevant fields. We have prioritised the risks associated with the availability, collection, integrity, and consolidation of quantitative data, its processing, the accuracy of results, and compliance with ESRS disclosure requirements, as these were identified as the most material. The prepared content was reviewed and approved by responsible persons in relevant professional fields (heads and directors of organisational units), those tasked with preparing the 'Sustainability statement' (Finance and Corporate Performance Management), and the Management Board member responsible for sustainability. This content

forms the basis for decisions aimed at achieving the sustainability goals set out in our strategy. In 2024, the risk assessment of non-compliance with sustainability reporting was included in the *Risk Register* for the first time. The Management Board updates the *Risk Register* every two years and jointly deliberates the *Register* with the Supervisory Board. In 2025, the Management and Supervisory Boards were briefed about internal controls in sustainability reporting in the auditor's report, alongside the sustainability officers and the Sustainability Committee. We considered the findings when compiling internal documents in 2025. We precisely specified our processes, methodologies and internal controls, thereby upgrading our internal control system for sustainability reporting in all areas, particularly data collection and processing, and ensuring the accuracy and integrity of quantitative and qualitative data. In the future, we will enhance our internal control system, focusing on improving the information framework for collecting and processing quantitative data. These issues will also be subject to internal audit.

SBM-1 – Strategy, business model and value chain

Key sustainability-related elements of the strategy, business model and value chain

Krka's mission, vision and values form the foundation of our governance processes and business decisions, enabling us to pursue our business strategy, achieve long-term strategic goals, and create value for stakeholders. We direct our long-term growth and development towards increasing positive sustainability impacts, reducing burdens on the natural and social environment, and effectively managing sustainability risks and pursuing opportunities. Our business success is directly dependent on the effective engagement of stakeholders and the management of material sustainability impacts, risks, and opportunities throughout the entire value chain. Comprehensive, strategic, and effective sustainability management within the Krka Group is essential for managing material sustainability matters. It guides the strategic assessment of the appropriateness of the Krka Group's business model, ensuring long-term sustainable business operations, growth and development.

In 2023, we took a significant step forward in integrating a sustainability perspective into our strategic planning and business operations as part of the *2024–2028 Krka Group Development Strategy* revision. Sustainable business operations and sustainability strategy, goals, and planned activities to enhance sustainability management and operations have been fully integrated into the business strategy for the first time. The Krka Group's commitment to sustainable operations is clearly defined and holds equal importance to our business strategy and other operational areas. This highlights the critical role of sustainability in our business operations.

At Krka, sustainability efforts are an important part of our business processes and activities, with sustainable operations being the foundation for our stable growth and development for decades. This includes an integrated quality management system and the production of high-quality, safe, effective, and accessible medicines; efforts for talent attraction and retention; good leadership and governance practices; managing our impact on the planet and climate change; and corporate compliance.

Within our quality management system, GxP standards, and numerous ISO standards, we continuously monitor and manage our impacts and risks, which are also subject to numerous regulatory inspections. Compliance is assessed against ISO 9001 (quality management systems), ISO 14001 (environmental management system), ISO 45001 (occupational health and safety management system), ISO 22301 (business continuity management system), ISO/IEC 27001 (information security management system), HACCP (food quality and safety system), ISO 14971 (quality management for medical devices), and GxP standards.

Sustainable development is crucial for Krka's potential long-term value creation and delivering successfully on its business strategy. We recognise that Krka Group's stakeholders place increasing importance on sustainability issues, achieving sustainability goals, and transparent reporting. Therefore, we integrate sustainability perspectives into our strategy and everyday business operations. We encourage the application of sustainability principles across the value chain, continuously enhance sustainability governance, and foster a strong sustainability culture. We carefully plan product development and production and all processes that impact the communities and environments where we operate. We earn the trust of our patients and partners through our know-how, professional and ethical approach, and high-quality standards across all aspects of our operations. In line with sustainable development principles, we strive for continuous improvement in environmental protection, employee safety and health, and the development of our social environment. We are committed to upholding human rights and freedoms, safeguarding labour rights, preventing discrimination, and promoting diversity and equal opportunities. As one of the leading generic pharmaceutical companies, we recognise our responsibility

and significant social impact in providing accessible, effective, high-quality and safe medicines to over 100 million people across more than 70 markets.

Enhancing sustainability management, fostering a sustainability-oriented corporate culture within the Krka Group, integrating sustainability principles into corporate governance and business decisions, and maintaining economic, social, and environmental responsibility in the regions where we operate are among our key strategic objectives through to 2030. We have defined our key strategic sustainability management objectives in our sustainability policy, while further steps towards strengthening sustainability management and strategic commitments have been outlined in sector-specific policies and other documents, which we will continue to update as needed in the future.

In recent years, we have established a solid foundation and a systematic framework for sustainability management within the Krka Group. In 2025, as part of the renewal of the *2026–2030 Krka Group Development Strategy*, we updated matters related to sustainable business operations, identified under Value creation, the third strategic pillar focused on goals and activities for creating long-term value for Krka's key stakeholders, comprising – in addition to medicine users – investors, employees, and the wider community. We also revised ESG goals and activities aimed at enhancing sustainable operations and added corporate compliance and integrity issues. Sustainability was integrated even further into various strategies, such as quality, management of employee potential, occupational safety and health, and environmental management. Sustainable operations are closely linked to the remaining two strategic pillars, Ensuring access to medicines and Vertical integration. In 2026, we will further enhance various aspects of sustainable business operations, along with related policies and processes. We will place even greater emphasis on the strategic management of material impacts, risks and opportunities. We will update the *Risk Register* and refine and assess material impacts, risks and opportunities. We will introduce new activities and monitor our delivery on strategic sustainability goals and the metrics for monitoring their implementation. One of our key objectives is to manage material impacts, risks and opportunities even more effectively.

Significant product and service groups

In 2025, the Krka Group generated 97.3% of its total revenue from sales of pharmaceutical products (NACE C.21.20), of which 91.7% came from medicinal products for human use and 5.6% from animal health products. Among the medicinal products for human use, prescription pharmaceuticals accounted for 83.2% of total sales, while non-prescription products contributed 8.5%. The remaining 2.7% of revenue was generated from the sale of health resort and tourist services through the subsidiary Terme Krka (NACE I.55.10). Given the nature of its activities, this segment is not associated with the Krka Group's material impacts, risks and opportunities. During the reporting period, there were no significant changes in our product or service offerings.

More detailed information on significant product and service groups as well as significant markets can be found in the 'Product and service marketing and sales' section, and in the 'Financial report' under the 'Notes to the consolidated financial statements' (Note 4 – Revenue from contracts with customers).

Significant markets and customer groups

The Krka Group's sales are divided into six regions, with key markets including the Russian Federation, Ukraine, Poland, Czechia, Hungary, Slovakia, Romania, West Europe, Germany, Croatia, and Slovenia. The most important customer group to whom we provide high-quality, safe and effective medicines are patients with chronic diseases, which affect many people and are often the result of modern lifestyles and demographic trends such as population ageing and increasing life expectancy. The next customer group includes users of our non-prescription products, animals as users of our animal health products, and users of our health resort and tourist services. In 2025, there were no significant changes in our markets or customer groups.

Krka Group product and service sales by region

€ thousand	2025	Share	2024	Share
Region Slovenia[a]	130,272	6.4%	121,004	6.4%
Region South-East Europe	290,172	14.3%	269,025	14.2%
Region East Europe	713,371	35.1%	650,339	34.2%
Region Central Europe	460,004	22.6%	426,530	22.4%
Region West Europe	364,109	17.9%	351,803	18.5%
Region Overseas Markets	76,111	3.7%	81,147	4.3%
Total	**2,034,039**	**100.0%**	**1,899,848**	**100.0%**

[a] The Krka Group sales of products and services in the Region Slovenia also include revenue from contracts with customers for health resort and tourist services, amounting to €54,201 thousand in 2025, compared with €49,351 thousand in 2024.

Headcount of employees by geographical areas

Disclosures on the number of employees are presented in the 'Financial report' under 'Notes to consolidated financial statements' ('32. Profile of the Krka Group').

Sustainability objectives related to significant product and service groups, customers, geographical areas and stakeholder relations

The strategic sustainability objectives related to product and service groups, customer categories, geographical areas, and stakeholder relations focus on product quality and patient safety, tailored range of products, professional support for healthcare professionals, initiatives to raise awareness of healthy lifestyles and common diseases, ensuring the uninterrupted supply of medicines, and fair marketing and sales practices. These objectives are specifically defined in topical standard ESRS S4 under Disclosure Requirement S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.

As a manufacturer of generic medicines, the Krka Group ensures accessible healthcare with its products in the markets it serves, thereby achieving its most material social impact. The related sustainability objectives from topical standard ESRS S4 focus on ensuring accessible healthcare, quality products, and patient safety. These objectives are directly linked to our corporate social responsibility, reflected in our commitment to the uninterrupted supply of accessible, quality, safe, and effective medicines. Through our broad range of products across various therapeutic areas – particularly in treating chronic diseases – we achieve a material and direct positive social impact. Our extensive range of products includes medicines for the treatment of chronic diseases, marketed and sold in all key markets, ensuring that we meet our sustainability objectives. We allocate approximately 10% of our annual revenue to research and development, allowing us to continuously expand our portfolio with modern and innovative products, thereby improving access to healthcare.

Key elements of the strategy related to sustainability and future activities

The key elements of our strategy in this regard encompass research and development, innovation, efficient regulatory processes, quality, manufacture, sales, and other business functions that enable seamless, quality and sustainable operations in line with stringent standards governing the pharmaceutical industry. We systematically track important trends, guidelines, and legislative changes and adapt accordingly.

With regard to sustainability reporting, we will continue to adjust specific strategy elements to align more directly with the ESRS standards, ensuring a stronger link between our strategy and the management of material impacts, risks and opportunities. In the upcoming periods, we will have to establish certain processes and carry out activities to ensure that our reporting fulfils phased-in ESRS requirements, such as climate scenario analysis, business model resilience, transition plan, and the analysis of anticipated financial effects due to material risks and opportunities.

Krka Group business model and value chain

The Krka Group's business model, including our value chain, is illustrated in the 'Introduction', in section 'At a glance', presenting key elements of both the upstream and downstream value chain, and our internal operations. Krka uses a vertically integrated business model, which allows us to systematically manage processes from procurement, research and development, manufacture of active ingredients and finished products, distribution, sales and marketing, to monitoring customer satisfaction. Through vertical integration, we enhance the resilience and flexibility of our business operations. In

preparing the business model framework, we incorporated insights from Krka's experts who participated in the double materiality assessment across various business areas. Based on established materiality criteria, we identified key stakeholders and the most critical partner groups within the upstream and downstream value chain, their regions of origin, and the types of services or incoming resources they provide. Data collection on the upstream and downstream value chain relied on internal information and insights from experts across business areas, gathered through ongoing business relationships and dialogue with value chain representatives. However, we have not yet directly engaged direct and indirect representatives (type N or so-called tier N) of the upstream and downstream value chain in the process or collected data from them.

Krka's vertically integrated business model strengthens the resilience, flexibility, and responsiveness of our operations, thanks to the seamless integration of the upstream and downstream value chain underpinned by long-term partnerships with key stakeholders. This model enables us to efficiently manage various impacts, risks and opportunities, including sustainability-related ones. It allows us to expand our positive social impact, preserve and protect the natural environment, and seize opportunities while maintaining oversight and taking corrective action if needed to prevent, reduce or eliminate negative environmental and social impacts. Through our core activity – manufacture and supply of pharmaceutical products – we work for the well-being of patients and other users of our medicinal products. The effective management of sustainability impacts, risks and opportunities contributes to Krka Group's long-term stable growth and development, which is reflected in consistently stable business results. This is particularly important for our shareholders, employees, business partners, and the broader community.

SBM-2 – Interests and views of stakeholders

We maintain an ongoing dialogue with representatives of various key stakeholder groups through various communication channels, media and engagement formats. Stakeholder engagement aims to obtain direct information about their expectations, understand Krka's operations and its impact on individual stakeholder groups, and identify material risks and opportunities. Important information obtained through daily business interactions with stakeholder groups is one of the key inputs in the company's strategic planning, management, and business activities. By understanding the expectations of and impacts on individual stakeholder groups, we can effectively manage our positive social impact, expand its reach and scope, and proactively prevent or mitigate negative impacts to the greatest reasonable and feasible extent while addressing any potential consequences.

Investors and financial analysts, who are increasingly focused on the ESG domain, partly due to regulations (e.g. *SFDR Regulation*, *Taxonomy Regulation*), are among Krka's key stakeholder groups. Every year, we organise over 100 investor meetings. The main topics of discussion always include the key sustainability matters, so we are well aware of their expectations. Krka operates in the highly regulated pharmaceutical production and distribution sector. As a result, legislation and regulations have a significant impact on our development, regulatory, manufacturing, marketing, sales, and other activities. Within our quality management system, GxP standards, and numerous ISO standards, we continuously monitor and manage our impacts and risks, which are also subject to numerous regulatory inspections.

Key stakeholder groups and approach to stakeholder engagement

Stakeholder group	Engagement modality
Patients	• Responsible, professional communication about products through various media, including social networks and digital channels
Health professionals, healthcare providers and direct customers	• Long-term partnerships • Annual online survey on satisfaction with core aspects of business operations (general satisfaction, satisfaction with products, sales personnel, order processing and fulfilment, and complaint procedures) • Suggestions for improvement • Regular information on products provided in print and electronic forms • Direct contacts through medical representatives in 40 countries • Organisation and support for professional and educational meetings • Advanced digital content for the professional community • Feedback and opinion obtained through daily contact and market research
Employees, prospective employees, and trade union organisations	• International conferences for employees (on various topics) • Measuring organisational climate • Works Council • Worker assemblies
Regulatory agencies/bodies and government organisations	• Long-term cooperation and provision of reliable documents
Educational and scientific research institutions	• Cooperation with secondary schools, universities and scientific institutes • Cooperation under the Krka Prizes Fund for young researchers
Shareholders, financial institutions and other capital market stakeholders	• Meetings with investors at the Krka headquarters • Meetings between financial analysts and Krka management • Participation in investor conferences • Roadshows in financial centres around the world • Conference calls with financial analysts after releasing business results • Regular annual general meetings • Communication with financial media
Strategic partners and suppliers	• Participation in tenders and competitions • Working meetings • Auditing
Indirect customers and suppliers (tier N) in the upstream and downstream value chain	• Indirectly through strategic partners and suppliers
Workers in the value chain	• Indirectly through strategic partners and suppliers
Local communities, non-governmental organisations and humanitarian organisations	• Identification of needs of local and social environments through various activities related to donations and sponsorships, annual meetings for clubs and associations, and Krka's Week of Charity and Volunteering • Open dialogue and exchange of views with residents (including environmental goal planning and sustainable environmental protection) • Cooperation with environmental organisations
Media	• Transparent information on business operations and events in press releases and responses to media inquiries • Press conferences and meetings with media representatives • Information on websites
Professional associations and interest groups	• Work with specialised development institutions and companies • Involvement in the development of professional, scientific and regulatory environments by participating in various professional and industry associations in Slovenia, the European Union, and other markets
Environment (silent stakeholder)	• Indirectly through representatives of non-governmental and governmental organisations, as well as regulatory agencies
Other users of the sustainability statement	• Transparent information on business operations and events in press releases and public releases on business performance • Information on websites

We adhere to strict regulations and patent legislation in the manufacture and marketing of products. To provide patients and other users of our products with treatment using high-quality, safe and effective medicines, we must first obtain numerous approvals. Therefore, it is crucial to consider stakeholder interests throughout the entire process, particularly monitoring patients' needs and satisfaction. We maintain a continuous dialogue with key stakeholder groups, from employees to shareholders. Two trade unions, the Works Council, employee representatives on the Supervisory Board, and the Worker Director, represent employee interests and positions in the Company. Employees are regularly informed about important information within the Krka Group, and in their professional areas and sectors, they are more actively and directly involved in communication.

The administrative, management and supervisory bodies are regularly informed through departmental reports about information and activities related to sustainable business operations, including addressing the positions of affected stakeholders. These matters are addressed by the company's Management Board, Supervisory Board, and various committees, primarily the Quality Committee, Development Committee, Human Resource Committee, Sales Committee, and Sustainability Committee. Operationally, the positions and interests of the affected stakeholders are discussed at the level of specific fields of expertise.

Additional explanatory notes to SBM-2 related to topical standard ESRS S1

In the Krka Group, human rights are directly integrated into all aspects of our business. They play a crucial role in business decision-making and honouring corporate social responsibility commitments. They are also a part of our strategy and business model and are incorporated into Krka's *Code of Conduct* and the *Integrity Plan*. Impacts, risks and opportunities related to our own workforce arising from the operation of our business model and the implementation of the company's strategy are included in the *Integrity Plan* and in the *Risk Register* and are also factored in when defining the double materiality assessment. By engaging in inclusive communication, we facilitate a regular exchange of information and gain insight into the interests and perspectives of our employees. These insights are taken into account in our strategy and business model to increase Krka's positive impact on employees, prevent negative impacts, reduce their likelihood, or eliminate their potential consequences while managing risks and pursuing opportunities arising from our own workforce. To this end, the Krka Group continually implements numerous activities and measures. Key activities are planned in collaboration with the company's Management Board and the Human Resource Committee by Human Resources and Safety and Health. The Chief Compliance Officer, Works Council, and trade unions also actively contribute to the preparation process.

Employees are included in strategic and business processes through structured mechanisms such as regular employee satisfaction surveys, Krka appraisal interviews with heads of departments, and cooperation with employee representatives. The results of these processes contribute to continuous improvements in our policies and practices related to personnel management, and the improvement of working conditions and organisational culture.

Managing the potential of employees is part of Krka's development strategy. The members of the Works Council, who represent all organisational units, are a link between employees and the management team. Employees convey their views, ideas, opinions, suggestions, and questions through their council representatives, the Works Council President, or the Worker Director. The President of Krka's Management Board, Krka's Management Board member responsible for relations with the Works Council and trade unions, and Krka's Worker Director regularly participate in Krka's Works Council meetings. Additionally, all employees may communicate with them directly and via email.

At annual worker assemblies, management presents business results, strategic plans, the business plan for the current year, and current business information. Employees can ask questions and propose improvements. In subsidiaries and representative offices, where a formal system of employee representatives has not been established, employees can express their opinions and suggestions through organised meetings with management and direct communication with their supervisors.

We regularly assess occupational safety and health risks, while investing in enhancements to the working environment. By regularly gauging the organisational climate, we track employee satisfaction and motivation, driving continuous improvement. The results are presented to Krka's Human Resource Committee, which addresses key challenges and opportunities in this area. Based on these findings, action plans are developed and implemented by organisational units.

Progress in implementing these plans and measures is systematically monitored and reported to the Human Resource Committee. The results of the organisational climate surveys are shared with the Works Council and organisational units.

We have a mechanism in place for reporting potential human rights violations, discrimination, and mobbing. The mechanism is a part of Krka's system for addressing purported irregularities presented under Disclosure Requirement G1-1 – Business conduct policies and corporate culture. Feedback and analyses obtained through this mechanism are also used to assess the impacts, risks and opportunities arising from the business model and the company's strategy. This ensures that key factors affecting our employees are considered in business decisions, enabling appropriate adjustments in strategies related to managing our own workforce.

Additional explanatory notes to SBM-2 related to topical standard ESRS S2

When considering the interests, perspectives, and rights of workers in the value chain, we started from the assumption that, due to the high level of vertical integration in the Krka Group, workers in the upstream value chain are primarily involved in activities and related tasks similar to those of Krka Group employees. They are exposed to similar potential impacts, including respect for individual rights. We are fully aware of this in the Krka Group. In 2025, we established the process to assess the risks of human rights violations and adverse environmental impacts to align with the *Due Diligence Policy*, specifying Krka's strategic commitments to appropriate identification, prevention, mitigation, and remediation of adverse impacts on the social and natural environment, as well as their appropriate handling. We will gradually upgrade the process and activities to ensure compliance with the CS3D Directive. In our dealings with direct partners, we are also consistent in fulfilling all obligations and the necessity of obtaining the appropriate permits arising from contractual relationships. We did not directly involve representatives of value chain workers, nor did we obtain data from them directly. When considering the interests, rights, and perspectives of workers in the value chain in the strategy and business model, we rely on all available information held by Krka's experts across various business areas derived from regular business interactions.

Additional explanatory notes to SBM-2 related to topical standard ESRS S4

Our vertically integrated business model means we systematically monitor the needs, requirements and satisfaction of consumers and end-users (patients and other users of our medicinal products, healthcare professionals, healthcare providers, and direct customers). When engaging with patients directly, we are strictly bound by legislation. Consequently, we can only gain insights into their interests and perspectives indirectly through the professional community public, which interacts directly with patients and other users of our medicinal products. This allows us to incorporate the interests, perspectives, and rights of our key stakeholder groups into our development strategy. A fundamental aspect of this approach is our commitment to respecting human rights, including the right to health, which is closely tied to ensuring the continuous supply of medicines. This remains one of our priority areas, where we strive to maximise our positive impacts. We fulfil our mission of *Living a healthy life* through our expertise, experience, cutting-edge technologies, innovation, a diverse range of high-quality, safe, effective, and accessible products, attentiveness to customers and end-users, and responsibility towards them. We operate in compliance with strict laws on product development, production, marketing and sales, ensuring the safety of end-users. Reporting adverse reactions to medicines is another regulated area which requires us to carry out various activities and adopt appropriate actions when necessary. Our pharmacovigilance system complies with legal requirements, EU guidelines (*Commission Implementing Regulations (EU) No 520/2012* and *(EU) 2021/1281 on the performance of pharmacovigilance activities)* and guidelines on good pharmacovigilance practices.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

As part of our double materiality assessment, we have identified material impacts, risks and opportunities within the topical standard S4 – Consumers and end-users. This standard primarily relates to ensuring quality, safe, effective, and accessible products.

The Krka Group's business operations have the greatest impact in the social domain, followed by the natural environment and corporate governance. Since we manufacture generic medicines, mainly prescription pharmaceuticals for chronic diseases, our most direct societal contribution lies in ensuring an uninterrupted supply of quality, safe and effective medicines, and a broad range of innovative products across various therapeutic areas. The foundation of our development strategy lies in the research, manufacture, and sale of these products, which are directly linked to our key strategic objectives and activities. More detailed descriptions can be found in other sections of the annual report's business

segment, including the Sustainability statement. In the environmental domain, we have identified material positive impacts that contribute to environmental protection, reducing our ecological footprint and ensuring the efficient use of natural resources, alongside potential negative impacts. There are also material positive impacts related to our workforce, which we detail in topical standard S1 – Own workforce (further elaborated below). Due to the broad scope of our operations, our positive impact on the workforce extends to other value chain segments, particularly upstream. These areas are, therefore, strategically addressed in Krka's development strategy. Most material impacts are present and expected in both the short and long term, occurring within our operations and across different value chain segments, as detailed in the following table. Most material impacts, risks and opportunities – both actual and potential – are persistent, leading us to assess that they will remain material in the long run. Given our vertically integrated business model, most material impacts, risks and opportunities generally arise within our operations and in the upstream and downstream value chain. However, most material risks tend to emerge in the upstream value chain.

Concentration of material sustainability impacts, risks and opportunities in the value chain

Topical area in ESRS	Upstream value chain	Own operations	Downstream value chain
E1 – Climate change	x	x	x
E2 – Pollution	x	x	
E3 – Water and marine resources	x	x	
E4 – Biodiversity and ecosystems	x	x	
E5 – Resource use and circular economy	x	x	x
S1 – Own workforce		x	
S2 – Workers in the value chain	x		x
S4 – Consumers and end-users		x	x
G1 – Business conduct	x	x	x

Material impacts, risks and opportunities by ESRS topical standards

E – Environmental information

E1 – Climate change

Type	Name	Description
Impacts (positive)	Climate change mitigation[2], [3]	By using renewable energy sources, promoting sustainable mobility, implementing an energy management system, reducing our carbon footprint, and implementing other measures, we contribute to climate change mitigation. Our energy management strategy ensures a reduction in specific energy consumption relative to production volume, leading to efficient energy use and a lower environmental burden.
Impacts (negative)	Greenhouse gas emissions[2]	Krka's operations and value chain contribute to climate change.
Opportunities	Enhancing business model resilience and corporate reputation[1], [2], [3]	Adapting to climate change, mitigating its effects, and improving energy efficiency enhance the resilience of our business model, reduce operating costs, increase our attractiveness to stakeholders, and strengthen our corporate reputation.
Risks	Extreme weather events[1]	Extreme weather events caused by climate change (physical risks) can disrupt operations, supply chains and logistics, leading to increased operating costs.
	Shift to low-carbon economy[1], [2]	Rising emission allowance prices, reduced free allowances, or stricter emissions trading system (ETS) may drive up operating costs. The shift to new, low-GHG emission technologies – many of which remain untested – along with necessary investments, tightening regulations, and growing stakeholder expectations (transition risks) may pose challenges to the company's competitiveness.
	Energy supply reliability[2], [3]	Higher electricity and raw material costs, excessive dependence on fossil fuels, and volatility in energy markets could affect energy supply reliability, disrupt business operations, and negatively impact cost efficiency.

[1] Climate change adaptation
[2] Climate change mitigation
[3] Energy

We assess that the Krka Group is exposed to moderate physical risks in the short, medium, and long term. These risks do not affect our assets but may impact our operations. Potential transition risks linked to increased operating costs and investments in new, still-unknown technologies are expected to be more significant in the long term.

As part of our regular strategic planning, we will consider climate risks and their potential consequences, ensuring appropriate strategic activities and resources for climate adaptation and mitigation. We assess that the Krka Group does not own assets or engage in activities incompatible with the transition to a climate-neutral economy. A resilience analysis of our strategy and business model against climate scenarios has not yet been conducted.

Identification of material climate-related risks

	Physical risks	Transition risks
Material climate-related risks	• Extreme weather events: droughts, high external temperatures, increased absolute air humidity	• Emission allowance prices • Legislation on the Emissions Trading System (ETS) • Evolving and increasingly stringent legal requirements and stakeholder expectations • Transition to new, largely unknown low-GHG emission technologies and required investments • Electricity costs • Raising raw material costs • Defossilisation of the energy sector in terms of reliability and cost-effectiveness

E2 – Pollution

Type	Name	Description
Impacts (positive)	Prevention of air and water pollution[4], [5]	We employ the best available techniques and efficient systems for treating waste air and waste water from production processes. We ensure safe storage and handling of substances and materials used in production and implement measures to prevent environmental pollution.
Impacts (negative)	Air and water quality[4], [5]	Our production and business processes affect air and water quality, primarily due to emissions in the event of extraordinary incidents or major failures in waste gas and waste water treatment systems.

[4] Pollution of air
[5] Pollution of water

E3 – Water and marine resources

Type	Name	Description
Impacts (positive)	Responsible management of water resources[6], [7], [8]	We ensure responsible water consumption, water withdrawals and discharges. This includes rational water use, monitoring consumption with a computerised system, reusing rinse water, efficient waste water treatment, and maintaining the quality of water bodies.
Risks	Reliable supply of water resources[6], [7], [8]	Exceptionally long drought periods may disrupt the uninterrupted supply of water resources essential for pharmaceutical production.

[6] Water consumption
[7] Water withdrawals
[8] Water discharges

E4 – Biodiversity and ecosystems

Type	Name	Description
Impacts (positive)	Conservation of biodiversity and ecosystems[9], [10]	By reducing the impact of our activities on climate change, preventing and minimising environmental pollution, promoting efficient resource use and circular economy principles, and encouraging responsible care for the environment both locally and more broadly, we contribute positively to biodiversity conservation and ecosystem protection.
Impacts (negative)	Negative impacts on biodiversity and ecosystems[9], [10]	Ineffective implementation of measures to mitigate climate change or excessive environmental pollution may negatively affect biodiversity and ecosystems.

Direct impact driver of biodiversity loss:
[9] Climate change
[10] Pollution

All our production facilities are concentrated within their respective sites and do not significantly sprawl into ecologically sensitive areas. Actual and potential material impacts on biodiversity loss arise from the Krka Group's and its value chain's contribution to climate change and pollution associated with pharmaceutical production. The Krka Group has production sites in five countries. Key production capacities are set up within the controlling company in Slovenia, namely in Novo mesto (the Ločna production site and the Bršljin production site), Šentjernej, Ljutomer, and Krško. None of the production sites is within the Natura 2000 protected area network. Our Ločna site is near the River Krka, a biodiversity-sensitive area. API and pharmaceutical production and product packaging take place at the production site. The Krka River is an important source of water used in cooling processes, particularly in API production and technological water preparation for power supply and production. The area around the River Krka is an important ecological area (IEA) and part of the European ecological network Natura 2000, as it is an important natural habitat of numerous aquatic and riparian plant and animal species, especially fish, amphibians and birds. Under the *Nature Conservation Act*, an IEA is a designated area that plays a significant role in biodiversity conservation, while Natura 2000 demonstrates our commitment to preserving natural heritage vital to both Slovenia and Europe. Responsibilities are defined in the *European Birds Directive* and the *Habitats Directive*. The River Krka is a habitat for several threatened species. These include fish species such as the asp, huchen, and cactus roach, thick-shelled river mussel, olm, and the European otter and beaver, which are not significantly affected by Krka's activities. The collection of river water and discharge of treated waste water from our waste water treatment plant do not threaten the preservation of aquatic and riparian areas or the conditions for connecting these areas.

Other key Krka production sites engaged in production and product packaging include TAD Pharma GmbH (Germany), Krka-Farma d.o.o. (Croatia), Krka - Polska Sp. z o.o. (Poland), and Krka-Rus LLC (Russian Federation). Activities at all our production sites comply with national legislation and environmental protection permits, contributing to the conservation of biodiversity and ecosystems.

We have not identified any material negative impacts with regard to land degradation, desertification or soil sealing. Our operations do not materially affect threatened species.

E5 – Resource use and circular economy

Type	Name	Description
Impacts (positive)	Efficient use of resources[11]	We are aware that natural resources are limited, which is why we constantly seek opportunities and implement activities to minimise and make the use of resources as effective as possible. This is ensured through continuous optimisation of technological processes, optimisation of packaging materials, and innovative approaches in product development and manufacture, especially for single-pill combinations.
	Responsible waste management[12], [13]	Due to strict regulations, we are highly limited in introducing circular economy practices in the production of pharmaceutical products. We strive for responsible waste management. Waste materials generated at the end of processes, which cannot be reused due to regulatory restrictions that govern pharmaceutical production, are managed responsibly – sorted appropriately and handed over for processing, recycling, or energy recovery.
Risks	Availability of natural resources[11], [12], [13]	Irrational use of natural resources affects the sustainability and availability of natural resources.

[11] Resources inflows, including resource use
[12] Resource outflows related to products and services
[13] Waste

S – Social information

S1 – Own workforce

Type	Name	Description
Impacts (positive)	Recruitment and employee development[14], [15], [16], [22], [23]	With more than 13,000 employees, the Krka Group has a significant direct social impact on its own workforce. Our industry is less susceptible to negative economic cycles, ensuring employee job security and stability. We provide employees with fair wages, ensuring gender equality and equal pay for work of equal value, along with opportunities for personal and career development, and education to improve knowledge and skills.
	Providing a safe and healthy work environment and promoting employee well-being[20], [21]	We ensure the highest standards of occupational safety and health. We implement flexible work arrangements and promote a healthy lifestyle. We support employees in balancing their professional and private lives.
	Respect for human and workers' rights[14–25], [27–30]	We respect internationally recognised human rights, workers' rights, and fair employment practices. Opportunities for social dialogue and freedom of association are ensured through trade unions and the Works Council.
	Employee diversity, inclusion and participation[18–20], [22–26]	We strive for employee diversity, inclusion and participation, equal treatment and opportunities.
Impacts (negative)	Impact of production processes on employees' health, safety and well-being[15], [16], [20], [21], [23]	Production processes can significantly impact employees' health, safety, and well-being if measures in these areas are ineffective or do not comply with regulations and standards. This also includes working conditions related to regulated working hours, overtime, shift work, and night work.
Opportunities	Talent attraction and retention[14–16], [20–23], [26]	Identifying and recruiting talent, developing them into top professionals, providing opportunities for personal and career growth, and systematically managing employees contribute to employee engagement, productivity, and innovation. This enables the successful implementation of our business strategy, ensuring long-term business stability and strong business performance. Expanding talent development programmes and further digitalisation and automation of work processes improve competitiveness and the company's reputation among potential employees. Secure and stable employment, good working conditions and corporate culture present an opportunity to attract new employees and reduce turnover.
Risks	Shortage of qualified workforce[15], [20]	In the pharmaceutical industry, the production process requires shift work, which employees or potential candidates may perceive as less attractive. This could lead to higher turnover rates and reduce the company's ability to ensure uninterrupted production and business operations. A shortage of qualified labour may hinder ability to meet planned production and sales volumes, provide accessible healthcare, and meet business goals.

(A) Working conditions: [14] Secure employment; [15] Working time; [16] Adequate wages; [17] Social dialogue; [18] Freedom of association, the existence of works councils and the information, consultation and participation rights of workers; [19] Collective bargaining, including rate of workers covered by collective agreements; [20] Work-life balance; [21] Health and safety
(B) Equal treatment and opportunities for all: [22] Gender equality and equal pay for work of equal value; [23] Training and skills development; [24] Employment and inclusion of persons with disabilities; [25] Measures against violence and harassment in the workplace; [26] Diversity
(C) Other work-related rights: [27] Child labour; [28] Forced labour; [29] Adequate housing; [30] Privacy

Working in the pharmaceutical industry requires a skilled workforce at all levels

A highly qualified workforce is essential for ensuring quality, safe and effective pharmaceutical products. A shortage of suitable personnel or high employee turnover can impact operations and the achievement of business objectives.

We carefully and strategically plan activities related to our workforce to foster positive impacts and reduce the likelihood of potential consequences of negative impacts – or to address them as effectively and swiftly as possible. Through this approach, we strive to maintain a safe and healthy work environment, uphold human and labour rights, and ensure fair compensation. We strategically plan recruitment, training, workforce development, retention, personal and career growth, and education for skills and knowledge development while promoting a healthy lifestyle. Opportunities for social dialogue and freedom of association are ensured through trade unions and the Works Council at the Krka Group and its subsidiaries, if they are organised in this manner. Investing in a safe and healthy work environment, identifying and recruiting talent, developing them into top professionals, ensuring a skilled workforce through the national vocational qualification programme, providing opportunities for personal and career growth, and systematically managing employees contribute to employee engagement, productivity, and innovation. These opportunities enable us to retain talent and attract new

employees, allowing us to implement our business strategy, ensure long-term business stability, and achieve our planned business results. We address the risks associated with a potential shortage of qualified workforce through various measures that help ensure business operations remain unaffected.

Disclosures related to own workforce apply to all internal personnel and employees with regular employment contracts with Krka Group's subsidiaries or representative offices, regardless of their position or hierarchical level, as well as Krka employees.

Disclosures related to own workforce cover all regular employees in production, quality control, research, marketing and sales, and support functions, where the company directly manages working conditions, occupational safety, and human resources. It applies to both full-time and part-time employees. Employment contracts per national labour laws include specific rights, responsibilities, obligations, and other provisions.

In some subsidiaries, some employees work through employment agencies.

Potential material negative impacts are not widespread. In specific countries or regions outside the EU where Krka operates, they are not systemic, do not involve child or forced labour.

Material positive impacts apply to all employees and agency workers in the Krka Group and are not limited to specific countries or regions. They stem from providing stable employment, a safe and healthy working environment, and rights that apply to all employees. Additionally, numerous measures and activities are continuously implemented to promote and expand positive impacts on Krka's employees. These are detailed under Disclosure Requirement S1-4. In economically less stable countries and regions, stable employment in the pharmaceutical industry offers employees greater social security.

The Krka Group recognises that relying on qualified and motivated workforce directly affects its operational performance, competitiveness and long-term stability of its business model. A potential shortage of adequately skilled personnel poses a risk that could impact the company's operational efficiency and competitiveness. The risk of employee turnover, whether due to shift work or heightened competition for skilled professionals, can affect the stability of production processes and hiring costs.

When identifying these risks, the Krka Group also recognises opportunities to improve the working environment and competitiveness. Investments in employee training and upskilling lead to increased productivity and long-term stability of human resources. Optimising work conditions, including flexible work arrangements and a positive working environment, reduces employee turnover and increases employee engagement. Process digitalisation and automation improve operational efficiency, reduce physical strain on employees, and attract new talents. High occupational safety standards improve employee health, reduce workplace absences, and contribute to a stable working environment.

To mitigate risks and pursue opportunities, we strategically invest in employee training and development, improve working conditions, and implement measures to attract and retain talent.

We have not identified any material impacts on our workforce arising from plans to reduce environmental impacts, ensure greener and climate-neutral activities, or implement carbon emission reduction measures in line with international agreements. Likewise, we have not identified any impacts, risks and opportunities related to restructuring, job losses, job creation, retraining, or upskilling.

Krka does not operate in industries, countries and regions with a high risk of incidents related to forced or child labour.

Every job position undergoes an employee risk assessment. We also conduct risk assessments for technological procedures or their modifications. Krka's occupational safety and health system is ISO 45001-certified and is fully incorporated into our quality management system. The occupational safety and health management system covers all employees in subsidiaries in line with the national legislation and corporate recommendations.

In line with the occupational safety and health management system, we regularly assess risks for all job positions, placing special focus on pregnant women, older employees, employees with medical work restrictions, persons with disabilities, shift workers, and those handling hazardous substances.

We provide appropriate personal protective equipment and arrange adjusted working hours, modified work tasks, and training programmes for all employees. All changes in work processes undergo a risk assessment to ensure safe working conditions for all employees.

Krka also employs persons with medical work restrictions. We adjust their job positions to contribute to the improvement of their health status.

We have not identified risks arising from the impact on or dependence on specific groups within our workforce that do not apply to the entire own workforce.

S2 – Workers in the value chain

Impact	Name	Description
Impacts (positive)	Sustainable value chain management[31–47]	Through an effective due diligence process within our value chains, as well as investments in know-how, equipment, technology, and quality, we create a positive impact on workers within the value chain. This, in turn, enhances the efficiency of supply and distribution chains, improves product quality, and contributes to greater treatment accessibility. By promoting respect for human and workers' rights and fair employment practices, we support stable business operations and the timely supply of quality resources. This ensures uninterrupted production of medicines and reliable supply for patients.
Impacts (negative)	Human and workers' rights in the supply chain[31–47]	Pharmaceutical supply chains are global and complex, which can lead to negative impacts such as human rights violations, inadequate working conditions, and health and safety risks for workers, particularly in regions where labour protection laws are weaker.

(A) Working conditions: [31] Secure employment; [32] Working time; [33] Adequate wages; [34] Social dialogue; [35] Freedom of association, including the existence of work councils; [36] Collective bargaining; [37] Work-life balance; [38] Health and safety
(B) Equal treatment and opportunities for all: [39] Gender equality and equal pay for work of equal value; [40] Training and skills development; [41] Employment and inclusion of persons with disabilities; [42] Measures against violence and harassment in the workplace; [43] Diversity
(C) Other work-related rights: [44] Child labour; [45] Forced labour; [46] Water and sanitation; [47] Privacy

In 2025, we established the process to assess the risks of human rights violations and adverse environmental impacts in line with the adopted *Due Diligence Policy of the Krka Group*, the *Code of Conduct for Business Partners of the Krka Group*, and the *Human Rights Policy of the Krka Group*. We will gradually upgrade the process and activities to ensure compliance with the CS3D Directive. The Krka Group's business model also aligns with our strategic orientation, allowing for a high level of vertical integration, thereby contributing to the management of sustainability impacts, risks and opportunities. In line with the Disclosure Requirement ESRS 2 SBM-2 – Interests and views of stakeholders, the Krka Group, as a key partner of many stakeholders across its extensive value chain, actively promotes high standards of human rights and environmental protection through its broad reach and impact. The Group also prevents, mitigates and remediates the consequences of risks that might arise in the value chain and, in turn, reduces the risks arising from its business model and dependencies on value chain workers.

We assessed the impacts, risks and opportunities by factoring in internal information available to experts in specific fields who regularly engage with the representatives of material stakeholder groups in the value chain through their business relationships. The experts were mainly involved in purchasing, technical purchasing, API R&D and production, pharmaceutical R&D and production, and marketing and sales.

Our assessment showed that material impacts, risks and opportunities in the downstream value chain (related to sales) mainly arise from the following strategic sustainability areas identified for Krka: accessible healthcare; product quality and patient safety; and compliance, integrity and transparency. In the upstream value chain (related to supply), the impacts, risks and opportunities also arise from Krka's strategic sustainability areas: planet and climate change; and good leadership and governance practices. Value chain workers include all workers of our direct customers and their downstream business partners and all workers of our direct suppliers, partners and their upstream business partners that produce and supply key input raw materials and other materials, active ingredients, bulk products, finished products,

technological equipment, and services. Certain workers in the upstream value chain may come from regions with increased risks, mainly countries classified by the World Bank as lower- to middle-income, especially in Asia. There are only a few such workers in Krka's supply chain. Our assessment found no indication that value chain workers face significant risks due to the transition to greener and climate-neutral operations based on currently available information.

Most value chain workers work outside the Krka Group on sites outside our business units. Workers working on the company's sites but who are not part of our own workforce are not exposed to material negative impacts and risks because we carry out activities and take actions to prevent or mitigate such impacts and risks. We did not identify other categories of workers who could be materially impacted by the company, including impacts connected with our own operations and value chain, including through our products or services, as well as through our business relationships.

We expect our business partners to provide high-quality, safe, and effective products and services that fully comply with contractually agreed standards, applicable laws, and other regulations. This means that business partners involved in the supply, manufacture, packaging, storage, and distribution of materials or products for Krka or on its behalf must ensure compliance with the relevant quality regulations and GxP good practices, including good manufacturing and good distribution practices. To this end, we hold educational courses for our key business partners and encourage them to integrate appropriate business practices, mainly those related to occupational safety and health, quality, and employee training and qualification. We screen our customers and suppliers. Purchase and transport agreements concluded with our suppliers and contractors require them to comply with national and international laws and regulations, including those governing occupational safety and health management (ISO 45001) and environmental management systems (ISO 14001). We also regularly screen our suppliers and contractors. We adopted the *Code of Conduct for Business Partners of the Krka Group* and enhanced our human rights and environmental due diligence processes and activities. Our goal is to further strengthen our positive social impact, uphold and advance ethical principles and standards, promote respect for human rights, and support environmental protection. Our long-term partnership and business growth directly contribute to job creation, especially in the supplier chain.

S4 – Consumers and end-users

Type	Name	Description
Impacts (positive)	Accessible healthcare[51], [54], [56]	Our operations have a material impact on the health and quality of life of patients and users of our products. Our products reach over 100 million patients and other users. We ensure an uninterrupted supply of quality, safe, effective and affordable medicines, particularly for preventing and treating chronic non-communicable diseases. By also promoting mental health and well-being, we directly contribute to public health improvement and the United Nation's sustainability goal 3 to reduce premature mortality from non-communicable diseases by one-third.
	Fair disclosure of adverse reactions, product labelling, and anti-counterfeiting[48–52], [56]	We are committed to fair disclosure of adverse reactions, proper product labelling, and anti-counterfeiting. By providing information on medicines and their use, we help reduce the risks of medication errors and adverse reactions. We implement measures to collect and assess adverse reactions and other medicine-related safety issues and measures to manage and mitigate medicine-related risks. We have systems in place to manage complaints and recalls.
	Fair marketing and sales practices and expert support for healthcare professionals[56]	We are committed to high-quality standards and fair product sales and marketing practices. Additionally, we provide expert support to healthcare professionals and actively raise awareness among various public groups about healthy lifestyles and the recognition of common diseases.
Impacts (negative)	Adverse reactions and the impact on patients' and end-users' health[50–52]	Failure to meet quality standards could impact patient and end-user health. Adverse reactions may occur during product use.
	Product non-availability[55]	Disruptions in product supply and non-availability of products may have an impact on accessible healthcare and the health of people.
Opportunities	R&D and a culture of innovation[51], [54–56]	Developing and manufacturing quality, safe and effective medicines based on scientific findings, including innovative single-pill combinations, simplify treatment, improve treatment success, and positively influence business performance.
	Quality, safety and efficacy of medicines[51], [54–56]	Maintaining high standards of quality, safety and efficacy, and legislative compliance strengthen reputation and drive business success.
	Uninterrupted supply of medicines[55]	Uninterrupted supply of medicines greatly contributes to maintaining our reputation of being a reliable partner among patients and direct customers, ensuring stable operations and contributing to strong business results.
Risks	Integrated quality management system's operation[50], [51], [53–56]	Non-compliance with strict regulatory requirements, GxP standards, and quality benchmarks that ensure the safety of patients and end-users could negatively impact the company's reputation, market share, and business results.

(A) Information-related impacts for consumers and/or end-users: [48] Privacy; [49] Freedom of expression; [50] Access to (quality) information
(B) Personal safety of consumers and/or end-users: [51] Health and safety; [52] Security of a person; [53] Protection of children
(C) Social inclusion of consumers and/or end-users: [54] Non-discrimination; [55] Access to products and services; [56] Responsible marketing practices

Consumers and end-users

We differentiate two types of consumers and users of our products:

- Patients or end-users;
- Healthcare professionals, healthcare providers and direct customers.

Both groups are positioned in Krka's downstream value chain. Disclosures refer to all customers and end-users who can be materially impacted through our operations, including our products and services, our business model and strategy, which rely on an uninterrupted supply of quality, safe and effective medicines. Our business model and development strategy place a strong emphasis on quality. We hold numerous regulatory approvals and comply with good manufacturing (GxP) and marketing practices and ISO standards, particularly: ISO 13485 (the Company) relating to risk management for medical devices, and ISO 9001 relating to quality management (the Company). This also entails business risks arising from these impacts on customers and end-users.

We provide users of our products with access to medicines for treating, relieving and preventing diseases. The end-users of our products are primarily patients with chronic cardiovascular, central nervous system and gastrointestinal diseases, diabetes, and those requiring systemic treatment of infections, as well as individuals using products to improve cerebral and peripheral circulation. A special group of end-users includes companion animals, for whom our animal health products, particularly antiparasitics, are intended.

We regularly inform healthcare professionals and healthcare service providers (physicians, veterinarians, pharmacists), who prescribe or dispense our products to end-users, about our products, allowing them to make informed decisions about which product is most suitable for their patients and other users. They, in turn, give us feedback on our products.

Our direct customers include distributors (wholesalers), pharmacies, hospitals, specialised stores and other pharmaceutical companies. We impact these buyers most through business relationships.

Krka Group products are not inherently harmful to humans and do not increase the risk of chronic diseases. Krka Group services do not negatively impact end-users' rights to privacy, personal data protection, freedom of expression and non-discrimination. At the Krka Group, we do not collect data on patients as end-users, nor do we engage with them directly (except through permitted advertising of non-prescription products) as this is prohibited by strict pharmaceutical legislation (primarily governed by Directive 2001/83/EC, the framework EU act on this subject matter). This ensures that we do not infringe upon their rights to privacy, personal data protection, freedom of expression and non-discrimination. We engage with the expert community (physicians, pharmacists, and veterinarians) and direct customers (distributors). The right to privacy of the expert community and employees of direct customers is protected through strict compliance with personal data protection legislation.

All patients rely on accurate product information so they can use medications correctly. We label our products and provide appropriate patient information leaflets in accordance with the laws on labelling and providing patient information leaflets. Our quality system ensures that each unit and each batch are labelled in compliance with the guidelines and registration documents. The patient information leaflet attached to each product specifies how to correctly use the medicine, who can take the medicine, what the medicine's indications and contraindications are, and which patient groups are exposed to a potentially higher risk when taking the medicine. We have risk management plans in place for each medicine. Before a medicine is put on the market and sold, we obtain a marketing authorisation from national regulatory authorities in line with the applicable legislation. Patients must also receive proper instructions on the use of a medicine from health professionals, such as physicians who prescribe the medicine and pharmacists who dispense the medicine in the pharmacy. These instructions are crucial for patients with co-morbidities who are at higher risk of drug interactions. Therefore, we also provide regular training for healthcare professionals on Krka's products, enabling them to offer appropriate guidance to patients and contribute to the best possible treatment outcomes.

Any patient can use our medicines regardless of age, gender, financial situation, or other personal circumstances. The patient information leaflet of each medicine has separate sections on particularly vulnerable groups, e.g. children and adolescents, older patients (appropriate dosing regimen), pregnant women (whether the medicine may or may not be used during pregnancy), and special populations. We also pay special attention to blind and visually impaired individuals, which is why all product packaging includes the appropriate markings.

Potential negative impacts on consumers and end-users

Potential negative impacts may result from individual incidents, such as non-compliant product quality, which may impact the health and safety of patients and end-users. Adverse reactions may also occur when using the products. The likelihood of potential negative impacts is very low. However, they may arise in any market where a product is sold if it does not meet quality standards. Potential negative impacts related to adverse reactions may be caused by incorrect use of the medicine (incorrect dosing or treatment duration, off-label use, or abuse). Potential negative impacts are not connected to specific business relationships. Disruptions in product supply and non-availability of products may have an impact on accessible healthcare and the health of people. Medicine shortages, often caused by supply chain delays, may affect consumers and end-users, potentially leading to unintended disparities in medicine availability for certain patient groups or markets. Additionally, prolonged or complex marketing authorisation procedures may delay product launches, affecting market accessibility.

Positive impacts on consumers and end-users

Our operations have a material impact on the health and quality of life of patients and users of our products. We contribute to the United Nation's sustainability goal 3 to reduce premature mortality from non-communicable diseases by one-third through prevention and treatment, and through promotion of mental health and well-being. In collaboration with the expert community, Krka's experts continuously monitor medical guidelines and trends. In this way, we strive to develop, register, manufacture and launch new products immediately after patent expiry, offering high-quality, affordable medicines that are bioequivalent to originators'. Our approach is driven by expertise and innovation, ensuring the same active ingredients and therapeutic effectiveness.

Providing accessible, effective, quality and safe medicines, especially those for treating chronic diseases, directly contributes to improved public health. Over 100 million of patients and users trust our products. Our focus lies in developing complex medicines. We develop and manufacture advanced pharmaceutical forms, such as prolonged-release tablets, matrix tablets, tablets that incorporate OROS technology, and other innovative delivery systems. Our product portfolio includes more than 150 single-pill combinations, the highest among generic medicine manufacturers. Physicians often prescribe them to make therapy easier and improve patient compliance, enhancing treatment success. Some patients experience difficulties with swallowing, so we provide orodispersible tablets that dissolve in the mouth without needing liquid. Our folding boxes include Braille text to accommodate visually impaired individuals, ensuring easier access to medication information. This supports patients in managing their daily medicine intake as seamlessly as possible. Many of our products are specifically designed for use in hot climates, particularly in regions where numerous countries fall into the low- to middle-income category, as defined by the World Bank.

We ensure fair disclosure of adverse reactions, proper product labelling, anti-counterfeiting, and information on medicines and their use, thereby reducing the risk of medication errors and adverse reactions. We implement measures to collect and assess adverse reactions and other medicine-related safety issues and measures to manage and mitigate medicine-related risks. We have systems in place to manage complaints and recalls. We are committed to high-quality standards and fair product marketing and sales practices. Additionally, we provide expert support to healthcare professionals and actively raise awareness among various public groups about healthy lifestyles and the recognition of common diseases.

We recognise the paramount importance of clinically proven medicines and monitor their efficacy, safety, and quality during marketing authorisation procedures and after obtaining relevant marketing authorisations. To that end, we conduct bioequivalence studies and research in pre-authorisation phases and support post-authorisation clinical research. Clinical studies performed with Krka medicines help healthcare professionals make the right decisions, improve treatment success and advance the medical field. We ensure high quality, transparency and ethics in clinical research by complying with laws, guidelines by the International Council for Harmonisation (ICH) and other bodies, and the *Helsinki Declaration*.

Material risks and opportunities arising from impacts on consumers and end-users

Material risks arising from material potential negative impacts on consumers and end-users relate to non-adherence to stringent requirements for regulatory compliance, compliance with good pharmaceutical (GxP) practices and quality standards that ensure patient and user safety.

Material opportunities arising from positive impacts on consumers and end-users comprise the development and manufacture of quality, safe and effective medicines based on scientific evidence, including innovative single-pill combinations, which simplify treatment, improve treatment success, and have an effect on business results. Maintaining high standards of quality, safety and efficacy, compliance with regulations and standards, and ensuring uninterrupted product supply strengthen reputation and drive business success.

Specific risks for specific consumer and end-user groups

No specific risks of increased harm arising from potential negative impacts on specific consumer or end-user groups have been identified. The patient information leaflet attached to each product specifies how to correctly use the medicine, who can take the medicine, what the medicine's indications and contraindications are, and which patient groups are exposed to a potentially higher risk when taking the medicine. We regularly review and update the information to reflect new scientific developments, promptly revise patient information leaflets, and secure approvals from the competent authorities. We have risk management plans in place for each medicine. Before a medicine is put on the market and sold, we obtain a marketing authorisation from national regulatory authorities in line with the applicable legislation.

G – Governance information

G1 – Business conduct

Type	Name	Description
Impacts (positive)	Corporate governance, ethics and integrity[57]	By adhering to the highest standards of corporate governance, ethics and integrity, we foster a strong corporate culture among employees, partners and other stakeholders. Throughout the value chain, we promote adherence to sustainable business guidelines, thereby materially contributing to environmental protection, positive social impacts, and a high level of corporate governance.
	Supplier relationship management[60]	In accordance with procurement and payment terms, we ensure equal conditions for all suppliers, maintain timely payment of invoices, and thus safeguard their financial stability. Krka's suppliers must meet strict quality and regulatory requirements, enabling us to provide quality, safe and effective medicines.
	Protection of informers[58]	We have established appropriate procedures for reporting and handling suspected irregularities, and we ensure the protection of informers in accordance with legislation.
	Animal welfare[59]	We contribute to animal health by developing and offering new animal health products while adhering to legislation and guidelines for animal welfare. We also promote preventive care in animals, reducing the risk of disease occurrence and preventing unnecessary suffering. Our animal health products have a positive impact on the development of sustainable agriculture, which helps maintain the balance of the ecosystem. We contribute to healthy and safe foodstuffs and the protection of humans against foodborne diseases and zoonoses by preventing and controlling disease outbreaks in farm animals.
Opportunities	Fostering corporate culture[57], [61], [62]	Operating in accordance with the highest standards of corporate governance contributes to the company's long-term business success and reputation. By raising awareness among business partners about the importance of corporate culture and enforcing codes of conduct, we improve long-term cooperation, foster fair partnerships and reduce the likelihood of risks that could impact the company's reputation and business performance.
	Supplier relationship management[60]	Proper supplier relationship management, including payment practices, ensures uninterrupted functioning of the supply chain and uninterrupted business operations and prevents disruptions in the supply chain that could affect product supply and quality.
	Fraud prevention, detection and investigation[61], [62]	By implementing appropriate measures for preventing, detecting and investigating fraud, we reduce the likelihood of such activities, financial losses, and potential negative impacts on the company's reputation.
	Ensuring access to animal health products[59]	With a broad range of quality, safe and effective animal health products, we contribute to animal welfare, which, in turn, positively influences business results through animal health product sales.
Risks	Non-adherence to compliance and corporate integrity principles[57]	An inadequate level of corporate culture, transparency, ethics, and integrity can impact the company's reputation, stakeholder relationships and business performance.
	Poor payment practices[60]	Poor payment practices may create risks of non-compliance with contractual agreements with business partners, potentially disrupting operations, product supply and quality, while also jeopardising the company's reputation and business results.
	Corruption and bribery[61], [62]	Potential incidents related to corruption and bribery could harm the company's reputation and result in financial losses.
	Failure to meet quality standards for animal health products[69]	The risk of failure to meet the appropriate standards for animal health product quality may affect animal welfare, the company's reputation, and business success.

[57] Corporate culture; [58] Protection of whistle-blowers; [59] Animal welfare; [60] Management of relationships with suppliers including payment practices
(A) Corruption and bribery: [61] Prevention and detection including training; [62] Incidents

Current and expected effects of material impacts, risks and opportunities

In its strategic planning, management processes and business decisions, Krka takes into account material impacts, risks and opportunities affecting its business model, value chain and decision-making, and strategically plans its operations accordingly. In business areas closely linked to sustainability – where the company has the most material impact, as well as the highest risks and opportunities – we systematically enhance our processes and activities to effectively manage material impacts, risks and opportunities. To this end, in 2024, we adopted new corporate policies that establish our fundamental guidelines and objectives.

With regard to our own operations, we revised the *Environmental Policy of the Krka Group* (outlined in section E1-2) and aligned it with six European environmental goals. In the area of our own workforce, we introduced the *Diversity, Equity and Inclusion Policy of the Krka Group* (outlined in section S1-1) and the *Human Rights Policy of the Krka Group* (outlined in section S1-1). To more effectively manage the impacts, risks and opportunities arising from our value chain, we adopted the *Due Diligence Policy of the Krka Group* (outlined in section S2-1) and the *Code of Conduct for Business Partners of the Krka Group* (outlined in section G1-1). Based on these policies and the *Code*, we established the process to assess the risks of human rights violations and adverse environmental impacts in 2025. We will gradually upgrade the process and activities to ensure compliance with the CS3D Directive. We have strategically defined and set clear sustainability goals in recent years, which we revised and incorporated into the *2026–2030 Krka Group Development Strategy* in 2025. This revised goals address material impacts, risks and opportunities associated with individual topical areas under ESRS more directly. In our latest *Risk Register*, we have specifically defined a category for other sustainability risks and emerging sustainability risks. Based on all currently available information, including information on sustainability impacts, risks and opportunities, as well as known technologies, we are not planning material changes to our strategy and business model. We believe such changes are unnecessary, as our current and expected measures and activities effectively manage sustainability areas. This is mainly due to our high level of vertical integration, which enables a more direct relationship with stakeholders and direct involvement at all key levels of the value chain. We closely monitor developments in this field, stakeholder expectations and interests, and legislation to ensure timely and appropriate responses. We pay particular attention to environmental matters, especially climate change adaptation and mitigation, as well as matters related to consumers and end-users of our products – an area where our social impact is the most significant.

Current financial effects from material risks and opportunities

Based on the currently available information, estimates, forecasts and other data, the Krka Group has not identified any current financial effects from risks and opportunities that would materially impact its financial position, financial performance, cash flows and risks and opportunities where there is a considerable likelihood that they will cause substantial adjustments in the book values of assets and liabilities as reported in the related financial statement during the next reporting period. This assessment is based on our development strategy, our current business model, the nature of our primary activity – pharmaceutical production – and the related business activities in our operations and in connection with the risks and opportunities arising from the value chain. We assess that the measures and activities we are undertaking, along with the established metrics and objectives, are appropriate, and do not present a material risk for now. The reliability of these assessments is tied to the reliability of information, estimates, and forecasts. In future periods, we will monitor changes in the business environment and prepare a more detailed analysis of current and expected financial effects related to material sustainability impacts, risks and opportunities.

Resilience of the strategy and business model

The Management Board of the company assessed that the Krka Group, due to its vertical integration business model and the implementation of its strategy, is resilient and capable of appropriately addressing material impacts and risks while pursuing opportunities. Key strategic and current activities are focused on identified material sustainability areas where our largest impacts, risks and opportunities arise or could arise. We have not yet conducted specific resilience analyses but plan to study individual areas in more detail through climate scenario analysis to comply with regulatory changes. We will monitor their development so we can more precisely and promptly identify any need to update our strategy and business model, particularly in the medium- and long-term periods.

Changes to material impacts, risks and opportunities compared to the previous reporting period

In 2024, we conducted our first double materiality assessment in line with the ESRS standards and EFRAG guidelines. Based on the reasons stated in IRO-1 – Description of the process to identify and assess material impacts, risks and

opportunities, we assess that the identification and assessment of material impacts and risks from 2024 remains relevant to reporting in 2025, hence there are no changes compared to the previous reporting period. We have changed the way material impacts, risks and opportunities are presented (as shown in tables in this section). This has improved the clarity of the sustainability statement for users and strengthened the link with the sustainability topics that were included in the identification and assessment of material impacts, risks and opportunities.

IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities

In 2021 and 2022, Krka conducted a process to identify and assess the materiality of sustainability topics in accordance with GRI standards. This process was upgraded, and in 2024, it was adapted to meet the requirements of ESRS and the EFRAG guidelines. We also incorporated the revised ESG goals into the updated *2026–2030 Krka Group Development Strategy*, which was presented in November 2025. The strategy covers all areas of the Krka Group's operations, with detailed consideration also given to matters relating to the natural environment, employees, consumers and end-users, as well as business conduct. Directors and heads of independent departments participated in the strategy development process. As part of their responsibilities, they are also responsible for managing material impacts, risks and opportunities. We reviewed key economic and political trends, the characteristics of the pharmaceutical industry, strengths, weaknesses, opportunities and threats (SWOT), Krka's business model, objectives and activities. The results of the double materiality assessment carried out in 2024 represented an important basis for revising the Krka Group's strategic objectives and activities, both at the overarching level and at the level of individual business functions, including ESG goals. The strategy, business model and the circumstances in which Krka operates have not changed significantly compared with the previous period. No changes affecting material impacts, risks and opportunities were identified in legislation, markets, stakeholders, business processes, products or the scope of operations. Based on the above, we assess that the identification and assessment of material impacts and risks carried out in 2024 remain relevant for reporting in 2025.

Methodology, assumptions and stakeholder consultation

The definition of material impacts, risks and opportunities was carried out for our own operations as well as the upstream and downstream value chains. This included activities of direct stakeholders (customers, suppliers, other direct stakeholders) and indirect partners (N-tier customers and suppliers and their employees). The organisational structure of the Krka Group is characterised by the fact that the controlling company fully directs and supervises the operations of its subsidiaries and representative offices. The 'function for function' principle gives representatives of various functions in the controlling company a thorough understanding of the situation in subsidiaries and representative offices. Additionally, the Krka Group is recognised for its business model with a high level of vertical integration, meaning it fully controls activities related to the development of active ingredients, pharmaceutical development, manufacturing process, quality management, marketing authorisations, clinical studies, marketing, sales and distribution. Due to these characteristics, it has been assessed that the impacts, risks and opportunities in the value chain outside Krka's own operations are largely the same or very similar to those within its own operations, except in certain specific cases primarily related to geographical location. In assessing the value chain, we relied on all available information held by Krka's experts across various business areas derived from regular business interactions with stakeholders. We did not directly involve representatives from the value chain, nor did we obtain data from them directly. As part of GRI-based reporting in previous years, we engaged certain stakeholder groups to verify the materiality of specific sustainability topics from the perspective of their impact on stakeholders. The research included representatives of key stakeholder groups, such as investors, analysts, doctors, pharmacists, employees, representatives of local communities, distributors, the chamber of pharmacy, trade unions, universities, the chamber of commerce, as well as institutes and professional associations. The main topics of discussion always include the key sustainability matters, so we are well aware of their expectations. Based on regular communication with all key stakeholder groups, we assessed that their expectations – particularly regarding the areas most important to each stakeholder group – had not changed. As a result, we did not conduct a new stakeholder engagement process through surveys and interviews.

Krka operates in the highly regulated pharmaceutical production and distribution sector. As a result, legislation and regulations have a significant impact on our development, regulatory, manufacturing, marketing, sales, and other activities. Within the quality management system, GxP standards, and numerous ISO standards, our impacts and risks are under constant monitoring and management and are regularly audited by regulatory authorities, customers, and institutions. In identifying and assessing material impacts, risks and opportunities (IRO), we also took into account the results of such stakeholder engagements.

Below, we set out the key steps of the IRO process.

a) **Definition of stakeholders, sustainability impacts, risks and opportunities** The process was based on sustainability topics defined in ESRS 1 AR 16. The definition was carried out at the subtopic level through multiple internal workshops involving sustainability officers (representatives from various business areas) and other Krka experts familiar with the impacts, risks and opportunities related to specific topical standards. The definition of stakeholders was approved by Krka's Management Board.

b) **Materiality assessment** The assessment was conducted using standardised qualitative and quantitative criteria:
   - To evaluate the materiality of impacts, we considered the type of impact, its consequences, scope, scale, irreversibility, probability and impact on human rights.
   - To assess financial materiality (risks and opportunities), we considered the scale and nature of effects (financial impact magnitude and/or reputational impact) and likelihood of occurrence.

The assessment was carried out by sustainability officers and other Krka experts familiar with the impacts, risks and opportunities related to specific topical standards. Their assessments were confirmed by heads of individual organisational units, including the Management Board member responsible for sustainability.

c) **Evaluations and determination of materiality** The interdisciplinary team defined in points a) and b) evaluated the assessments and determined material sustainability impacts, risks and opportunities based on impact materiality and/or financial materiality. This was done using a consistent methodology and predefined materiality thresholds.

A sustainability impact was determined as material in the case of an actual negative impact on human rights or a material potential negative impact on human rights (with medium or high probability). In doing so, we also assessed the measures adopted to mitigate potential negative impacts and whether we have actual positive impacts on human rights related to the topic in which this potential negative impact is classified. An impact was also identified as material when the following criteria were simultaneously met: (1) scale (highly beneficial or moderately beneficial, or highly negative or moderately negative for people or the environment); (2) scope (geographically – country, continent, or region; number of people – more than one million); (3) likelihood (highly likely or 100%).

d) **Definition of sustainability risk or opportunity** The interdisciplinary team defined the sustainability risk or opportunity as material if (1) the assessment of financial effects exceeded €20 million; (2) there was an impact on Krka's reputation; (3) the likelihood of occurrence was high (highly likely or 100%).

A sustainability topic was assessed as material if it was material in terms of impact (on people or the environment) or material in a financial sense. Krka's Management Board formally approved the final results of the process. The Sustainability Committee and the Supervisory Board also reviewed the results.

Process for identifying, assessing, prioritising and monitoring potential and actual impacts on people and the environment, taking into account the due diligence process

In 2024, with the adoption of the *Human Rights Policy of the Krka Group*, the *Code of Conduct for Business Partners of the Krka Group*, and the *Due Diligence Policy of the Krka Group*, we laid the foundations for establishing a due diligence process. We defined Krka's strategic commitments and expectations towards business partners. We established a mechanism for reporting suspected breaches of our policies and commitments relating to respect for human rights and protection of the natural environment. The mechanism is intended for business partners, employees, and other stakeholders.

The due diligence process for monitoring potential and actual impacts of our own operations on people and the environment will be further enhanced when the *Integrity plan* is updated in 2026. In the process of identifying, prioritising, and monitoring potential and actual impacts within the identification of material impacts, risks and opportunities, we focused on:

a) All our own activities, specifically the development, manufacture, marketing and sales of medicinal products for human use (prescription pharmaceuticals and non-prescription products), animal health products, and health resort and tourist services;

b) Our direct and indirect business relationships throughout the entire value chain (both upstream and downstream – our direct customers and suppliers as well as indirect customers and suppliers);
c) The geographical areas where Krka is directly or indirectly present through business relationships, as defined in point b).

We prioritised our negative impacts that affect human rights. We identified them as material regardless of assessments based on other criteria. All identified impacts were also considered in terms of risks and opportunities, and vice versa. Other interconnections and dependencies among the identified impacts, risks and opportunities were not taken into account in the assessment. When addressing impacts arising from our own activities, we based our assessments on all impacts considered at the level of various Krka committees, the *Risk Register*, and the quality management system within the ISO 9001 standard, as well as, more specifically, the ISO 14001, ISO 45001, ISO 22301 and other ISO standards under which we operate, including good manufacturing and marketing practice standards within the GxP framework.

In 2025, we established the process to assess the risks of human rights violations and adverse environmental impacts. The process is based on a risk-based approach and focuses on direct partners in the upstream value chain (suppliers providing materials and services for the performance of our core activities). Priority is given to partners operating in geographical areas with a higher likelihood of human rights violations, as assessed on the basis of indices and other assessments by recognised organisations related to respect for human rights (including labour rights) and environmental protection. Taking into account the above-mentioned geographical risk factor and the supplier's importance to Krka, suppliers were assessed in detail using a questionnaire. In accordance with the process, suppliers were classified into one of five risk categories (ranging from negligible to higher risk). The process will be further upgraded and adjusted to ensure compliance with the CS3D Directive. The results are presented under Disclosure Requirement S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions.

Classification of sustainability-related risks in comparison with other risks

Sustainable business practices are integrated into Krka's development strategy, which was updated in 2025. The *Risk Register*, which is established for all business areas within the Krka Group and represents a comprehensive record of risks and control activities for managing individual risks, is updated every two years. The most recent update was carried out in 2024. The *Risk Register* complements the *Integrity Plan* and addresses ethics, integrity, and compliance. As part of the materiality assessment process, we newly identified certain material impacts, risks and opportunities arising from the value chain, which had not been previously analysed in detail from this perspective. As part of the latest *Risk Register* update, we defined the category of other sustainability risks and emerging sustainability risks, which include the risk of transitioning to a carbon-neutral society, the risk of customer demands regarding sustainable business practices, the risk of responsibility for sustainability risks in the value chain outside the Krka Group, the risk of compliance with sustainability reporting requirements, and the risk of comprehensive sustainability risk management. Sustainability risks were also integrated into the preparation of the updated development strategy.

Other information related to the IRO process

The internal control system related to the process of defining the double materiality assessment includes sector directors, heads of independent organisational units, and the sustainability coordinator, who review and approve the results. The results are also reviewed and approved by the Management Board member responsible for sustainability.

The process of identifying, assessing and managing sustainability opportunities is incorporated into the overall corporate governance process during the preparation of the development strategy.

The identification and assessment of impacts, risks and opportunities were carried out based on professional evaluations conducted by internal experts from individual business areas, along with an evaluation by the Management Board.

Any changes in the materiality of impacts, risks and opportunities compared to the previous reporting periods will be disclosed in the coming years. We plan to revise materiality assessments at least every two years.

Additional explanatory notes to IRO-1 related to topical standards ESRS E1–E5

In identifying actual and potential impacts, risks, and opportunities related to topical standards ESRS E1–E5, we relied on our internal standard operating procedure (SOP) *Environmental Management System*. This SOP prescribes a comprehensive environmental management process within the parent company in accordance with legal requirements, the environmental standard ISO 14001, and other commitments we have made to ensure a high level of environmental protection throughout the product life cycle, constant improvement of environmental performance, compliance with environmental management system obligations, and attainment of environmental objectives. We also considered our sustainability and environmental policies along with our development strategy, sustainability goals, pharmaceutical industry insights, and product portfolio.

We took into account all our business activities and site locations, assets within our own operations, and available information about the value chain. We focused on the upstream part of the value chain, where the same or similar activities are carried out as in Krka's pharmaceutical production and which is crucial in the supply of raw materials, active ingredients, bulk products, and finished products. Our business activities are centred around our production sites where the primary activity is the manufacture of pharmaceuticals.

We have not yet consulted with external stakeholders regarding the identification of impacts, risks, and opportunities related to ESRS E1, E2, E3, E4 and E5.

Additional explanatory notes to IRO-1 related to topical standard ESRS E1

We identified physical and transition risks. Certain transition risks are also closely linked to the transition plan, which we have not yet developed. However, these risks could materially impact the achievement of the transition plan's objectives and related activities and will serve as the foundation for our transition plan. Physical risks in the form of extreme weather events, such as drought, high external temperatures and increased absolute air humidity, may lead to higher operating costs. Drought is associated with a material dependency on water resources, which we identified as a risk in the environmental topical standard E3. The established measures are described in more detail under Disclosure Requirement E3-2 – Actions and resources related to water and marine resources. We assess that the company's assets are not particularly exposed or sensitive to the identified physical risks and do not materially impact their lifespan. However, we estimate that the identified transition risks could increase operating costs and create uncertainty in investment planning and related expenses, particularly for investments related to the transition plan and its activities, as well as long-term investments and activities connected to strategic planning and capital allocation.

To define the impact of GHG emissions, we have calculated GHG emissions for scopes 1, 2, and 3. We assess that physical and transition risks are very similar in our own operations and in both the upstream and downstream value chains. Outside our own operations, there is a significant difference in transition risks arising from different regions where regulatory frameworks vary or are absent, or where different emissions trading systems are in place or are yet to be established. As part of the IRO assessment, we have identified and assessed physical and transition risks that we estimate to be present in the short, medium, and long term. We have not yet conducted a detailed climate scenario analysis. Climate-related assumptions have not yet been incorporated into the financial statements.

Additional explanatory notes to IRO-1 related to topical standard ESRS E2

We calculated the hazard for the water environment using the methodology from the European Medicines Agency (EMA) guidelines. We prepared solvent mass balances in accordance with the statutory requirements. We used no pollution-related assumptions but we used EU guidelines on industrial emissions specified in best available techniques reference documents (BREF) from the set of available tools.

Additional explanatory notes to IRO-1 related to topical standard ESRS E3

We also operate under the assumption that future legislation regarding water and marine resources, as well as waste water, which is indirectly but significantly related to this area, will change. Therefore, we monitor these areas and plan activities to achieve long-term compliance with legislation. In assessing material impacts, risks, and opportunities related to water and marine resources, we utilised tools such as internal data on the quality and consumption of drinking and river water, and the results of waste water emission monitoring. We also considered the requirements of environmental permits, water permits, and water consents.

Our obligations in assessing impacts and risks related to water sources are also part of ensuring environmental compliance. The Slovenian Environment Agency has issued a comprehensive environmental permit for our production sites in Ločna and Krško, and an environmental permit for emissions to water for our production sites in Brščljin, Šentjernej, and Ljutomer. The Slovenian Water Agency has issued a water permit and water consent for the withdrawal of river and drinking water for technological purposes. For the two sites where chemical activities are carried out (Ločna, Krško), SEVESO studies were conducted and Krka submitted applications for obtaining SEVESO permits. At our production sites outside Slovenia (Croatia, Poland, the Russian Federation, Germany), we follow the requirements of national legislation regarding water consumption.

Additional explanatory notes to IRO-1 related to topical standard ESRS E4

In identifying and determining the assessment of dependencies on biodiversity and ecosystems, we assessed whether the loss of biodiversity and ecosystem services could cause disruptions at our own site locations. We also assessed ecosystem services that are likely to be disrupted, in particular in terms of natural resources and climate change. We cannot exclude the indirect impact on Krka's long-term supply of necessary natural resources due to the degradation of biodiversity and ecosystems, but based on available information, we do not consider it material. No data are available on dependencies on biodiversity, ecosystems, and ecosystem services in the upstream and downstream value chain. However, since key activities in the upstream value chain closely resemble those of Krka, we assess that the dependencies are largely similar.

We have not identified any transition and physical risks related to biodiversity and ecosystems. We have not identified any systemic risks due to the current lack of specific data and tools needed to accurately identify the impacts of our activities on biodiversity.

No specific sites have been identified where biodiversity impacts have caused or may cause negative effects on affected communities. We conduct different actions and activities identified in compliance with Disclosure Requirements of topical standards ESRS E1, E2, E3 and E5 to reduce the likelihood of occurrence of potential negative impacts on biodiversity and ecosystems.

Our largest production site is in Novo mesto (Ločna) in Slovenia. The site is not a part of an important ecological area (IEA) or Natura 2000 but is near the River Krka, which is an IEA and a Natura 2000 site. Activities at the production site do not negatively affect sensitive areas by leading to the deterioration of natural habitats and species habitats and to the disturbance of the species for which a protected area has been designated. We have obtained an environmental protection permit for the site, which required an Environmental Impact Assessment, including a biodiversity assessment. No biodiversity mitigation actions are required.

Additional explanatory notes to IRO-1 related to topical standard ESRS E5

We have focused on material resource inflows needed for our activities, resource outflows and waste generated in the process. We assumed that the business model of the value chain, particularly in its upstream part, is fairly similar and dependent on the same resource inflows, generating similar resource outflows and waste.

Additional explanatory notes to IRO-1 related to topical standard ESRS G1

In assessing double materiality, we considered the Krka Group's pharmaceutical activities along with its business activities and transactions. The foundations of IRO assessment were the current *Integrity Plan* and information available to the Chief Compliance Officer.

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

List of disclosure requirements covered by the sustainability statement

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ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) (ii)	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II	non-material		
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) (iii)	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II	non-material		
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) (iv)			Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II	non-material		

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ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and n. 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	material	GHG emissions reported separately from Scope 1, 2 and 3 emissions	209

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ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3, Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)	material	GHG emissions reported separately from Scope 1, 2 and 3 emissions	213
ESRS E1-7 GHG removals and carbon credits paragraph 56			Regulation (EU) 2021/1119, Article 2(1)	non-material		
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II; Delegated Regulation (EU) 2020/1816, Annex II	non-material, phase-in		
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47, Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk		non-material, phase-in		
ESRS E1-9 Breakdown of the carrying value of real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral		non-material, phase-in		
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II	non-material, phase-in		
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1, Indicators numbers 1, 2 and 3 Table #2 of Annex I			material	E2-4 – Pollution of air, water and soil	218

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ESRS E3-1 Sustainable oceans and seas, paragraph 14	Indicator number 12 Table #2 Annex 1			non-material		
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ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 Annex 1			non-material		
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 Annex 1			material	Waste	233
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ESRS 2 – SBM-3 – S1 Risk of incidents of child labour, paragraph 14 (g)	Indicator number 12 Table #3 Annex 1			material	S – Social information	165
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ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II	material	S1-1 – Policies related to own workforce	235
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Indicator number 11 Table #3 Annex 1			non-material		
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 Annex 1			material	Occupational safety and health policy	237
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ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	Indicator number 2 Table #3 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II	material	S1-14 – Health and safety metrics	253
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 Annex 1			material	S1-14 – Health and safety metrics	253

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ESRS S1-16 Unadjusted gender pay gap, paragraph 97 (a)	Indicator number 12 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II	material	S1-16 – Remuneration metrics (pay gap and total remuneration)	254
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 Annex 1			material	S1-16 – Remuneration metrics (pay gap and total remuneration)	254
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 Annex 1			non-material		
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12 (1)	material	S1-17 – Incidents, complaints and severe human rights impacts	255
ESRS 2 – SBM-3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I			material	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	160
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ESRS S2-1 Policies related to value chain workers, paragraph 18	Indicators number 11 and n. 4 Table #3 of Annex I			material	Human rights commitments	256
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12 (1)	material	Human rights commitments	256

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference and Climate Law reference	Material/ non-material	Section (subsection)	Page
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ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 Annex 1			material	S2-4 – Taking action on material impacts	257
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1			non-material		
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12 (1)	non-material		
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 Annex 1			non-material		
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I			material	S4-1 – Policies related to consumers and end-users	258
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Article 12 (1)	material	Commitments in Krka policies on human rights relevant to consumers and end-users	260
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 Annex 1			material	S4-4 – Taking action on material impacts	264

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ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	Indicator number 15 Table #3 Annex 1			material	G1-2 – Management of relationships with suppliers	274
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 Annex 1			non-material		
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II	material	G1-4 – Incidents of corruption or bribery	275
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 Annex 1			material	G1-4 – Incidents of corruption or bribery	275

Environmental information

EU Taxonomy

Regulation (EU) 2020/852 of 18 June 2020 (hereinafter the *Taxonomy Regulation*) sets the classification system for environmentally sustainable economic activities. It is an important step towards achieving climate neutrality by 2050, in line with the EU's climate objectives. This is to be achieved by increasing investments in projects and activities necessary for reaching the objectives of the European Green Deal. The EU Taxonomy helps investors identify environmentally sustainable economic activities, promotes the transition to a carbon-neutral future, and directs financing towards solutions that address the climate crisis and prevent further environmental degradation. In assessing the taxonomy-aligned activities of the Krka Group, we have considered all relevant legal provisions outlined below.

An economic activity is considered environmentally sustainable if it significantly contributes to one or more environmental objectives under Article 9 of the *Taxonomy Regulation*, in accordance with Articles 10 to 16; does not significantly harm any of the environmental objectives under Article 9 of the *Taxonomy Regulation*, as specified in Article 17; is conducted in compliance with the minimum safeguards set out in Article 18 of the Taxonomy Regulation; and meets the technical screening criteria established under Article 19, as defined by the European Commission under Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of the *Taxonomy Regulation*.

A taxonomy-eligible economic activity refers to an activity described in the delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of the *Taxonomy Regulation*, regardless of whether it meets any or all of the technical screening criteria set out in these delegated acts. An economic activity is taxonomy-aligned if it meets the criteria for making a substantial contribution to environmental objectives and complies with the technical screening criteria outlined in the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, Commission Delegated Regulation 2022/1214 of 9 March 2022, Commission Delegated Regulation (EU) 2023/2485, and Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, annexes to the *Taxonomy Regulation* and the delegated regulations. Additionally, the activity must meet the 'do no significant harm' criteria and be implemented in compliance with minimal safeguards for human and consumer rights, the fight against corruption and bribery, tax provisions, and fair competition. A non-taxonomy-eligible economic activity is one that is not described in the delegated acts adopted under Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of the *Taxonomy Regulation*.

Working group for monitoring the eligibility and/or alignment of Krka's economic activities with Taxonomy

To effectively monitor economic activities eligible and/or aligned with the EU Taxonomy (hereinafter referred to as Taxonomy), we established an interdisciplinary working group within the Krka Group in 2023. This group consists of experts in environmental protection, engineering, technical services, energy, transport, corporate economics and finance, as well as representatives from Terme Krka. The working group analysed economic activities that contribute to achievement any of the six environmental objectives of the Taxonomy. These activities were compared with the economic activities of the controlling company and the Krka Group, taking into account the criteria for environmentally sustainable activities set out in Articles 3 and 10–18 of the *Taxonomy Regulation*, as well as the technical screening criteria.

Eligibility and alignment of Krka's economic activities with the Taxonomy

When determining whether an economic activity is aligned with the Taxonomy, the first condition set out in the *Taxonomy Regulation* must be verified – namely, whether the activity makes a substantial contribution to one or more environmental objectives. We have determined that our activities make a significant contribution to achieving the following five environmental objectives of the *Taxonomy Regulation*:

- Climate change mitigation;
- Climate change adaptation;
- The transition to a circular economy;
- Pollution prevention and control;
- The protection and restoration of biodiversity and ecosystems.

Based on the assessment, we identified several environmentally sustainable activities within the Krka Group that are taxonomy-eligible. They do not yet fully meet all of the 'do no significant harm' criteria and technical screening criteria to be classified as taxonomy-aligned.

The following Krka's activities have been identified as taxonomy-eligible in 2024 and 2025.

a) Environmental objective: Climate change mitigation (1)

- Electricity generation using solar photovoltaic technology (taxonomy activity 4.1)
- Transmission and distribution of electricity (taxonomy activity 4.9)
- District heating/cooling distribution (taxonomy activity 4.15)
- Installation and operation of electric heat pumps (taxonomy activity 4.16)
- Production of heat/cool using waste heat (taxonomy activity 4.25)
- Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system (taxonomy activity 4.31)
- Construction, extension and operation of water collection, treatment and supply systems (taxonomy activity 5.1)
- Construction, extension and operation of waste water collection and treatment (taxonomy activity 5.3)
- Collection and transport of non-hazardous waste in source segregated fractions (taxonomy activity 5.5)
- Construction of new buildings (taxonomy activity 7.1)
- Renovation of existing buildings (taxonomy activity 7.2)
- Data processing, hosting and related activities (taxonomy activity 8.1)

Within this environmental objective, we have generated revenue from Electricity generation using solar photovoltaic technology (Taxonomy activity 4.1) and from the Collection and transport of non-hazardous waste in source segregated fractions (taxonomy activity 5.5). Revenue from electricity production at the photovoltaic power plant is generated through direct payments from the Energy Agency, which promotes the installation of such systems through this scheme. The annual support for the current system will expire in the first quarter of 2026. By separating non-hazardous waste fractions, we provide raw materials for other activities and reduce the use of primary resources, while the photovoltaic power plant helps reduce GHG emissions. These are Krka's accompanying activities. We do not anticipate increased revenue from these activities in the future.

In 2025, the largest proportion of CapEx was allocated for the construction of new buildings and the energy renovation of existing ones. We applied state-of-the-art standards and energy efficiency requirements throughout the construction process.

With regard to OpEx, the largest share of funds was allocated to the maintenance of buildings. A smaller proportion of OpEx was allocated to other supporting activities, for which funds were planned as part of regular system maintenance. We do not plan a significant increase in OpEx investments as most system upgrades fall under CapEx.

b) Environmental objective: Climate change adaptation (2)

- Residential care activities (taxonomy activity 12.1): By providing specialised outpatient healthcare services in the fields of cardiology, physical medicine and rehabilitation, orthopaedics, neurology, rheumatology, and internal medicine, as well as outpatient physical therapy without the use of natural healing resources, we offer medical rehabilitation. We generated revenue in the treatment of musculoskeletal diseases and injuries, diseases and conditions following heart and vascular surgeries, respiratory diseases, and rheumatic diseases.

c) Environmental objective: Transition to a circular economy (4)

- Collection and transport of non-hazardous and hazardous waste (taxonomy activity 2.3): Through an efficient system of separate collection of reusable waste and its transfer to contracted collectors and processors for reuse, recycling, or energy recovery, we adhere to our commitment to the circular economy. By separating non-hazardous waste fractions, we provide raw materials for other activities and reduce the use of primary resources.

d) Environmental objective: Pollution prevention and control (5)

- Manufacture of medicinal products (Taxonomy activity 1.2): Krka's core activity is the manufacture of high-quality innovative generic prescription pharmaceuticals, non-prescription products, and animal health products. These activities generate the majority of our revenue. To prevent and control pollution, we allocated the largest share of OpEx to the development of new products, facility maintenance, upgrades of production capacities, and high-efficiency air pollution control. In CapEx, the predominant projects were related to upgrading production capacities, incorporating pollution prevention and control measures.

e) Environmental objective: Protection and restoration of biodiversity and ecosystems (6)

- Hotels, holiday, camping grounds and similar accommodation (taxonomy activity 2.1): Our three health resorts generated revenue from hotel and catering services.

Calculation of indicators

In accordance with Article 8 of the *Taxonomy Regulation* and amending Regulation (EU) 2019/2088, the Krka Group discloses information and key performance indicators (KPIs) on how and to what extent the economic activities of the controlling company and the Krka Group are considered environmentally sustainable. The disclosure of information is in accordance with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (hereinafter the Disclosures Regulation) and its amendments, as well as the technical screening criteria for determining the conditions under which an economic activity is considered to make a substantial contribution to any of the six environmental objectives and assessing whether this economic activity does not cause significant harm to any of the other environmental objectives.

We based the disclosures on the examination of the said Taxonomy documents, our current understanding of the matter, and available data. We have continuously strived to improve the reporting system to ensure comprehensive disclosures in accordance with the Disclosures Regulation and its amendments. KPIs related to turnover, capital expenditure (CapEx), and operating expenditure (OpEx) are calculated and presented in indicator tables as required by the Disclosures Regulation and its amendments. Compared to the previous year, there have been no significant changes in the identified taxonomy-eligible activities.

Turnover, CapEx and OpEx KPIs are calculated based on the definitions in Annex I to the Disclosures Regulation and its amendments.

We have identified activities that are taxonomy-eligible but not environmentally sustainable. This is why we allocated the corresponding revenues, investments, and expenses to these activities (taxonomy activity A.2). Each activity was assigned to only one environmental objective in accordance with the technical criteria. To avoid double counting when calculating turnover, CapEx and OpEx KPIs, we divided the denominator (base) of each calculated indicator numerator between the taxonomy-eligible and taxonomy-non-eligible activities.

For the CapEx base, we included property, plant and equipment recognised in the financial position statement. For the OpEx base, we included costs recognised in the income statement. A more detailed methodology for the computation is described below. If an investment in CapEx and/or OpEx was associated with multiple taxonomy-eligible activities, we allocated it proportionally based on the expert assessment of the respective sectors in which the taxonomy activities are carried out. The sum of the shares was always 100%, ensuring that double-counting was excluded.

Proportion of turnover from products or services associated with taxonomy-eligible economic activities

In 2025, the Krka Group's operating income, which serves as the basis for the calculation of the turnover KPI, amounted to €2,043,085 thousand. It included revenue and profit from the sale of property, plant and equipment within other operating income. Operating income is presented in the 'Financial report' under 'Notes to the consolidated financial statements' (Note 4 – Revenue from contracts with customers and Note 5 – Other operating income). Operating income associated with taxonomy-eligible economic activities totalled €2,037,525 thousand, or 99.73% of total operating income. Operating income associated with activities that are not taxonomy-eligible amounted to €5,560 thousand, or 0.27% of total operating income. The largest proportion of income associated with taxonomy-eligible activities was generated by Manufacture of medicinal products (taxonomy activity 1.2), amounting to €1,983,019 thousand, or 97.06% of the total income of the Krka Group. This was followed by Hotels, holiday, camping grounds and similar accommodation (taxonomy activity 2.1), which

contributed €34,305 thousand in taxonomy-eligible income, or 1.68% of total income of the Krka Group, and Residential care activities (taxonomy activity 12.1), which contributed €19,896 thousand in taxonomy-eligible income, or 0.97% of total income of the Krka Group. In 2025, there were no significant differences in the KPI compared to the previous year.

Proportion of CapEx from products or services associated with taxonomy-eligible economic activities

Krka Group investments serve as the basis for calculating the CapEx performance indicator. In 2025, they totalled €95,493 thousand. They included the acquisition of property, plant and equipment, right-of-use assets, and acquisition of intangible assets. They are disclosed in the 'Financial report' under 'Notes to the consolidated financial statements' (note 11. Property, plant and equipment and note 12. Intangible assets). CapEx in taxonomy-eligible activities amounted to €67,010 thousand or 70.17% of the Krka Group CapEx in 2025. CapEx in taxonomy non-eligible activities totalled €28,483 thousand or 29.83% of the Krka Group CapEx in 2025. The largest proportion of investments in taxonomy-eligible activities was in Manufacture of medicinal products (taxonomy activity 1.2), specifically €34,893 thousand or 36.54% of the Krka Group CapEx. Investments in Renovation of existing buildings (taxonomy activity 7.1) amounted to €10,106 thousand or 10.58% of investments, while investments in Data processing, hosting and related activities (taxonomy activity 8.1) totalled €8,875 thousand or 9.29% of the Krka Group CapEx. The Krka Group has not established specific CapEx plans that would directly increase the share of taxonomy-eligible or -aligned activities. By investing in taxonomy-eligible activities, we strive to reduce energy consumption for heating premises, increase energy efficiency, reduce transport emissions, redirect waste towards reuse, recycling, and energy recovery, ensure high-efficiency waste water treatment and watercourse quality, and reduce GHG emissions, climate risks, and the impact of production on all environmental segments. Going forward, we will strive to improve all three performance indicators, including taxonomy eligibility and alignment. We carefully plan all activities, especially investment projects, and consider environmental aspects from the outset. We aim to minimise our impact on the natural environment by using the best available techniques and equipment. In 2025, the KPI was slightly lower compared to the previous year. The differences primarily stem from lower CapEx allocated for Manufacture of medicinal products (taxonomy activity 1.2), Renovation of existing buildings (taxonomy activity 7.2), and Construction, extension and operation of waste water collection and treatment (taxonomy activity 5.3). Higher investments were recorded in Construction of new buildings (taxonomy activity 7.1) and District heating/cooling distribution (taxonomy activity 4.15).

Proportion of OpEx from products or services associated with taxonomy-eligible economic activities

In 2025, we have further refined the methodology for calculating the OpEx key indicator to ensure an even more consistent allocation of investments within the set of taxonomy-eligible activities. OpEx, which include development costs, reduced by depreciation costs, as well as maintenance costs and rental expenses under other business functions, amounted to €216,988 thousand in the Krka Group in 2025. OpEx are disclosed in the income statement in the *Consolidated financial statements of the Krka Group*, specifically in Note 6 – 'Costs by nature'. OpEx in taxonomy-eligible activities totalled €31,364 thousand or 14.45% of the Krka Group OpEx. OpEx in taxonomy non-eligible activities totalled €185,624 thousand or 85.55% of the Krka Group OpEx. The largest share of OpEx in taxonomy-eligible activities was in Manufacture of medicinal products (taxonomy activity 1.2), specifically €27,781 thousand or 12.80% of the Krka Group OpEx. This was followed by investments in Renovation of existing buildings (taxonomy activity 7.2) totalling at €3,474 thousand or 1.60% of OpEx. Compared to 2024, the value of investments in OpEx has declined.

Proportion of turnover from products or services associated with taxonomy-aligned economic activities for the Krka Group – disclosure covering the year 2025

				Substantial contribution criteria						Do no significant harm criteria									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2024	Category (enabling activity)	Category (transitional activity)
		€ thousand	%	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.00**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%		
– Of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%	/	
– Of which transitional		0.00	0.00%	0.00%						/	/	/	/	/	/	/	0.00%		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Electricity generation using solar photovoltaic technology	4.1	18	0.001%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.001%		
Residential care activities	12.1	19,896	0.97%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.95%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5	287	0.01%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.02%		
Manufacture of medicinal products	1.2	1,983,019	97.06%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								97.12%		
Hotels, holiday, camping grounds and similar accommodation	2.1	34,305	1.68%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								1.63%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		**2,037,525**	**99.73%**	0.001%	0.97%	0.00%	0.01%	97.06%	1.68%								**99.71%**	/	/
A. Turnover of taxonomy-eligible activities (A.1+A.2)		**2,037,525**	**99.73%**	0.001%	0.97%	0.00%	0.01%	97.06%	1.68%								**99.71%**	/	/
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		5,560	0.27%																
Total		**2,043,085**	**100.00%**																

Proportion of turnover from products or services associated with taxonomy-aligned economic activities for the Krka Group – disclosure covering the year 2024

				Substantial contribution criteria						Do no significant harm criteria									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category (enabling activity)	Category (transitional activity)
		€ thousand	%	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.00**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%		
– Of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%	/	
– Of which transitional		0.00	0.00%	0.00%						/	/	/	/	/	/	/	0.00%		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation using solar photovoltaic technology	4.1	17	0.001%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.001%		
Residential care activities	12.1	18,135	0.95%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								1.01%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5	314	0.02%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.01%		
Manufacture of medicinal products	1.2	1,856,687	97.12%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								97.00%		
Hotels, holiday, camping grounds and similar accommodation	2.1	31,215	1.63%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								1.63%		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		**1,906,368**	**99.71%**	0.001%	0.95%	0.00%	0.02%	97.12%	1.63%								**99.66%**	/	/
A. Turnover of taxonomy-eligible activities (A.1+A.2)		**1,906,368**	**99.71%**	0.001%	0.95%	0.00%	0.02%	97.12%	1.63%								**99.66%**	/	/
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		5,461	0.29%																
Total		**1,911,829**	**100.00%**																

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities for the Krka Group – disclosure covering the year 2025

				Substantial contribution criteria						Do no significant harm criteria									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2024	Category (enabling activity)	Category (transitional activity)
		€ thousand	%	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.00**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%		
– Of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%	/	
– Of which transitional		0.00	0.00%	0.00%						/	/	/	/	/	/	/	0.00%		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
District heating/cooling distribution	4.15	2,117	2.22%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.25%		
Installation and operation of electric heat pumps	4.16	/	/	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.71%		
Production of energy for heating/cooling from gaseous fossil fuels in an efficient district heating and cooling system	4.31	23	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.41%		
Construction, extension and operation of water collection, treatment and supply systems	5.1	107	0.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.62%		
Construction, extension and operation of waste water collection and treatment	5.3	3,235	3.39%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.17%		
Construction of new buildings	7.1	10,106	10.58%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.21%		
Renovation of existing buildings	7.2	7,654	8.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.51%		
Data processing, hosting and related activities	8.1	8,875	9.29%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.11%		
Manufacture of medicinal products	1.2	34,893	36.54%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								44.64%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		**67,010**	**70.17%**	33.63%	0.00%	0.00%	0.00%	36.54%	0.00%								**79.62%**	/	/
A. CapEx of taxonomy-eligible activities (A.1+A.2)		**67,010**	**70.17%**	33.63%	0.00%	0.00%	0.00%	36.54%	0.00%								**79.62%**	/	/
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		28,483	29.83%																
Total		**95,493**	**100.00%**																

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities for the Krka Group – disclosure covering year 2024

				Substantial contribution criteria						Do no significant harm criteria									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023	Category (enabling activity)	Category (transitional activity)
		€ thousand	%	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.00**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%		
– Of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%	/	
– Of which transitional		0.00	0.00%	0.00%						/	/	/	/	/	/	/	0.00%		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
District heating/cooling distribution	4.15	308	0.25%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.20%		
Installation and operation of electric heat pumps	4.16	873	0.71%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.19%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31	498	0.41%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.18%		
Construction, extension and operation of water collection, treatment and supply systems	5.1	1,985	1.62%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.01%		
Construction, extension and operation of waste water collection and treatment	5.3	8,808	7.17%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.57%		
Renewal of waste water collection and treatment	5.4	/	/	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.91%		
Freight transport services by road	6.6	/	/	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.18%		
Infrastructure for personal mobility, cycle logistics	6.13	/	/	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.09%		
Construction of new buildings	7.1	5,177	4.21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13.90%		
Renovation of existing buildings	7.2	12,912	10.51%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.37%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	/	/	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.01%		
Data processing, hosting and related activities	8.1	12,422	10.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.14%		
Manufacture of medicinal products	1.2	54,850	44.64%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								38.03%		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		**97,833**	**79.62%**	34.98%	0.00%	0.00%	0.00%	44.64%	0.00%								**64.79%**	/	/
A. CapEx of taxonomy-eligible activities (A.1+A.2)		**97,833**	**79.62%**	34.98%	0.00%	0.00%	0.00%	44.64%	0.00%								**64.79%**	/	/
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities		25,040	20.38%																
Total		**122,873**	**100.00%**																

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities for the Krka Group – disclosure covering year 2025

				Substantial contribution criteria						Do no significant harm criteria								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) OpEx, year 2024	Category (enabling activity)	Category (transitional activity)
		€ thousand	%	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.00**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%		
– Of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%	/	
– Of which transitional		0.00	0.00%	0.00%						/	/	/	/	/	/	/	0.00%		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Transmission and distribution of electricity	4.9	33	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.33%		
District heating/cooling distribution	4.15	12	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.24%		
Production of heat/cool using waste heat	4.25	2	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31	5	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.77%		
Construction, extension and operation of waste water collection and treatment	5.3	12	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.46%		
Renovation of existing buildings	7.2	3,474	1.60%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.53%		
Collection and transport of non-hazardous and hazardous waste	2.3	45	0.02%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								2.21%		
Manufacture of medicinal products	1.2	27,781	12.80%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								8.71%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		**31,364**	**14.45%**	1.63%	0.00%	0.00%	0.02%	12.80%	0.00%								**16.27%**		/
A. OpEx of taxonomy-eligible activities (A.1+A.2)		**31,364**	**14.45%**	1.63%	0.00%	0.00%	0.02%	12.80%	0.00%								**16.27%**		/
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		185,624	85.55%																
Total		**216,988**	**100.00 %**																

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities for the Krka Group – disclosure covering year 2024

				Substantial contribution criteria						Do no significant harm criteria									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Economic activities	Code	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) OpEx, year 2023	Category (enabling activity)	Category (transitional activity)
		€ thousand	%	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES; NO; N/EL	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.00**	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%		
– Of which enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	/	/	/	/	/	/	/	0.00%	/	
– Of which transitional		0.00	0.00%	0.00%						/	/	/	/	/	/	/	0.00%		/
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Electricity generation using solar photovoltaic technology	4.1	/	/	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Transmission and distribution of electricity	4.9	700	0.33%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.10%		
District heating/cooling distribution	4.15	519	0.24%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.05%		
Production of heat/cool using waste heat	4.25	60	0.03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31	1,646	0.77%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.19%		
Construction, extension and operation of waste water collection and treatment	5.3	3,102	1.46%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.02%		
Renovation of existing buildings	7.2	5,382	2.53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.28%		
Collection and transport of non-hazardous and hazardous waste	2.3	4,702	2.21%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								1.84%		
Manufacture of medicinal products	1.2	18,550	8.71%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								10.09%		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)		**34,661**	**16.27%**	5.36%	0.00%	0.00%	2.21%	8.71%	0.00%								**15.60%**	/	/
A. OpEx of taxonomy-eligible activities (A.1+A.2)		**34,661**	**16.27%**	5.36%	0.00%	0.00%	2.21%	8.71%	0.00%								**15.60%**	/	/
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities		178,349	83.73%																
Total		**213,010**	**100.00%**																

ESRS E1 – Climate change

E1-1 – Transition plan for climate change mitigation

The Krka Group currently lacks a transition plan for climate change mitigation. However, we anticipate developing the plan and its timeline as dictated by the developments in the European and Slovenian legislation.

E1-2 – Policies related to climate change mitigation and adaptation[11, 12, 13]

Managing material impacts, risks, and opportunities related to climate change mitigation is part of broader environmental policies and governance approaches. The most important of these is the *Environmental Policy of the Krka Group*.

The *Environmental Policy of the Krka Group* applies to all aspects of our operations and commits both the management and all employees to sustainable business practices and environmental preservation, reducing the environmental impacts of our activities throughout the entire product life cycle, ensuring a healthy living environment to employees and the wider community, and contributing to global environmental goals.

The *Policy* specifies Krka's dedication to reducing the impact of our activities on climate change, efficient use of resources and circular economy, prevention and minimisation of environmental pollution, proper waste management, biodiversity and ecosystem conservation, and care for natural water resources. It also defines our commitment to sustainability, stakeholder engagement, and upgrading the value chain due diligence to identify, prevent and mitigate negative environmental impacts and manage opportunities and risks related to climate change. The *Policy* has no explicit reference to climate change adaptation principles.

The *Code of Conduct for Business Partners of the Krka Group* (defined in G1-1 – Business conduct policies and corporate culture) encourages compliance with the commitments set out in the *Policy* in operations throughout the value chain, from suppliers (upstream value chain) to direct customers and end-users (downstream value chain).

The *Environmental Policy of the Krka Group* relates to all material impacts, risks and opportunities identified under ESRS E1, E2, E3, E4 and E5 standards and defined in ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model and the stated topical standards. Krka's Management Board is tasked with implementing the *Policy*. Krka Group key stakeholders were not directly engaged in formulating the *Policy*.

The *Environmental Policy of the Krka Group*, Chapter 3 (Reducing the impact of our activities on climate change), specifies guidelines and actions related to climate change, aimed at managing positive impacts of climate change mitigation, potential negative impacts of greenhouse gas emissions, risks of extreme weather events, risks of shift to low-carbon economy and energy supply reliability, and pursuing opportunities of enhancing business model resilience and corporate reputation. Efficient energy use and reduction of air emissions are our priorities. Programmes adopted based on the *Policy* contribute to climate change mitigation.

The *Environmental Policy of the Krka Group* aligns with the following principles related to climate change adaptation and mitigation:

- Effective reduction of air emissions, one of our top environmental protection priorities and climate change mitigation efforts;
- Lowering our carbon footprint and the impact of our activities on the climate by utilising zero-carbon, renewable energy sources, promoting sustainable mobility, implementing an energy management system (based on the ISO 50001 standard), and reducing emissions;
- Upgrading the energy management system and implementing energy efficiency projects;
- Annually assessing our impact on climate change and monitoring progress through the calculation of our carbon footprint across Scopes 1, 2, and 3;
- Implementing activities to reduce our carbon footprint in line with our action plan;

[11] Also applies to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (G1 – Business conduct).

[12] Also applies to IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities.

[13] Also applies to E2-1 – Policies related to pollution, E3-1 – Policies related to water and marine resources, E4-2 – Policies related to biodiversity and ecosystems, and E5-1 – Policies related to resource use and circular economy.

- Ensuring that our primary energy sources are supplied from renewable and low-carbon sources;
- Utilising the best available techniques, scientific advancements, guidelines, and legislation to reduce our impact on climate change;
- Applying the best available techniques to minimise air emissions;
- Striving for sustainable mobility by promoting the use of alternative and environmentally friendly modes of commuting;
- Reducing our carbon footprint and other negative environmental impacts of transportation through the modernisation of our fleet, acquisition of electric vehicles, and selection of eco-friendly logistics solutions.

The above-mentioned actions and activities apply to our own operations. Outside the Krka Group, we promote the environmental policy principles by encouraging our business partners to implement the *Code of Conduct for Business Partners of the Krka Group*, which addresses, among others, air emissions and efficient use of energy.

Due to the complexity, continuous changes in the regulatory and business landscape, and the importance of this area for the Krka Group, we systematically and regularly monitor the implementation and relevance of the *Policy*. The *Policy* is drafted, reviewed annually, and updated as needed, by a task group for the natural environment appointed by the Management Board. The Quality Committee and the Committee for Monitoring Environmental Aspects review the compliance and effectiveness of the adopted policy once a year.

E1-3 – Actions and resources in relation to climate change policies

The action set related to climate change mitigation includes ongoing actions, actions taken in 2025, and planned actions. No special climate change adaptation actions were implemented in 2025, nor are any planned for 2026.

Ongoing actions

Environmental management system

We implement climate change mitigation actions within our environmental management system (EMS), which is aligned with the ISO 14001 standard. In doing so, we systematically manage environmental protection matters and reduce our environmental impacts. We transfer our guidelines and good practices to all subsidiaries through ongoing collaboration, information exchange, and investments.

Emission monitoring, in-process measurements, internal and external controls

We collect and analyse data about the environmental management system and verification of compliance of Krka's activities with environmental legislation, environmental protection permits, and the ISO 14001 standard through various methodological tools. We leverage available resources, including monitoring environmental emissions, outcomes for our processes or activities with material environmental impact, findings of self-inspections and audits, internal audits, security checks, inspections, customer claims, and risk analyses. They confirm the system's suitability and efficiency and highlight improvement opportunities. We report environmental data to our management, responsible committees, national authorities, for example, the Slovenian Environment Agency (reports on environmental emissions monitoring), the Association of Chemical Industries at the Chamber of Commerce and Industry of Slovenia (*Responsible Care Reports – RC*), and other stakeholders.

Activities under environmental programmes

The Committee for Monitoring Environmental Aspects prepares draft environmental programmes for the Krka Group each year. The Management Board approves the draft and allocates sufficient financial, human and organisational resources to the programmes. The annual programme sets out targets for environmental protection activities with a direct impact on climate change mitigation, geared towards efficiently and appropriately managing climate change mitigation, and the related impacts, risks, and opportunities.

Actions outlined in the Environmental Policy of the Krka Group

These actions also include ongoing actions that are aligned with the principles set out in the *Environmental Policy of the Krka Group*, in particular in its section on reducing the impact of our activities on climate change. These actions form part of our long-term environmental management system, which is systematically and precisely defined in our internal standard operating procedure (SOP) *Environmental Management System*. Our activities in these matters comply with statutory

requirements, requirements specified in environmental protection permits, and other obligations we have committed to fulfilling.

Drafting and implementing environmental programmes

Our task group for the natural environment is responsible for preparing, in collaboration with the relevant departments, the regular annual calculation and managing Scope 1, 2, and 3 GHG emissions in line with the ISO 14064-1:2018 standard and the GHG Protocol. This allows us to monitor our impact on climate change and progress and continuously plan activities to meet our decarbonisation targets. It also helps identify key sources of carbon footprint in our processes and activities, as well as across the upstream and downstream value chain. These findings help us plan programmes and activities in our operation phases where our contribution to GHG emissions is the most significant.

Energy management system and energy efficiency improvement projects

Energy management strategy and actions are part of our quality management system. They are also integrated in our development strategy. The system comprises various activities and actions for achieving cost-related and environmental objectives. The Committee for Monitoring Environmental Aspects is responsible for periodically identifying energy-related aspects under ISO 14001, internal rules, and policies. The energy management control system serves as the primary information tool to support the energy management system, complementing the computer system for monitoring and control. We pay special attention to energy efficiency to improve specific energy use.

Energy management control system – AI-based energy efficiency evaluation

The Krka Group monitors energy efficiency through the energy management control system that covers 18 key high energy consumption points and over 2,500 measurement points. This system enables us to monitor various indicators for evaluating energy efficiency. We employ advanced AI-driven numerical models that allow us to monitor natural resource consumption in relation to various parameters. This advanced technological solution provides for control over production and process efficiency, as well as the consumption of heating, cooling, power sources, and other sources within a large system. It enables energy efficiency screening for individual processes, allowing us to respond to unexpected changes.

Active energy management

Regular monitoring of the preparation and consumption of heating, cooling and power sources, along with periodic meetings with key energy operators and employees tasked with operating the systems, enables us to enhance energy efficiency and optimise the use of natural resources. We assess the efficiency of adopted actions by reviewing the minutes of the periodic meetings. We optimise existing systems and actively participate in designing new ones, incorporating the best available techniques to enhance energy efficiency across the entire life cycle.

Employee awareness campaigns on efficient and rational energy use

Employees regularly receive information about potential energy-saving actions through our in-house magazines and other communication channels. The information is tailored to the specific requirements of each workplace. We send targeted notices to raise awareness about possible energy savings in heating and cooling, especially before the summer and winter seasons. We encourage employees to switch off appliances and energy systems at their workplaces when absent for extended periods. All notices and scientific articles are published on our internal website and are accessible to all Krka Group employees.

Development and sales of innovative generic products

We develop and manufacture innovative generic products, aiming to reduce the impact of our operations on climate change. Single-pill combinations incorporating two or more active ingredients account for an increasing share of total Krka Group sales. They are important because of their major positive social impact related to drug effectiveness and their contribution to reducing environmental load. Production of single-pill combinations generates energy and energy source savings, raw material and packaging savings and GHG emission savings compared to the production of single active ingredient medicines. It also reduces transportation needs, lowers logistics costs, and enhances our contribution to climate change mitigation while reinforcing the impact of other actions within our environmental policy.

Actions adopted in 2025

Our climate change mitigation action programmes outlined different programmes for 2025, including energy-related programmes (electricity and fuel use), programmes for enhancing waste heat recovery and reducing natural resource use, and air emission reduction programmes.

Utilising free cooling capability of liquid nitrogen at the Ločna site

An expert group for technical system maintenance in API production at the Ločna site engineered a unique device capable of exploiting the refrigeration potential of liquid-phase nitrogen utilising indirect heat exchange via a cooling gas to recover cooling energy. We use the device to prepare a water-glycol mixture maintained at a temperature of –25 °C. The device, which requires only a circulation pump connected to a cryo-evaporator, serves as a substitute for the highly expensive generation of water-glycol mixture using conventional refrigeration technology with screw chillers.

Upgrading the central cooling system at the Ločna site

In 2025, we started upgrading the central cooling system at the Ločna site to improve energy efficiency in cooling water preparation and strengthen the security of cooling energy supply. By installing additional connection pipes, we improved the exchange of cooling water between different stations, thereby increasing the net cooling power of the existing cooling capacities. In the next stage of the project, we will install a new 5000 kW cooling unit in one of our central cooling stations, along with the technological equipment and installations necessary for its operation. The new cooling unit, which will mostly run within optimal operating parameters, will improve system reliability and the efficiency of cooling water preparation at the Ločna site, optimising final electricity consumption.

Comprehensive energy audit of the Company's production sites

We started a comprehensive energy audit at all production sites of the Company in Slovenia. To date, we have identified the need to implement certain organisational and investment actions. These actions will be rolled out in the following years and will have a direct impact on specific energy consumption savings and GHG emission savings. We will also upgrade the system for monitoring key energy efficiency indicators at each production site and modernise the energy monitoring and targeting system.

HVAC system study

In 2025, we conducted a comprehensive study on the optimisation of HVAC systems used for air preparation at Krka production sites in Slovenia and abroad. The study focused on energy efficiency and operational reliability. Multi-annual operational data analysis and additional measurements indicated that air cooling and dehumidification account for the major share in energy consumption while free cooling and heat recovery generate significant savings. The study findings showed that further optimisation of HVAC system configuration and the use of advanced energy models can generate additional energy savings and lower operating costs while maintaining high quality standards for ambient conditions in production processes.

Purchase of electric vehicles

In 2025, 12 internal combustion engine vehicles were replaced with all-electric vehicles. Our fleet includes 37 cars and light goods vehicles and one heavy goods vehicle.

Planned actions

We manage the actions through the Committee for Monitoring Environmental Aspects. The Management Board approved the climate change mitigation programmes and related actions.

In 2026, we intend to implement several programmes related to:

- Energy audits;
- Energy efficiency improvement of existing systems;
- Upgrading the cooling water and compressed air preparation system; and
- Sustainable mobility.

To adhere to the action plan for reducing GHG emissions by 2030, we are carrying out activities to reduce our carbon footprint (see Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation). We designed

a short-, medium- and long-term action plan for reducing Scope 1 and 2 carbon footprint in the Krka Group. The short-term plan sets out our continuous efforts to develop and upgrade energy efficiency systems and systems for transitioning to environmentally less burdensome energy sources and to optimise transport and logistics. Key actions include gradual fleet electrification, including cars and cargo vehicles, increasing the share of zero-carbon and renewable energy sources, implementing new waste heat recovery projects, optimising water consumption, and upgrading energy control systems to enhance efficient energy management. We will also continue to promote sustainable mobility among employees and raise awareness of efficient natural resource use and emission reduction. These actions contribute to lowering our carbon footprint compared to the base year.

Activities set out in the action plan are integrated into the strategic planning of investment projects, which the Company will deliver by employing its own financial assets and human resources.

Expected outcomes of planned actions

Effective reduction of air emissions is one of our top environmental protection and climate change mitigation priorities. By utilising renewable energy sources, promoting sustainable mobility, implementing an energy management system and reducing emissions, we are lowering our carbon footprint and the impact of our activities on the climate.

- We will continue to implement actions aimed at efficient natural resource use to minimise climate change impacts by utilising the best available techniques, scientific advancements, guidelines, and legislation.
- We will continue with the modernisation of our fleet, acquisition of electric vehicles, and selection of eco-friendly logistics solutions to reduce our carbon footprint and other environmental impacts of transportation.
- We will continue to ensure that our primary energy sources are supplied from renewable and low-carbon sources.
- We will also continue to implement actions for achieving our targets related to the specific use of energy in relation to the physical volume of production and GHG emission reduction in line with the internal action plan.

Implementation and monitoring of actions

We implement the actions in our own operations. The *Code of Conduct for Business Partners of the Krka Group* also encourages our business partners along our value chain to implement them. The Committee for Monitoring Environmental Aspects monitors the progress in implementing the actions.

In accordance with Commission Delegated Regulation (EU) 2021/2178, Krka Group's capital expenditure related to climate change mitigation activities totalled €32,117 thousand, while operating expenditure associated with climate change mitigation activities amounted to €3,538 thousand in 2025. Key performance indicators are disclosed in more detail at the beginning of the 'Environmental information' section, 'EU Taxonomy' in line with Article 8 of Regulation (EU) 2020/852.

E1-4 – Targets related to climate change mitigation and adaptation

Targets to measure the effectiveness of actions related to managing material climate change-related impacts, risks and opportunities are presented in the table below. In 2025, we revised our ESG objectives and incorporated them into the *2026–2030 Krka Group Development Strategy*. Stakeholders have not been directly involved in individual target setting. All targets concern the company's own operations and do not extend to the value chain. The results in attaining the targets have not been verified by an independent external body. Progress in achieving the targets is monitored by the Committee for Monitoring Environmental Aspects, the Quality Committee, and the Sustainability Committee. The targets are not based on compelling scientific evidence.

Targets related to managing material climate-related negative impacts, advancing positive impacts, and managing material risks and opportunities

Indicator	Target	2025	2024
Specific use of energy (energy use in MWh/million product units)	<22	21.9	21.7
Scope 1 and 2 carbon footprint reduction compared to the base year 2019 for the Krka Group (market-based method)	–48%	–48.7%	–48.4%

The target for the reduction of Scope 3 carbon footprint has not yet been defined.

Specific use of energy

Specific use of energy is an indicator calculated as a ratio of Krka Group total energy consumption (less energy consumption by Terme Krka, Krka's health resort and tourist services subsidiary) to the number of units of pharmaceutical products manufactured in-house and at contractual production capacities. Achieving the target enhances energy efficiency, reduces costs, and minimises negative environmental impacts of GHG emissions from production and energy consumption, contributing to climate change mitigation. As part of the revision of strategic ESG goals in 2025, we adjusted the unit of the specific energy use target to the units used for natural resource use, reported under Disclosure Requirement E1-5 – Energy consumption and mix, to improve comparability. The transitional target of 80 TJ/billion units was converted to 22 MWh/million units. Specific use of energy is calculated as Krka Group energy consumption, excluding the subsidiary Terme Krka, in MWh/production volume in million product units (i.e. the number of units of pharmaceutical products manufactured in-house and at contractual production capacities). The target relates to measuring the effectiveness of managing positive impacts of climate change mitigation and risks associated with energy supply reliability, and pursuing opportunities related to enhancing business model resilience and corporate reputation.

Scope 1 and 2 carbon footprint reduction compared to the base year 2019 (market-based method)

Carbon footprint was calculated in compliance with the ISO 14064-1:2018 standard and the GHG Protocol. The year 2019 was set as the base year because we calculated Scope 1 and 2 GHG emissions for the Krka Group for the first time in 2019. The target applies up to 2030. There are no interim annual targets. Progress towards the 2030 target is monitored annually. Scope 1 and 2 GHG emission calculations for 2019 were not subject to an audit or auditor's assurance. The 2025 result indicates the relative reduction of total Scope 1 and 2 GHG emissions against the base year 2019, using the market-based method. The target applies to the sum of Scope 1 and 2 GHG emissions, rather than to Scope 1 and Scope 2 GHG emissions separately (the contribution of Scope 1 GHG emissions and Scope 2 GHG emissions to the reduction is not assessed separately). GHG emission reduction targets are expressed in gross terms, meaning they do not account for GHG removals, carbon credits, or avoided emissions. The sum of GHG emissions includes carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). All GHG emission reduction targets are measured and monitored using a uniform methodology, utilised in all company's operative units in line with the ISO 14064-1:2018 standard, GHG Protocol, and ESRS E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions. All justifications state that we monitor progress at sites under our operational control and that we monitor Scope 1 and 2 operational thresholds. The current result indicates that Scope 1 and 2 GHG emissions in 2025 were reduced by more than planned compared to the base year 2019. However, the final result may change because the target setting took into account the anticipated growth and production volume growth at all our sites by 2030. Achieving the target helps to reduce negative impacts of GHG emissions from Krka Group operations (direct Scope 1 GHG emissions and indirect Scope 2 GHG emissions). We formulated an action plan to achieve the target. The target to reduce the carbon footprint by 2030 factors in accelerated fleet electrification, business process optimisation, and energy efficiency improvements. However, the target is not aligned with the Paris Agreement and is not science-based (SBTi). The target relates to measuring the effectiveness of managing positive impacts of climate change mitigation, negative impacts of greenhouse gas emissions, risks of extreme weather events, the shift to low-carbon economy, and energy supply reliability, and pursuing opportunities of enhancing business model resilience and corporate reputation.

E1-5 – Energy consumption and mix

Energy consumption and mix

Energy consumption and mix	2025	2024
(1) Fuel consumption from coal and coal products (MWh)	0	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	56,815	55,867
(3) Fuel consumption from natural gas (MWh)	209,224	204,197
(4) Fuel consumption from other fossil sources (MWh)	4,046	1,710
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	46,232	45,553
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**316,408**	**307,326**
Share of fossil sources in total energy consumption (%)	**73.62**	**72.24**
(7) Consumption from nuclear sources (MWh)	**112,708**	**117,367**
Share of consumption from nuclear sources in total energy consumption (%)	**26.22**	**27.59**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	661	720
(10) Consumption of self-generated non-fuel renewable energy (MWh)	0	0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**661**	**720**
Share of renewable sources in total energy consumption (%)	**0.15**	**0.17**
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	**429,777**	**425,413**

In 2025, energy consumption remained roughly the same as the previous year despite intensified activities in the Krka Group thanks to our systematic operation of the energy management system, which we constantly upgrade. Consumption of certain energy sources marginally changed also due to environmental and weather conditions in the previous year, significantly impacting energy consumption at our sites.

Krka Group energy consumption and mix data were obtained from internal information systems for monitoring energy costs and energy consumption (SAP, ENIS) and from the electricity distributor's portal (Moj elektro). The data were collected separately for the controlling company, subsidiaries and representative offices abroad, production plants abroad, and our subsidiary Terme Krka. Amounts of consumed purchased or acquired electricity, steam, heat and cooling from fossil sources in subsidiaries and representative offices abroad (excluding production plants abroad, where data are obtained directly) are estimated based on the number of employees in the subsidiaries and representative offices and the assumption that each administrative employee consumes the same amount of electricity, heat, and natural gas. The annual consumption factors per employee were determined based on a representative administrative building location of the Company in Slovenia and the number of employees working in the buildings under consideration. The metrics have not been verified by an independent external body.

Energy intensity based on net revenue

Indicator	2025	2024
Total energy consumption per net revenue (MWh/net revenue in € million)	208.0	220.3
The Krka Group's primary activity falls within the high climate impact sector. Its economic activity is classified under NACE 21.20 – Manufacture of pharmaceutical preparations. Accordingly, the specific energy consumption indicator is related to net revenue from its business activity. Therefore, energy consumption of Terme Krka, our subsidiary engaged in activities other than those in high climate impact sector, is excluded from the Krka Group's total energy consumption. The Group's total net revenue (in € million) in the denominator excludes revenue of Terme Krka. The excluded revenue corresponds to the amount stated in the consolidated income statement of the Krka Group. The indicator calculation has not been verified by an independent external body.		

The denominator was calculated using Krka Group net revenue disclosed in the 'Financial report' under 'Notes to the consolidated financial statements' (Note 4 – Revenue from contracts with customers). The amount was decreased by Terme Krka revenue stated in the consolidated income statement. Total energy consumption per net revenue decreased by 5.6% compared to 2024, primarily due to the good operation of the energy management system, helping us to maintain

final energy consumption in the Krka Group's core business comparable to the level in the previous year despite net revenue growth.

E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

Calculation method

Scope 1, 2, and 3 emissions are calculated in accordance with the ISO 14064-1:2018 standard and the GHG Protocol and include all Krka Group's direct GHG emissions. Calculations have not been verified by an independent external body. Our reports on these emissions comply with the Disclosure Requirement AR39 ESRS E1-6. They are grouped in accordance with the GHG Protocol. We report CO_2, CH_4, N_2O, HFC, PFC, SF_6, and NF_3 emissions.

Scope 1 direct emissions from sub-installations for heating and fuel are determined based on fuel consumption regulated under the EU emission trading system (ETS). Scope 1 emissions are calculated by multiplying purchased amounts of energy and the corresponding emission factors.

Scope 2 emissions include indirect GHG emissions from generated electricity and heat purchased and consumed in the Krka Group. They are generally calculated by multiplying purchased amounts of energy and the corresponding emission factors. Emissions calculated using the location-based method are based on the average emission factors of each country. Emissions calculated using the market-based method also include zero-carbon electricity purchased by the controlling company and its subsidiary Terme Krka.

Scope 3 emission calculation is divided into 15 categories (C1–C15). Data sources of emission factors for each category are presented below.

The calculation of the Scope 3 GHG emissions generated by the Krka Group relies on primary inputs (kg, EUR, l, km, m^2, pieces, etc.). These emissions account for 98% of total Scope 3 GHG emissions. Primary data were obtained directly from business systems and categorised into key groups for each observed GHG emission source categories. Secondary input data were determined and applied to employee commuting. A commute analysis for each employee was not carried out. The same assumptions regarding employee commuting were applied to both the controlling company and its subsidiaries. Indirect emissions from purchased goods and services (Scope 3, Category 1) account for the largest share of total GHG emissions, i.e. 70%. All inputs for this category were obtained directly from Krka Group databases. Primary data for determining the emission factor for goods, namely active ingredients (APIs), the largest individual contributor of GHG emissions, were obtained from one of our major API suppliers. The emission factor was determined based on the supplier's total Scope 1, 2 and 3 GHG emissions, relying on 2023 data. The factor was verified and confirmed by an independent agency, i.e. NAQ Certification Limited. The calculation of the API carbon footprint was based on the obtained emission data and the total production volume of APIs relevant to the emissions in question. It is considered the best estimate of the emission factor. It was also used to calculate the emission factor related to API supply by other suppliers. GHG emission ranges for APIs, pharmaceutical products and bulk products in other databases and literature vary significantly. Data sources from one of our key suppliers for 2023 were also used for pharmaceutical products and bulk products. The assessment was conducted by multiplying the total number of manufactured products and the average product mass per unit, which was determined based on the total production volume and mass of Krka Group products. These data allowed us to assess the emission factor of the obtained pharmaceutical products and bulk products. Scope 1, 2 and 3 carbon footprint data of the observed supplier were verified and confirmed by an independent agency, i.e. NAQ Certification Limited. This emission factor was also used to calculate the emission factor associated with the supply of this group of goods from other suppliers of products and bulk products.

Use of assumptions

The calculation of certain GHG emission categories relied on assumptions, which may introduce some level of uncertainty, as actual data could differ from the applied assumptions. Assumptions were applied to categories with a marginal share in total emissions; therefore, their impact on the reliability of the final outcome is assessed as non-material. The calculation of water consumption by employees in Krka subsidiaries and representative offices (except at production sites) relied on the average drinking water consumption per office worker per year. The amount of waste in subsidiaries and representative offices was calculated using the assumption about the amount of waste per employee. Assumptions were also used to calculate electricity, natural gas and heat consumption by employees in subsidiaries and representative offices (excluding

production sites). Assumptions were also applied to employee commuting, factoring in travel distance, vehicle type, travel allowance, and average attendance. Assumptions were also used in estimating emission factors for APIs, products and bulk products, as set out in the 'Calculation method' section. Krka Group total GHG emissions calculated using the estimated inputs account for 2.5% of total Scope 1, 2 and 3 emissions.

GHG emissions reported separately from Scope 1, 2 and 3 emissions

Direct biogenic emissions are calculated by multiplying the amount of biofuel mix consumed and relevant emission factors. Indirect biogenic emissions are estimated based on our biofuel mix use within Scope 1.

Organisational boundaries

The Krka Group comprises the controlling company Krka, d. d., Novo mesto, its Slovenian subsidiary Terme Krka, d. o. o., Novo mesto, 32 subsidiaries abroad, 17 representative offices, Ningbo Krka Menovo Pharmaceutical, a subsidiary in China, and Krka Pharma Private Limited, a joint venture in India. Production takes place in the controlling company in Slovenia and at subsidiaries in the Russian Federation, Poland, Croatia, and Germany. Apart from Krka-Rus in the Russian Federation, these subsidiaries also deal with marketing and/or sales. Terme Krka provides health resort and tourist services and operates through the following branches: Terme Dolenjske Toplice, Terme Šmarješke Toplice, Hoteli Otočec, and Talaso Strunjan. Terme Krka is also the majority owner of Golf Grad Otočec. We applied the financial control approach to determine organisational boundaries because all the above-mentioned entities (except for the joint venture in India) are under the Krka Group's financial and operational control.

The following GHG emissions were used in the calculation in line with the ESRS Disclosure Requirements under E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions (categories):

a) Scope 1:
   - Direct emissions from stationary combustion;
   - Direct mobile combustion emissions;
   - Direct process emissions; and
   - Direct fugitive emissions.
b) Scope 2 (location-based method):
   - Emissions from electricity consumption, and
   - Emissions from other energy acquired from the grid.
c) Scope 2 (market-based method):
   - Emissions from electricity consumption, and
   - Emissions from other energy acquired from the grid.
d) Scope 3:
   - Indirect emissions from purchased goods and services (category 1);
   - Indirect emissions from capital goods (category 2);
   - Indirect emissions from fuel- and energy-related activities not included in Scope 1 or Scope 2 (category 3);
   - Indirect emissions from upstream transportation and distribution (category 4);
   - Indirect emissions from waste generated in operation (category 5);
   - Indirect emissions from business travel (category 6);
   - Indirect emissions from employee commuting (category 7);
   - Indirect emissions from upstream leased assets (category 8);
   - Indirect emissions from downstream transportation and distribution (category 9);
   - Indirect emissions from end-of-life treatment of sold products (category 12).

The following GHG emissions were not included in line with the Disclosure Requirements for gross Scopes 1, 2, 3 and Total GHG emissions (categories) under E1-6:

- Indirect emissions from processing of sold products (category 10);
- Indirect emissions from use of sold products (category 11);
- Indirect emissions from downstream leased assets (category 13);
- Indirect emissions from franchises (category 14);
- Indirect emissions from investments (category 15).

Category (under ESRS E1-6)	Justification for exclusion
10 – Indirect emissions from processing of sold products	These GHG emissions are generated during the processing of intermediate products by third parties (e.g. finished product manufacturers) subsequent to sale by the reporting company. The Krka Group manufactures and sells finished pharmaceutical products that require no processing before they are sold.
11 – Indirect emissions from use of sold products	Users consume most of our products with a certain amount of water (e.g. 200 ml of cold or lukewarm water per tablet). Carbon footprint of 200 ml of water per dosage is marginal. If the amount is considered in relation to the usual water consumption by users, its significance is further minimised. This means that the pharmaceutical use phase is deemed to be a marginal carbon footprint phase, as it does not involve additional resource consumption, apart from a glass of water that the user would consume regardless.
13 – Indirect emissions from downstream leased assets	The Krka Group identified no assets that would be leased to other entities in 2025. Leases within the Krka Group are not considered to avoid double counting (leases are within the boundaries of the observed system).
14 – Indirect emissions from franchises	The Krka Group is a pharmaceutical entity that develops, manufactures and markets its products. Subsidiaries and business units around the world are companies wholly-owned by the Krka Group's controlling company, rather than franchises, meaning that the production, distribution and sales in these countries are under our direct control and management. We do not employ the franchise model to expand our operations. We operate through our business units and partner networks.
15 – Indirect emissions from investments	The Krka Group is not a financial institution with significant equity investments. Capital expenditure in fixed assets the Group requires and uses to meet production needs is reported under category 10. This does not apply only to the investment in Medika, d. d., a company in which the Group holds a 11.97% share. Medika, d. d. is a wholesaler that sells, among others, products for the Krka Group. GHG emissions from these activities are included in the carbon footprint calculated under category 9 (services). GHG emissions from the investment were not considered, as organisational boundaries were defined using the control approach.

Used data sources for emission factors

We applied the latest emission factors from relevant databases, specified in the tables below for each category.

Scope 1

Category	Emission factor
Direct emissions from combustion in installations owned by the undertaking	DEFRA, Fuels, Fuel type
Direct mobile combustion emissions from vehicles owned by the undertaking	DEFRA, Fuels, Fuel type
Direct process emissions	CO_2eq emissions were calculated using a chemical equation. The reaction between methanol and oxygen to produce CO_2 and water vapour was modelled using a chemical equation for a complete combustion reaction ($2CH_3OH + 3O_2 = 2CO_2 + 4H_2O$) and data on molar masses (molar mass of methanol – 32 g/mol, molar mass of CO_2 – 44 g/mol).
Fugitive emissions from installations owned by the undertaking	IPCC Global Warming Potential (GWP)

Scope 2

Category	Emission factor
Emissions from electricity consumption (location-based method)	Carbon Data Intelligence (CaDI)
Emissions from electricity consumption (market-based method)	Supplier's Guarantee of Origin from zero-carbon electricity, invoices Carbon Data Intelligence (CaDI) (if the above-mentioned data were not available)
Consumption of other energy acquired from the grid	DEFRA, Heat and steam

Scope 3

Category	Emission factor
1 Purchased goods and services	• In-house calculation based on data from a major API supplier • In-house calculation based on data from a major lactose supplier • In-house calculation of pharmaceutical product and bulk product emissions obtained by internal analysis • Statement by the aluminium foil supplier • DEFRA, Products • DEFRA, Water supply • DEFRA, Advertising and market research services • DEFRA, Real estate services on a fee or contract basis • DEFRA, Wholesale and retail trade and repair services of motor vehicles and motorcycles • DEFRA, Restaurants, cafes and the like • DEFRA, Education services • DEFRA, Postal and courier services • DEFRA, Legal services • DEFRA, Printing and recording services • DEFRA, Computer programming, consultancy and related services • DEFRA, Scientific research and development services • DEFRA, Telephone and telefax services • DEFRA, Social work services without accommodation • DEFRA, Material use • DEFRA, Soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations • DEFRA, Electrical equipment • DEFRA, Wearing apparel • DEFRA, Textiles • DEFRA, Glass, refractory, clay, other porcelain and ceramic • DEFRA, Basic pharmaceutical products and pharmaceutical preparations • DEFRA, Rubber and plastic products • Ecoinvent, Chemical production, organic [GLO] • Ecoinvent, Citric Acid [RER] • Ecoinvent, Sodium hydroxide [GLO] • CarbonCLoud, Limestone • Ecoinvent, Chemical production, inorganic [GLO] • CarbonCLoud, Vitamin mix, generic • Ecoinvent, Chemical production, inorganic [GLO]
2 Capital goods	DEFRA, Multipliers
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	DEFRA, WTT Fuels Carbon Data Intelligence (CaDI) – T&D, WTT, WTT of T&D
4 Upstream transportation and distribution	DEFRA, Freighting goods
5 Waste generated in operations	DEFRA, Waste disposal Ecoinvent
6 Business travel	DEFRA, Business travel DEFRA, Hotel stay
7 Employee commuting	DEFRA, Passenger vehicles
8 Upstream leased assets	• PCAF European Buildings Database/Office • PCAF European Buildings Database/Distribution warehouse warm • PCAF European Buildings Database)/Non-residential total • PCAF European Buildings Database/Residential total • PCAF European Buildings Database/ Non-residential total
9 Downstream transportation and distribution	DEFRA, Freighting goods
12 End-of-life treatment of sold products	DEFRA, Waste disposal Ecoinvent

Krka Group carbon footprint in 2024 and 2025

	2025	2024
Scope 1 GHG emissions		
Gross Scope 1 GHG emissions (tCO_2eq)	59,917	56,868
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	48	49
Scope 2 GHG emissions		
Gross location-based Scope 2 GHG emissions (tCO_2eq)	41,257	41,453
Gross market-based Scope 2 GHG emissions (tCO_2eq)	13,616	17,133
Significant Scope 3 GHG emissions		
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	554,822	524,681
1 Purchased goods and services	436,478	422,552
Optional sub-category: Cloud computing and data centre services	/	/
2 Capital goods	35,911	25,383
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	26,961	16,401
4 Upstream transportation and distribution	20,115	23,418
5 Waste generated in operations	15,851	17,006
6 Business travel	2,382	2,730
7 Employee commuting	9,588	9,488
8 Upstream leased assets	2,405	2,645
9 Downstream transportation and distribution	27	128
10 Processing of sold products	/	/
11 Use of sold products	/	/
12 End-of-life treatment of sold products	5,104	4,929
13 Downstream leased assets	/	/
14 Franchises	/	/
15 Investments	/	/
Total GHG emissions		
Total GHG emissions (location-based) (tCO_2eq)	655,996	623,001
Total GHG emissions (market-based) (tCO_2eq)	628,355	598,682

In 2024, we calculated Scope 3 emissions for the first time. We did not calculate Scope 3 and total emissions for the base year 2019, because accurate and reliable data were not available for the year. Any modification for the base year will be subsequently determined. The Krka Group's carbon footprint calculation includes the controlling company and subsidiaries, consolidated in the financial statements of the Krka Group. The calculation includes KRKA Pharma Private Limited, Hyderabad, India, a joint venture established in April 2024 by Krka, d. d., Novo mesto, and Laurus Labs Ltd., India and jointly managed by the two entities based on the underlying agreement. Krka and Laurus agreed to subscribe the registered capital gradually. First payment was made in October 2024. Krka, d. d., Novo mesto holds a 51% share in the joint venture. The Krka Group accounts for the investment in the joint venture under the equity method.

Gross Scope 1 GHG emissions increased by 5.4% due to increased natural gas consumption for combustion in installations operated by the undertaking, combustion from vehicles owned by the undertaking, and generation of fugitive emissions from installations owned by the undertaking. The emission increase was due to weather conditions (lower average temperature) resulting in increased consumption of certain energy sources, as indicated in the tables and described in E1-5 – Energy consumption and mix, and due to augmented transport caused by increased scope of operations.

Gross market-based Scope 2 GHG emissions changed by 20.5% due to a significant improvement in the emission factor for generated electricity, resulting from the switch from the Electricity map database used in 2024 to the Carbon Data Intelligence (CaDI) database used in 2025. The amounts of consumed electricity remained roughly the same as the previous year. Data for 2024 were not recalculated in 2025, as recalculation was not considered practical.

Scope 3 GHG emissions increased by 5.7% compared to 2024. The increase was mainly due to emissions associated with purchased goods and services. The considerable increase in absolute terms can be attributed to the increased procurement of key materials and raw materials.

Carbon footprint of the Krka Pharma Private Limited joint venture

	2025	2024
Scope 1 GHG emissions		
Gross Scope 1 GHG emissions (tCO_2eq)	3.4	/
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	/
Scope 2 GHG emissions		
Gross location-based Scope 2 GHG emissions (tCO_2eq)	24	/
Gross market-based Scope 2 GHG emissions (tCO_2eq)	24	/

The joint venture's emissions were determined on the basis of the number of employees and the average energy source consumption per office worker per year, representative for the site and assessed using a method similar to the method used for Krka Group companies and representative offices not engaged in production.

Biogenic and fugitive emissions

The Krka Group's vehicles use biofuel mix, resulting in biogenic emissions from fuel combustion. Based on primary inputs on fuel consumption, total Scope 1 biogenic emissions amount to 735 tonnes of CO_2 equivalent.

Missing data on biofuel content in total biofuel mix prompted us to calculate the emission factor using the average biofuel blend for diesel and gasoline published in DEFRA – Fuels, fuel type – diesel/gasoline (average biofuel blend).

Other Scope 1 and 2 biogenic emissions were not identified. The total carbon footprint calculation did not involve verifying the possibility of generating Scope 3 biogenic emissions within the value chain.

In the Krka Group, 1,054 kg of HFC generated air emissions of 2,808 tCO_2eq in 2025. In 2025, the methodology for determining total HFC quantity in kg was modified. In 2024, the quantity was reported for the Company, while in 2025 the quantity was extended to the Krka Group. Accordingly, the 2024 data were re-calculated to ensure comparability with data for 2025. The quantity for 2024 previously amounted to 620 kg and increased by 294 kg based on the new methodology. The increase in HFC-generated emissions is the result of intensified maintenance works on cooling equipment.

Biogenic and fugitive emissions	2025	2024
Total Scope 1 biogenic emissions (tCO_2eq)	735	774
Total HFC quantity (kg)	1,054	914
Total fugitive HFC emissions (tCO_2eq)	2,808	2,159
Total PFC quantity (kg)	0	0
Total fugitive PFC emissions (tCO_2eq)	0	0

Specific indicators of location- and market-based GHG emissions per net revenue of the Group

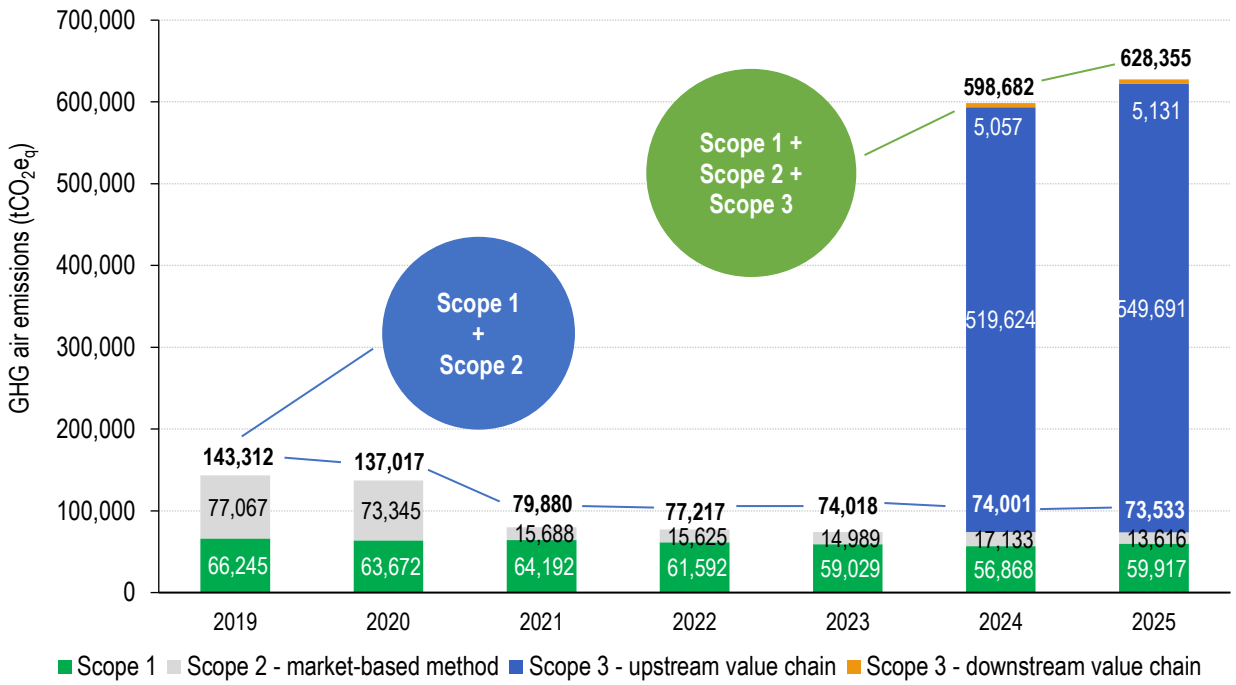
GHG intensity based on net revenue	2025	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/€ million)	321.4	326.3
Total GHG emissions (market-based) per net revenue (tCO_2eq/€ million)	307.9	313.5

The denominators to calculate both indicators use Krka Group net revenue presented in the 'Financial report' under 'Notes to the consolidated financial statements' (Note 4 – Revenue from contracts with customers). The metric has not been verified by an independent external body.

Energy acquired on the basis of contractual agreements on the supply of zero-carbon electricity accounts for 79.4% of total electricity consumption of all Krka Group sites. Electricity is sourced from a nuclear power plant. The Energy Agency issued a Guarantee of Origin for electricity consumption to the controlling company and its subsidiary, Terme Krka.

Other information

2019–2025 Scope 1 and 2 GHG emissions and 2024 and 2025 Scope 3 emissions of the Krka Group[a]



[a] 2019–2023 GHG emissions were not subject to an audit or auditor's assurance. Calculations for the period have not been verified by an independent external body.

ESRS E2 – Pollution

E2-1 – Policies related to pollution

Environmental Policy of the Krka Group

The management of material impacts related to pollution prevention and control is part of broader environmental policies and governance approaches. The most important of these is the *Environmental Policy of the Krka Group*, defined in ESRS E1 under Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation.

Preventing and reducing environmental pollution are key to preserving a healthy planet. Our environmental management system embodies this principle. This topic is specified in detail in section 5 (Prevention and reduction of pollution) of the *Environmental Policy of the Krka Group*, where we state that through systematic education and training, we maintain a high level of environmental awareness among our employees, ensuring that the commitment to reducing environmental impacts is embedded in all processes and activities.

With regard to pollution, the *Environmental Policy of the Krka Group* pursues the following principles:

- Systematic review of environmental aspects, setting environmental goals, and implementation of environmental programmes to continuously prevent or reduce impacts across the entire product life cycle;
- Introduction and utilisation of the best available techniques to prevent or mitigate environmental impacts;
- Ensuring the use of less hazardous substances as much as possible as early as during the development phase;
- Ensuring safe use and rational consumption of materials in production;
- Proactive monitoring of technological advancements in the industry and implementation of new solutions into processes;
- Regular monitoring of environmental emissions.

The *Policy* relates to managing the positive impacts of preventing air and water pollution, as well as potential negative impacts on air and water quality.

To align with the environmental policy principles, we carry out activities in line with internal standard operating procedures (SOPs) that address environmental impact areas and are part of our integrated business continuity management system. The system's foundations are emergency identification, preventive measure implementation, fostering a strong safety culture, equipment installation using the best available techniques, and response measures. We adhere to our internal instructions to mitigate negative impacts on water and air, ensure the safe use of substances and materials, reduce the likelihood of occurrence and severity of potential incidents, and ensure effective actions to prevent environmental impacts from emergencies. We deliver educational courses and conduct drills to foster a strong safety culture.

The actions and activities mentioned above apply to our own operations. Outside the Krka Group, we promote the environmental policy principles by encouraging our business partners to implement the *Code of Conduct for Business Partners of the Krka Group*, which, in terms of pollution, also addresses the management of material positive impacts of preventing air and water pollution and potential negative impacts on air and water quality.

E2-2 – Actions and resources related to pollution

This section describes pollution-related actions, including ongoing actions, actions taken in 2025, and planned actions.

Ongoing actions

Environmental management system

We implement pollution-related actions within our environmental management system (EMS), which complies with ISO 14001 and ensures systematic management of all environmental matters to consistently reduce all environmental impacts. Through ongoing cooperation, information sharing, and investment, we disseminate environmental protection guidelines and practices across all subsidiaries.

Emission monitoring, in-process measurements, internal and external controls

We collect and analyse data on the environmental management system and verification of compliance of our activities with environmental laws, environmental protection permits and the ISO 14001 standard using various methodological tools. We leverage all available resources, including monitoring environmental emissions, outcomes for our processes or activities with material environmental impact, findings of self-inspections and audits, internal audits, security checks, inspections, customer claims, and risk analyses. They confirm the system's suitability and efficiency and highlight opportunities for improvement. We report environmental data to our management, responsible committees, national authorities, for example, the Slovenian Environment Agency (reports on environmental emissions monitoring), the Association of Chemical Industries at the Chamber of Commerce and Industry of Slovenia (*Responsible Care Reports – RC*), and other stakeholders.

Compliance with statutory requirements and environmental protection permits

Our commitment related to waste water and air management means we constantly aim to ensure our environmental emissions comply with the laws and environmental protection permits. Compliance with laws and environmental protection permits regarding waste water and air emissions is verified through operational monitoring by authorised, accredited external institutions. We assess each potential deviation from permitted thresholds in accordance with internal standards and take appropriate corrective actions. In 2025, we identified deviations in waste water discharge by the public sewerage system at our Krško production site, where waste water is discharged into watercourses only after being treated at the municipal waste water treatment plant. A deviation in cooling water discharge into the River Krka was identified at our Ločna site. A highly efficient waste water treatment plant at our Krško production site is in trial operation. All other environmental emission monitoring results were in compliance with the laws.

Efficient waste water and air treatment and statutory compliance

Actions to reduce water emissions are implemented from the product development phase onward. Whenever possible, we use raw materials and excipients that are less harmful to water. We minimise the amount of detergents used in production washing procedures and employ waste water treatment at all our production sites. Waste water at off-site plants is treated at highly efficient municipal waste water treatment plants or highly efficient in-house waste water treatment plants using the best available techniques to meet the requirements. We use various physical, chemical, and biological processes to remove pollutants from waste water. We comply with the *Decree on the Emission of Substances and Heat in the Discharge*

of Waste Water from Installations for the Production of Pharmaceutical Products and Active Substances, which serves as the basis for environmental protection permits issued for individual Krka production sites.

Effective reduction of all air emissions is one of our priorities for ensuring a healthy living environment and reducing climate change-related impacts and consequences, prompting us to launch numerous actions to address air pollution. We also consider EU actions to implement the *European Green Deal*, statutory requirements, and other stringent requirements applicable to the pharmaceutical industry. We aim to reduce air emissions by installing highly efficient waste air treatment systems at all outlets that could be sources of pollution. We use effective de-dusting systems, filters, wet-type filtration systems, condenser columns, and thermal oxidisers to keep emissions below the statutory threshold or within levels permitted by the best available techniques.

Actions outlined in the Environmental Policy of the Krka Group

Ongoing actions include a set of actions outlined in the *Environmental Policy of the Krka Group*, specifically its section on the prevention and reduction of pollution. These actions form part of our long-term approach to protecting the environment and reducing pollution, which is systematically and precisely defined in our internal standard operating procedure (SOP) *Environmental Management System*. All our pollution-related activities strictly comply with statutory requirements, requirements specified in environmental protection permits, and other obligations we have committed to fulfilling.

Drafting and implementing environmental programmes

The Committee for Monitoring Environmental Aspects conducts an annual review of environmental matters. The purpose of this review is to identify all potential negative environmental impacts and associated risks, prevent their occurrence and potential consequences, and reduce the likelihood of risks materialising. Based on the review, the Committee prepares a proposal for environmental programmes for the Krka Group, assigns responsible persons, and sets implementation deadlines. The Management Board approves the proposal and allocates sufficient financial resources to the programmes. The environmental targets and programmes outline our annual specific activities aimed at preventing and reducing environmental impacts across all areas of environmental protection.

Actions adopted in 2025

Actions outlined under environmental targets and programmes for 2025

In 2025, we rolled out environmental targets and programmes related to pollution prevention and reduction, addressing the following environmental aspects: technological waste water discharge and treatment, runoff rain water discharge, and air emissions. Our waste water discharge and treatment actions were completing the construction of a highly efficient in-house biological waste water treatment plant at the Krško production site and conducting a large-scale inspection of the sewage system in Ločna. We also implemented a rain water drainage action, setting up a rain water capture and infiltration system at the new parking lot in Ločna, and an air emission reduction action, upgrading the waste air treatment system at our production site in Krško.

Planned actions

Actions outlined under environmental targets and programmes for 2026

The Management Board approved the proposed environmental targets and programmes for 2026. Regarding pollution prevention and reduction, we will roll out waste water discharge and treatment programmes, as well as an air emission reduction programme.

Expected outcomes of planned actions

- We will continue to operate the environmental management system, enabling consistent, long-term reductions in all environmental impacts.
- We will continue monitoring emissions to confirm our compliance and identify any deviations from statutory requirements. We will also continue with in-process measurements and internal and external controls to improve in-process control and promptly identify any deviations in emissions into water or air.
- We will further pursue efficient waste water and air treatment, leveraging the best available techniques to reduce operational and environmental risks.
- The Committee for Monitoring Environmental Aspects will continue the annual review of environmental matters, enabling us to promptly identify potential impacts of our activities on environmental emissions.

Implementation and monitoring of actions

This action set is applied within our own operations, and we promote its implementation across the value chain via the *Code of Conduct for Business Partners of the Krka Group*. The Committee for Monitoring Environmental Aspects, the Quality Committee, and the Sustainability Committee monitor the implementation and effectiveness of the actions. The actions relate to managing the positive impacts of preventing air and water pollution, as well as potential negative impacts on air and water quality.

E2-3 – Targets related to pollution

In 2025, we redefined the annual target for water and air emissions, specifically the target of zero deviations from legal requirements in operational monitoring of all emissions into the environment (air, water). The target applies across the Krka Group and was incorporated into the *2026–2030 Krka Group Development Strategy*. The year 2024 is the base year. The target is not based on compelling scientific evidence.

Indicator	Target value	Timeframe	2025	2024
Number of deviations from legal requirements within operational monitoring of all emissions into the environment (air, water)	0	Annual	3	4

In 2025, we identified two deviations in waste water discharge from the public sewerage system at our Krško production site. Waste water is discharged into watercourses only after being treated at the municipal waste water treatment plant. A highly efficient waste water treatment plant at our Krško site is in trial operation to ensure compliance with statutory requirements for waste water discharge. We identified one deviation in cooling water discharge into the River Krka at our Ločna production site. We adopted appropriate corrective measures to address the three deviations.

The target defined in 2025 represents a change from the target set out in the Sustainability statement for 2024, which addressed only the number of waste water deviations in the controlling company. The 2025 change expands the indicator to include air emissions and extends the organisational scope across the Krka Group. This modification has no impact on the 2024 results. Its purpose is to improve data integrity and comparability and strengthen the link between identified impacts, risks and opportunities (IRO) at the Krka Group level. The target value, that is, zero deviations, remains unchanged.

In 2025, operational monitoring of discharge into water identified three deviations from thresholds defined in environmental protection permits or laws. However, all waste water is discharged via the sewage system equipped with in-house or municipal waste water treatment plants at the final stage. In 2025, there were no deviations related to monitoring air emissions from stationary sources.

The achievement of the target is verified in operational monitoring by authorised accredited external institutions. Compliance with environmental targets for water and air pollution is mandatory, in line with environmental laws and environmental protection permits. Our environmental management system, established in accordance with the ISO 14001 standard, is our voluntary commitment to aim for reducing all environmental impacts continually. The target related to the number of deviations from legal requirements within operational monitoring of all emissions into the environment applies to Krka's own operations. No stakeholders were involved in target setting. This target is used to measure the effectiveness of managing the positive impacts of preventing air and water pollution and the negative impacts on air and water quality. The metric has not been validated by an external body other than the assurance provider. Stakeholders were not involved in target setting. The Committee for Monitoring Environmental Aspects and the Quality Committee monitor progress toward the target.

E2-4 – Pollution of air, water and soil

We regularly report all environmental impact results to competent governmental authorities to comply with the applicable legal obligations. Under Regulation (EC) No 166/2006 of the European Parliament and of the Council concerning the establishment of a European Pollutant Release and Transfer Register (E-PRTR Regulation) and its Annex II, we exceeded the threshold for air emissions in two parameters, namely hydro-fluorocarbons and dichloromethane, in 2024. The emission threshold for dichloromethane is set at 1,000 kg. In 2024, our dichloromethane emissions totalled 1,103 kg. In 2025, we exceeded the air emission threshold for hydro-fluorocarbons (HFC) only. Disclosures related to HFC emissions

in 2024 and 2025 are addressed in ESRS E1 under Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions. In 2025, we also exceeded the water emission threshold for phenols. Phenols discharged with effluents into water totalled 20.3 kg, exceeding the lower reporting threshold set at 20 kg. In 2024, the thresholds for phenols were not exceeded.

Measurements comply with the requirements of environmental protection permits, which are aligned with the relevant laws and best available techniques reference documents (BREF) and determine the scope and frequency of regular monitoring. Regular monitoring for the Krka Group is conducted by independent external institutions using accredited methods. The institution performing the monitoring drafts a report that factors in all monitoring instances in the current year and submits it within the prescribed deadline to governmental institutions, e.g. the Slovenian Environment Agency (ARSO) in Slovenia. The Slovenian Environment Agency considers the reports for the previous year when calculating the environmental tax. To ensure compliance with relevant laws, we report data on volatile organic compound levels based on measurements and mass balance equations each year. Pollution-related calculations and reports are based on data collected through regular monitoring as set out in environmental protection permits. No significant long-term changes in air emissions have been observed. The overall amount of the above-mentioned pollutant is approximately equal to the reporting threshold.

ESRS E3 – Water and marine resources

E3-1 – Policies related to water and marine resources

Environmental Policy of the Krka Group

The management of material impacts and risks related to water and marine resources is part of broader environmental policies and governance approaches. Our main focus is the responsible management of water resources and the assurance of reliable supply of water resources, both of which are essential for stable and sustainable operation of our production processes. The key foundation for managing these areas is the *Environmental Policy of the Krka Group*, defined in ESRS E1 under Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation.

Care for natural water resources is key to preserving a healthy planet. Our environmental management system embodies this principle. Water resources are detailed in section 8 (Care for natural water resources) of the *Environmental Policy of the Krka Group*, where we state that the supply of high-quality drinking water is crucial for producing pharmaceutical products. Therefore, the activities at our production sites focus extensively on effective waste water treatment and preservation of water body quality. We manage all water systems in compliance with Good Manufacturing Practice (GMP) and the HACCP system. By utilising advanced technologies, we ensure rational and efficient water use. Through systematic education and training, we maintain a high level of environmental awareness among our employees, ensuring that the commitment to reducing impacts on water resources is embedded in all processes and activities.

With regard to water resources, the *Environmental Policy of the Krka Group* pursues the following principles:

- Developing effective water loss management practices to reduce the need for additional water sources;
- Implementing the best available and sustainable technologies and advanced analytical methods to minimise water consumption;
- Maximising the reuse of water wherever possible;
- Using a computerised monitoring system to accurately track water consumption;
- Reducing the impact of waste water on the aquatic environment using the best treatment techniques;
- Regularly performing waste water monitoring;
- Ensuring highly efficient waste water treatment through establishing our own waste water treatment plants;
- Including waste water treatment studies and impact assessments on aquatic environments in the earliest product development phases;
- Adhering to the precautionary principle based on risk assessments, hazard calculations for aquatic environments, and feasibility studies.

Our environmental policy is connected to managing the positive impacts of responsible management of water resources and the risks associated with reliable supply of water resources.

We apply this policy within our activities across the Krka Group and encourage its application throughout the value chain via the *Code of Conduct for Business Partners of the Krka Group*. The *Code of Conduct* is connected to managing the positive impacts of responsible management of water resources. We do not plan to develop products or services specifically designed to address water-related issues or preserve water resources.

Commitment to reduce material water consumption in areas at water risk

Through the *Environmental Policy of the Krka Group*, we have committed to rational and efficient water use by implementing the best available and sustainable technologies and advanced analytical methods to minimise water consumption. We also reduce the use of water through measures presented in accordance with Disclosure Requirement ESRS E3-2 – Actions and resources related to water resources. This applies to our own operations.

Policies related to sustainable oceans and seas

We have not adopted policies related to sustainable oceans and seas, as we have not identified material impacts, risks, and opportunities associated with this area.

E3-2 – Actions and resources related to water and marine resources

This section describes the action set related to water resources, including ongoing actions, actions taken in 2025, and planned actions.

Ongoing actions

Environmental management system

We roll out water resources-related actions within our environmental management system (EMS), which complies with the ISO 14001 standard and ensures systematic management of environmental matters to consistently reduce all environmental impacts and mitigate environmental risks. Through ongoing cooperation, information sharing, and investment, we disseminate environmental protection guidelines and good practices across all subsidiaries.

Emission monitoring, in-process measurements, internal and external controls

We collect and analyse data about the environmental management system and verification of compliance of Krka's activities with environmental legislation, environmental protection permits, and the ISO 14001 standard through various methods. We leverage available resources, including monitoring environmental emissions, outcomes for our processes or activities with potential material environmental impact, findings of self-inspections and audits, internal audits, security checks, inspections, customer complaints, and risk analyses. They confirm the system's suitability and efficiency and highlight improvement opportunities. We report environmental data to our management, responsible committees, national authorities, for example, the Slovenian Environment Agency (reports on environmental emissions monitoring), the Association of Chemical Industries at the Chamber of Commerce and Industry of Slovenia (*Responsible Care Reports – RC*), and other stakeholders.

Monitoring the quality of drinking water and activities related to drinking water and river water

Clean drinking water, which must meet strict chemical and microbiological quality requirements, is essential for the production of high-quality pharmaceutical products. We manage all water systems in compliance with Good Manufacturing Practice (GMP) and the HACCP system. The activities at our production sites focus extensively on preserving the quality of water bodies.

We have obtained a water consent for extracting water from the Krka River for our site in Ločna, Novo mesto, where we manufacture the majority of Krka Group products. This consent defines the environmentally acceptable flow level below which water extraction is not allowed. Additionally, we have a water permit for the direct use of water from drinking water supply facilities for technological purposes, which requires regular monitoring of extracted volumes at the main water meter shaft. If the Krka River's flow falls below the ecologically acceptable level specified in the water consent, we can switch to an alternative water source from the public infrastructure.

We reduce our dependence on river water through various measures. In specific processes, such as cooling tower supply, river water is substituted with rainwater. Despite the identified risk associated with river water extraction, the Krka River's

flow remains significantly above the ecologically acceptable level, even during prolonged droughts. Therefore, we consider the risk to the water supply from the river to be acceptable. In the event of issues with drinking water supply, we compensate for shortages with pharmaceutical-grade water, stored in dedicated reservoirs specifically for such situations. Two separate supply systems deliver water to the central distribution system and ensure that pharmaceutical water is continuously supplied to production.

Our sites are not situated in areas of high-water stress. All of these measures are regularly implemented or are available if necessary.

Fluctuations in drinking water quality are also influenced by seasonal variations and precipitation levels. We closely monitor water levels to ensure optimal operation of pharmaceutical water treatment systems and maintain drinking water quality within the permitted levels. We manage all water systems in compliance with Good Manufacturing Practice (GMP) and the HACCP system. We minimise system failures through planned preventive maintenance in line with equipment manufacturers' recommendations, our experience, legal requirements, and standards.

Reducing water consumption and optimising systems

We reduce specific drinking water use through various measures, such as flow regulators on taps, closed-loop systems, and water reuse. A computerised monitoring system tracks the total flow rate and overall consumption at a facility's entry points and key user points, enabling immediate detection of any increase or deviation in drinking water use. This allows for prompt investigation of the cause and the implementation of all necessary measures to reduce use.

Actions outlined in the *Environmental Policy of the Krka Group*

Ongoing actions also include a set of actions of the *Environmental Policy of the Krka Group* and its section on the care for natural water resources. These actions form part of our long-term approach to protecting natural water resources, which is systematically and precisely defined in our internal standard operating procedure (SOP) *Environmental Management System*. All our activities related to water resources strictly comply with statutory requirements, requirements specified in environmental protection permits, and other obligations we have committed to fulfilling.

Drafting and implementing environmental programmes

The Committee for Monitoring Environmental Aspects conducts an annual review of environmental matters. The purpose of this review is to identify all potential negative environmental impacts and associated risks, prevent their occurrence and potential consequences, and reduce the likelihood of risks materialising. Based on the review, the Committee prepares proposals for environmental programmes for the Krka Group, assigns responsible persons and sets deadlines for implementation. The Management Board approves the proposals and allocates sufficient financial resources to the programmes. The environmental programmes set out our annual specific activities to prevent or reduce environmental impacts in each environmental protection matter.

Actions adopted in 2025

Actions outlined under environmental targets and programmes for 2025

In 2025, as part of the environmental target to reduce river water consumption, we implemented an environmental programme for the remediation and upgrading of the firewater pumping station at the Ločna site.

Planned actions

Actions outlined under environmental targets and programmes for 2026

The Management Board approved the proposed environmental targets and programmes related to reducing drinking and river water consumption for 2026. By optimising equipment washing procedures in Manufacture of medicinal products, we will reduce drinking water consumption. In addition, by reusing treated waste water for technological purposes, we will reduce river water consumption.

Expected outcomes of planned actions

- We will further pursue activities under the environmental management system which allows us to sustainably reduce water consumption in the long term and effectively monitor water resource use.

- We will continue monitoring emissions to confirm our compliance and identify any deviations from statutory requirements. We will also continue with in-process measurements and internal and external controls to improve in-process control and promptly identify any deviations, thereby reducing the risks of increased pressure on water resources.
- We will also continue to implement actions related to drinking water and river water, ensuring that the use of this natural resource does not increase despite increasing production volumes. In parallel, we will continue implementing actions that maintain greater supply stability in emergency situations, thereby reducing operational and environmental risks.
- We will keep reducing water consumption and optimising systems, enabling the gradual and measurable decrease of water use per unit of product and improving system efficiency, which supports our long-term goals for the sustainable use of natural resources.

Implementation and monitoring of actions

At Krka, we assess the effectiveness of actions against key benchmarks and targets. The Quality Committee reviews the implementation of benchmarks and the achievement of targets. Actions related to waste water are also described in ESRS E2 under Disclosure Requirement E2 – Actions and resources related to pollution.

This action set is applied within our own operations, and we promote its implementation across the value chain via the *Code of Conduct for Business Partners of the Krka Group*. These actions are related to managing the positive impacts of responsible management of water resources and the risks associated with reliable supply of water resources. The effectiveness of these actions is monitored through environmental policy performance reviews conducted by the Committee for Monitoring Environmental Aspects and the Quality Committee. We closely monitor the topic of water resources and will adopt additional actions as needed in the future.

E3-3 – Targets related to water and marine resources

In 2025, we defined two targets used to measure the effectiveness of managing the positive impacts of responsible management of water resources and the risks associated with reliable supply of water resources. We have included these targets in the *2026–2030 Krka Group Development Strategy*. The targets provide a basis for continuous improvements and process optimisation. The targets are not based on compelling scientific evidence. The metric has not been verified by an independent external body, and stakeholders were not involved in setting the target. We monitor progress towards achieving the targets through the Committee for Monitoring Environmental Aspects and the Quality Committee. The quality of water resources is indirectly but significantly linked to waste water management, which is covered in detail in ESRS E2 – Pollution.

Indicator	Target value	Timeframe	2025	2024
Water intensity (water use in m³/€ million net revenue) (entire Krka Group)	Annual reduction by 1%	Year	1,158	1,176
Specific water consumption (water use in m³/million product units) (physical volume of production – in-house, excluding Terme Krka)	Annual reduction by 1%	Year	89.7	81.5

Water intensity

Water intensity is calculated as the ratio between the Krka Group's total water consumption and the Krka Group's net revenue and is expressed in cubic metres per one million euros of net revenue. Data on the net revenue of the Krka Group are provided in the 'Financial report' in the 'Notes to the consolidated financial statements' (Note 4 – Revenue from contracts with customers). The metric for the Krka Group's total water consumption is defined in section E3-4. The target was defined for the first time in 2024.

The year 2024 represents the baseline year, in which water intensity amounted to 1,176 m³ per € million net revenue. In 2025, it amounted to 1,158 m³ per € million net revenue. Water intensity was therefore reduced by 1%, and the target was achieved.

Specific water consumption

Specific water consumption is calculated as the ratio between the Krka Group's total water consumption and the number of product units manufactured in own production within the Krka Group and is expressed in cubic metres per one million product units. The monitoring approach of specific water consumption changed in 2025. Instead of using production costs in the denominator, we now monitor the number of product units manufactured in own production, which better reflects the efficiency of water consumption in relation to production volume. The target does not include water consumption at Terme Krka, as this company does not perform Krka's primary activity. The metric for the Krka Group's total water consumption is defined in section E3-4.

The year 2024 represents the baseline year, in which specific water consumption amounted to 81.5 m³ per million product units. In 2025, specific water consumption amounted to 89.7 m³ per million product units. The set target was not achieved due to higher water consumption required to maintain environmental conditions in production, as well as a lower volume of products manufactured in own production. This was the result of extensive maintenance activities carried out at the Notol plant.

E3-4 – Water consumption

The main sources of water supply within the Krka Group are the public water supply system, river water, and groundwater extracted from our own wells.

Water consumption in 2024 and 2025

Category	2025	2024
Total water consumption (m^3)	2,364,424	2,245,471
Total water recycled and reused in m^3	175,678	185,640
Total water consumption in m^3 in areas at water risk	0	0
Total water stored and changes in storage (m^3)	3,455.5	3,455.5[a]
Water intensity: total water consumption (in m^3/€ million net revenue)	1,158	1,176

[a] No changes in storage compared to 2023.

Total water consumption (in m^3)

At all production sites, which account for the majority of the Krka Group's water consumption, including subsidiaries, total water consumption is monitored using direct flow meters, which are operated and supervised by public drinking water supply services or monitored by the controlling company's technical services. Water consumption data for Krka's subsidiaries and representative offices are calculated on the basis of the average drinking water consumption per office worker. The results enable long-term monitoring and comparisons with the baseline year.

Methodological limitations: Consolidated data may mask local fluctuations. The metric has not been verified by an independent external body.

Total water recycled and reused (in m^3)

At production sites in Slovenia, the volume of recycled and reused water is determined through direct measurement. For sites abroad, this volume is estimated based on the assumption that the amount of recycled and reused water per product unit is the same as at the Ločna site.

Methodological limitations: Estimates for some locations may reduce data accuracy. The metric has not been verified by an independent external body.

Total water consumption in areas at water risk (in m^3)

The analysis of water consumption in areas at water risk is based on geographical distribution of production sites and the availability of water resources. According to the *Water management plan*, third cycle (NUV III), Slovenia – where most of our production takes place – is not considered a water-stress area, and the ecological and chemical status of the lower Sava River basin is assessed as good.

Methodological limitations: The data do not capture potential local fluctuations under extreme conditions. The metric has not been verified by an independent external body.

Total water stored and changes in storage (in m³)

We monitor the volume of stored water at all sites using internal records. The data source is the *List of water storage reservoirs*, which includes the working volume of each reservoir and the total volume of stored water, confirmed through direct measurement. In 2025, as part of strengthening internal controls in the area of sustainability reporting, we expanded the scope of data considered when determining the volume of stored water. As a result, the data for 2024 were adjusted to ensure comparability with the data for 2025.

Methodological limitations: The data do not capture potential seasonal variations. The metric has not been verified by an independent external body.

Water intensity (m³ of water per € million net revenue)

Water intensity is calculated as the ratio between the Krka Group's total water consumption and the Krka Group's net revenue. Water consumption data are obtained from flow meters and internal records, while revenue figures are sourced from the 'Notes to consolidated financial statements' (Note 4 – Revenue from contracts with customers). The results are compared with the baseline year and analysed in the context of production and sales trends, enabling an assessment of water-use efficiency over a longer period.

Methodological limitations: The methodology is based on consolidated data, which may mask local fluctuations. The metric has not been verified by an independent external body.

ESRS E4 – Biodiversity and ecosystems

E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

We have not yet conducted a detailed resilience analysis of Krka Group's own operations and its upstream and downstream value chain regarding biodiversity and ecosystems. We carried out an analysis of material impacts, risks, and opportunities (IRO assessment) to identify material positive impacts and potential material negative impacts; however, we have not identified any material risks or opportunities related to biodiversity and ecosystems. We assess that there is no long-term (more than five years) material dependency between our business model and strategy on the one hand and biodiversity and ecosystems on the other. We will continue monitoring biodiversity and ecosystem matters, adopting appropriate actions, carrying out activities, and remaining committed to protecting the environment and natural habitats in which we operate.

All Krka production sites in Slovenia and abroad, including non-EU countries, comply with and implement the guidelines and requirements of European and national legislation on biodiversity and ecosystems to help preserve the natural world's ecological, biotic, and landscape features. All our production facilities are concentrated within their respective sites and do not sprawl into ecologically sensitive areas.

Through actions identified under Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems, and actions disclosed under the Disclosure Requirements of topical standards E1, E2, E3 and E5, we manage positive impacts on the conservation of biodiversity and ecosystems, and potential negative impacts of our activities on biodiversity and ecosystems.

Regarding actions and activities outside our own operations, but within our value chain, we encourage our partners to adhere to the guidelines in our *Code of Conduct for Business Partners of the Krka Group* and to respect sustainability principles related to biodiversity and ecosystems.

E4-2 – Policies related to biodiversity and ecosystems

Environmental Policy of the Krka Group

The management of material impacts related to biodiversity and ecosystems is part of broader environmental policies and governance approaches. The most important of these is the *Environmental Policy of the Krka Group*, defined in ESRS E1 based on Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation. The *Policy* relates to managing positive impacts on the conservation of biodiversity and ecosystems and potential negative impacts on biodiversity and ecosystems.

Conservation of biodiversity and ecosystems is key to preserving a healthy planet. Our environmental management system embodies this principle. Actions to mitigate potential material negative impacts related to biodiversity and ecosystems are defined in Section 7 (Efforts to preserve biodiversity and ecosystems) of the *Environmental Policy of the Krka Group*. This section specifies that we are committed to protecting the natural environment and habitats in which we operate, to sustainable use of natural resources, and to reducing our carbon footprint. We educate and raise awareness among employees and the broader public. This ensures that the commitment to reducing impacts on biodiversity and ecosystems is embedded in processes and activities.

With regard to biodiversity and ecosystems, the *Environmental Policy of the Krka Group* pursues the following principles:

- Monitoring and compliance with relevant European and national legislation and guidelines, as well as ensuring the preservation of ecological and biological natural resources, and natural landscape;
- Safeguarding biodiversity and maintaining ecosystems and landscape features of the natural world by reducing emissions into water, air and soil, as well as mitigating noise and light pollution;
- Educating employees about the importance of preserving biodiversity and encouraging them to apply best practices from the workplace in their personal lives;
- Strengthening collaboration with local organisations dedicated to preserving biodiversity, such as bee-keepers' and fishermen's associations, and the bird-watching society;
- Creating habitats for various plant and animal species by planting trees and greening undeveloped areas;
- Supporting local projects aimed at preserving endangered native plant and animal species.

The *Environmental Policy of the Krka Group* embodies our strategic commitments to preserve biodiversity and ecosystems, to reduce impacts and adjust our operations to climate change (see ESRS E1 for more disclosures), and to reduce pollution (see ESRS E2 for more disclosures). Governance approaches in these areas help us comprehensively understand our impact on biodiversity and ecosystem conservation. Therefore, the disclosures must be read in conjunction with those under other topical environmental standards (E1, E2, E3, and E5). Actions and activities in these areas strengthen material positive impacts and reduce the likelihood of occurrence of material negative impacts on biodiversity and ecosystems. We have not identified any material dependencies and material physical and transition risks and opportunities arising from biodiversity and ecosystems, so they are not included in the *Environmental Policy of the Krka Group*. The *Policy* does not describe the traceability of products, components and raw materials with actual or potential material impacts on biodiversity and ecosystems along the value chain, nor does it cover production, sourcing, or consumption within ecosystems managed to maintain or enhance biodiversity conditions. Furthermore, the *Policy* does not address the social consequences of biodiversity- and ecosystem-related impacts.

We have adopted no biodiversity and ecosystem protection policy covering operational sites owned, leased, or managed by the company and located in or near biodiversity-sensitive areas.

Other relevant information about our environmental policy is defined in ESRS E1 under Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation.

E4-3 – Actions and resources related to biodiversity and ecosystems

This section describes the action set related to biodiversity and ecosystems, including ongoing actions, actions taken in 2025, and planned actions.

Ongoing actions

Environmental management system

We roll out biodiversity- and ecosystem-related actions indirectly through our environmental management system (EMS), which complies with ISO 14001 and ensures the systematic management of environmental matters to reduce all environmental impacts and mitigate environmental risks consistently. Through ongoing cooperation, information sharing, and investment, we disseminate environmental protection guidelines and practices across all subsidiaries.

Indirect actions related to biodiversity and ecosystems in E1, E2, E3 and E5

Emission monitoring, in-process measurements, internal and external controls

We collect and analyse data on the environmental management system and verification of compliance of Krka's activities with environmental legislation, environmental protection permits, and the ISO 14001 standard, using various methods. We leverage all available resources, including monitoring environmental emissions, outcomes for our processes or activities with material environmental impact, findings from self-inspections and audits, internal audits, security checks, inspections, customer claims, and risk analyses. They confirm the system's suitability and efficiency, and highlight opportunities for improvement. We report environmental data to our management, responsible committees, national authorities, for example, the Slovenian Environment Agency (reports on environmental emissions monitoring), the Association of Chemical Industries at the Chamber of Commerce and Industry of Slovenia (*Responsible Care Reports – RC*), and other stakeholders.

Activities under environmental programmes

The Committee for Monitoring Environmental Aspects and Engineering and Technical Services prepare draft environmental programmes for the Krka Group each year. The Management Board approves the draft and allocates sufficient financial, human and organisational resources to the programmes. The annual programmes specify ongoing activities and actions to increase positive impacts, prevent the occurrence and consequences of negative impacts, and reduce the likelihood of occurrence of risks, while setting targets for specific environmental protection activities with a direct impact on biodiversity and ecosystems, geared towards efficiently and appropriately managing biodiversity- and ecosystem-related impacts.

To align with Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems, we specified key guidelines and policies on biodiversity and ecosystems that form the foundation of our ongoing actions aimed at preserving biodiversity and ecosystems, advancing positive impacts and mitigating potential material negative impacts or reducing the likelihood of their occurrence. Actions and resources related to biodiversity and ecosystems are also indirectly referenced in E1, E2, E3 and E5 standards under specific Disclosure Requirements for specific actions and resources within specific topical standards.

Actions adopted in 2025

Planting bee-friendly trees

We set up a programme for planting bee-friendly trees as part of our biodiversity and ecosystem-related environmental goals and programmes for 2025.

Engagement with associations dedicated to preserving biodiversity and ecosystems

We collaborated with the Novo mesto Fishing Club, which pursues various activities to preserve indigenous species and the biodiversity of the River Krka, and supported the international LIFE-Boat 4 Sturgeons project aimed at conserving sturgeon species in the Danube Basin.

Planned actions

In 2026, we will continue running the programme for planting bee-friendly trees as part of our biodiversity and ecosystem-related environmental goals and programmes. We will also continue working together with associations dedicated to preserving biodiversity and ecosystems.

Expected outcomes of planned actions

- We will further pursue activities under the environmental management system, which allows us to sustainably reduce emissions and natural resource use in the long term and has a positive impact on biodiversity and ecosystems.
- We will continue monitoring emissions to confirm our compliance and identify any deviations from statutory requirements. We will also continue in-process measurements and internal and external controls to improve in-process control and promptly identify any deviations in emissions and natural resource use, thereby mitigating risks related to the conservation of biodiversity and ecosystems.
- We will continue with activities set out in biodiversity and ecosystem-related programmes that have a positive impact on the conservation of endangered species, for example, our campaign to plant bee-friendly trees, which has a positive impact on bee population.
- We will also pursue activities under the E1, E2, E3 and E5 standards associated with the long-term conservation of biodiversity and ecosystems.
- We remain committed to engaging with associations dedicated to preserving biodiversity and ecosystems (for example, fishermen's, beekeepers', and caving associations) and to participating in projects, such as the international LIFE-Boat 4 Sturgeons project aimed at conserving sturgeon species in the Danube Basin. Our collaboration has an indirect positive impact on the conservation of endangered species and ecosystems.

Implementation and monitoring of actions

We implement the actions in our own operations. The *Code of Conduct for Business Partners of the Krka Group* also encourages actors along our value chain to implement them. The Committee for Monitoring Environmental Aspects and the Quality Committee monitor the implementation and effectiveness of the actions. The actions relate to managing positive impacts on the conservation of biodiversity and ecosystems and potential negative impacts on biodiversity and ecosystems. We closely monitor biodiversity and ecosystem-related matters, particularly our material direct impacts, and intend to take additional actions if necessary.

Biodiversity offset

We used no biodiversity offsets in our action plans.

E4-4 – Targets related to biodiversity and ecosystems

We have not identified any direct targets related to biodiversity and ecosystems. We carefully monitor these issues, particularly our material and non-material direct impacts, potential risks, and opportunities. We will add strategic targets if needed. Indirect targets that contribute to reducing environmental burdens and preventing the occurrence of negative impacts are presented under other topical standards, notably E1 – Climate change, E2 – Pollution, E3 – Water and marine resources, and E5 – Resource use and circular economy.

E4-5 – Impact metrics related to biodiversity and ecosystems change

We have no direct metrics for biodiversity and ecosystem conservation. Our largest production site (Ločna in Novo mesto, Slovenia), spanning 25.1 hectares, is not a biodiversity-sensitive area, but is near the River Krka, which is an ecologically important area protected as a Natura 2000 site.

ESRS E5 – Resource use and circular economy

E5-1 – Policies related to resource use and circular economy

Environmental Policy of the Krka Group

Management of material impacts and risks related to resource use and circular economy is part of a broader set of environmental policies and governance approaches. The main focus is the responsible and efficient use of natural resources and the integration of circular economy principles wherever our technological processes allow. The key foundation for managing this area is the *Environmental Policy of the Krka Group*, defined in ESRS E1 under Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation.

Efficient resource use and integration of circular economy principles are essential for preserving natural resources and ensuring their availability for future generations. These aspects are described in detail in the *Environmental Policy of the Krka Group*. Actions geared towards impacts and risks related to resource use and circular economy are specified in section 4 (Efficient use of resources and circular economy) of this policy, which states that 'in all our activities, we prioritise rational use of resources, energy efficiency, and the reduction of all emissions into the environment while adhering to the circular economy. We invest in developing sustainable production processes and collaborate with suppliers who respect our environmental values'. We operate within the constraints of the strict regulations governing the pharmaceutical industry. This ensures that resource efficiency and circular economy principles are integrated into all processes and activities.

Through the *Environmental Policy of the Krka Group*, we commit to the following principles regarding efficient resource use and the circular economy:

- Ensure the rational use of natural resources, energy, and raw materials;
- Reduce water consumption by continuously updating technological processes and reuse;
- Carefully plan efficient use of resources from the early stages of development and in all investment projects;
- Maximise the use of regenerated solvents in our processes;
- Commit to establishing a circular economy.

Section 6 (Waste management) states key activities in our comprehensive waste management system. We adhere to the legally prescribed waste management hierarchy, which includes waste prevention, reuse, separate collection, energy recovery, and safe disposal. In line with this section of the *Environmental Policy*, we pursue the following principles:

- Manage waste in accordance with our waste management plan and guidelines, which encompass legal requirements as well as technical and organisational measures;
- Ensure proper handling of waste products and packaging at the end-user level through integration into collective plans for handling pharmaceutical waste and waste packaging;
- Reduce the amount of generated waste;
- Adhere to the waste management hierarchy and strive to prevent waste generation;
- Follow the principles of circular economy in our waste management process;
- Continuously improve our waste separation system to increase the volume of recyclable and reusable waste and reduce the amount of waste sent to landfills;
- Increase the proportion of returnable packaging in the supply of raw materials;
- Reduce the amount of waste across the entire product lifecycle through the manufacture of single-pill combinations, optimisation of packaging, and other measures.

The *Environmental Policy* is linked to managing the positive impacts (efficient resource use, responsible waste management) and the risks associated with the availability of natural resources.

We implement the policy within our own operations across the Krka Group, and we promote efficient resource use and adherence to circular economy principles throughout the value chain, particularly in its upstream segments, through the *Code of Conduct for Business Partners of the Krka Group*.

Commitment to efficient resource use and the integration of circular economy principles

We fulfil our commitment to efficient resource use and to the integration of circular economy principles by increasing the use of secondary (recycled) resources, increasing the share of regenerated solvents, and ensuring the rational use of resources. However, strict regulatory requirements in pharmaceutical production significantly limit the use of secondary or recycled resources. Legislation generally prohibits their use, except in specific parts of the production process and for certain packaging materials.

E5-2 – Actions and resources related to resource use and circular economy

This section describes the action set related to resource use and circular economy, including ongoing actions, actions taken in 2025, and planned actions.

Ongoing actions

Environmental management system

We roll out resource use and circular economy-related actions within our environmental management system (EMS), which complies with the ISO 14001 standard and consistently ensures systematic management of all environmental matters to reduce environmental impacts. Through ongoing cooperation, information sharing, and investment, we disseminate robust environmental protection guidelines and practices across all subsidiaries. Natural resources are limited, which is why we continually seek opportunities to improve the efficiency of their use. Our commitment to the sustainable use of natural resources and circular economy presents us with ever-new challenges, which we address through projects, activities, and the engagement of all employees.

Monitoring of resource use, waste generation, and internal and external controls

We collect and analyse data on the environmental management system and verify compliance of Krka's activities with environmental legislation and environmental protection permits through various methodological tools. We apply available approaches and information sources, such as monitoring resource use and waste generation, measuring processes and activities with material environmental impact, findings of self-inspections and audits, internal audits, security checks, inspections, customer complaints, and risk analyses. They confirm the system's suitability and efficiency and highlight improvement opportunities. We report environmental data to our management, responsible committees, national authorities, for example, the Slovenian Environment Agency (reports on environmental emissions monitoring), the Association of Chemical Industries at the Chamber of Commerce and Industry of Slovenia (*Responsible Care Reports – RC*), and other stakeholders.

Monitoring of resource use and waste generation, and activities related to resource use and waste

We monitor resource use directly through Krka's SAP ERP (enterprise resource planning) system. In the development of technological processes, in production, logistics and all other activities, we ensure the rational and efficient use of all resources.

Waste generation is monitored through the national waste management information system (IS-Odpadki) and through our own measurements. The data have not been validated by an external body other than the assurance provider. The targets are set at the Krka Group level without stakeholder involvement.

Our comprehensive waste management system adheres to the legally mandated waste management hierarchy. Our primary objective is to prevent waste generation, followed by reuse, separate collection, and energy recovery. Where none of these options are possible, we aim for safe removal and disposal of waste. This approach ensures strong compliance with the waste management hierarchy, reflected in the increased volume of packaging returned for reuse and recyclable waste, consistently high levels of waste sent for regeneration, and a reduction in waste sent to landfill.

We also link resource use and circular economy to our target of specific energy consumption per unit of product, which is described in ESRS E1 under Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation. This target aligns with sustainable sourcing and the use of renewable resources to reduce environmental impacts and resource consumption. It is defined at the Krka Group level without stakeholder involvement.

We closely monitor resource use and circular economy matters. To further improve the monitoring of environmental policy implementation, impact and risk management, and assess effectiveness, we may set additional targets in the future.

Regulatory restrictions prevent the implementation of circular product design, durability, reparability, or recyclability in the pharmaceutical industry. We are integrating circular business practices and recycling into the supply chain by optimising packaging design and implementing return for reuse systems.

Circular material use is maximised through the regeneration and reuse of solvents, as well as the reuse of returnable packaging (e.g. pallets). We are introducing transport packaging that incorporates recycled materials.

We ensure the rational use and reduction of raw material quantities through extensive research and development, leading to innovative products containing multiple active ingredients and optimised technological processes.

Actions outlined in the *Environmental Policy of the Krka Group*

Ongoing actions include those arising from the guidelines set out in the *Environmental Policy of the Krka Group*, specifically sections 'Efficient use of resources and circular economy' and 'Waste management'.

However, we apply circular economy principles wherever possible. In cooperation with suppliers, we have established a returnable packaging system for the delivery of bulk products, increased the share of recycled materials in transport packaging, and optimised packaging dimensions and grammage. In the production of active pharmaceutical ingredients, we use regenerated solvents. For secondary and transport packaging, we apply the concept of environmental suitability, ensuring that all materials used are fully recyclable. To ensure the safe disposal of unused products by end users and the separate collection and recycling of packaging placed on the market with our products, we participate in joint waste management schemes for pharmaceutical products and waste packaging under the Extended Producer Responsibility (EPR) system.

By manufacturing single-pill combination medicines – which contain two or more active ingredients in a single product – we reduce the use of packaging and excipients as well as waste generation compared to the production of single active ingredient medicines.

We handle waste in compliance with legal requirements, waste management plans, and standard operating procedures (SOPs), adhering to the legally mandated waste management hierarchy, circular economy principles, and commitments set out in the ISO 14001 environmental standard related to continuous reduction of environmental impacts.

In line with the waste management hierarchy, our primary target is to prevent waste generation. We pursue this target by optimising production processes and packaging materials, regenerating and reusing solvents, introducing returnable packaging, and using electronic media. The next priority is the reuse of waste materials. However, due to strict regulations governing pharmaceutical production, this stage of waste management can only be applied to a limited extent. We reuse pallets and return certain types of packaging for further use. At the third stage of the waste management hierarchy, we focus on separate waste collection, one of our key waste management targets. We hand over separately collected waste fractions to contracted waste collectors and processors who prepare them for reuse or recycling. Some of these separately collected waste materials are sent to processing facilities for conversion into raw materials or secondary resources. We treat separately collected waste as a valuable source of raw materials – we separate and collect it at the point of generation and prepare it for reuse. All employees in the Krka Group are involved in the waste separation system. Our system relies on advanced equipment for separated collection, pressing and waste transportation. As part of our energy recovery efforts, all waste suitable for this process is transferred to contracted waste processors, where it is processed and prepared for energy utilisation. As the final step in the waste management hierarchy, we ensure the safe disposal of waste, including through incineration by contracted waste disposal providers and landfilling.

A significant waste stream consists of waste organic solvents, which we separate into chlorinated and non-chlorinated categories. Chlorinated waste solvents are handed over for regeneration via a contract collector, while organic waste solvents are processed for energy recovery.

Drafting and implementing environmental programmes

The Committee for Monitoring Environmental Aspects and Engineering and Technical Services prepare draft environmental programmes for the Krka Group each year. The Management Board approves the draft and allocates sufficient financial, human and organisational resources to the programmes. The environmental programmes set out our annual specific activities to prevent or reduce environmental impacts in each environmental protection matter.

Actions adopted in 2025

In 2025, several environmental actions were implemented to enhance resource use and promote a circular economy: introduction of new returnable packaging for bulk product supply, introduction of lighter cardboard and foil containing 30% recycled materials, procurement of equipment for separate waste collection, and the refurbishment of the packaging washing station.

Planned actions

At the end of 2025, the Management Board approved environmental programmes for 2026. In the area of resource use and circular economy, we will continue with activities to optimise packaging materials, increase the share of returnable packaging, and procure additional waste management equipment.

Expected outcomes of planned actions

- We will continue with activities to improve waste separation, enabling a reduction in the share of non-recycled waste relative to the total volume of waste generated.
- We will further implement activities to reduce the overall amount of waste and thereby decrease the specific amount of waste per unit of product.
- We will also continue with activities aimed at rationalising and optimising packaging, gradually reducing the quantity of packaging materials per unit of product.
- In addition, we will continue with activities to reduce the amount of waste disposed at landfills.

Implementation and monitoring of actions

The listed action set is continuously implemented within the Krka Group‘s operations, while measures within the value chain are promoted through the *Code of Conduct for Business Partners of the Krka Group*. These actions are linked to managing the positive impacts (efficient resource use, responsible waste management) and the risks associated with the availability of natural resources. The Committee for Monitoring Environmental Aspects and the Quality Committee verify the effectiveness of the actions by monitoring the effectiveness of the environmental policy.

E5-3 – Targets related to resource use and circular economy

In 2025, we updated the existing strategic goals related to resource use and circular economy, and incorporated them into the *2026–2030 Krka Group Development Strategy*. In doing so, we retained the existing focus areas, namely: reducing the specific amount of waste generated in pharmaceutical activities by 1% per year per unit of product; reducing the share of non-recycled waste within the Krka Group by 1% per year; using more than 30% of regenerated solvents in the production of active ingredients. The target is linked to measuring the effectiveness of managing the positive impacts of efficient resource use and responsible waste management, as well as to managing the risks associated with the availability of natural resources.

Achieving these targets contributes to the successful implementation of the guidelines related to resource use and waste reduction set out in the *Environmental Policy of the Krka Group*. Our targets are based on our own voluntary commitments. In setting these targets, we have also taken into account the guidelines for the EU’s six key environmental objectives. The metric has not been validated by an external body other than the assurance provider. Stakeholders were also not involved in setting the targets. The Committee for Monitoring Environmental Aspects and the Quality Committee monitor the attainment of targets. The targets are not based on compelling scientific evidence.

Targets related to resource use and circular economy

Indicator	Target value	Timeframe	2025	2024
Specific quantity of waste (in kg/thousand product units)	Annual reduction by 1%	Year	0.72	0.73
Share of non-recycled waste in the Krka Group (%)	Annual reduction by 1%	Year	67	68
Share of regenerated solvents in the production of active pharmaceutical ingredients (%)	>30%	Year	34.0	31.4

Specific quantity of waste (in kg/thousand product units)

Specific quantity of waste is calculated as the ratio between the total quantity of waste generated and the quantity of products manufactured in own production (quantity of waste per thousand product units). Waste generated by Terme Krka is not included. Compared with the target reported for 2024 (a reduction of 3% per year), the target for 2025 was updated to a reduction of 1% per year. The reason for this change is the revision of the methodology used to calculate specific quantity of waste. When calculating product units for 2025, only own production is taken into account. For 2024, product units from both own production and contract manufacturing were included. An additional reason for the change is the low level of waste quantity achieved in previous periods, which cannot be significantly reduced further in the future. This is also due to strict requirement governing the packaging of pharmaceutical raw materials and products, as well as packaging optimisation across the supply chain. To ensure data comparability, the baseline value for 2024 has been recalculated using the updated methodology.

In 2024, the baseline year, our pharmaceutical activities generated 0.73 kg of waste per one thousand product units. In 2025, this figure amounted to 0.72 kg per one thousand product units. The specific quantity of waste was therefore reduced by 1%, and the target was achieved.

Share of non-recycled waste (including Terme Krka)

The share of non-recycled waste is expressed in percentage and is calculated as the ratio between the total amount of non-recycled waste and the total amount of all waste generated. Compared with the baseline year 2024, the share of non-recycled waste was reduced by 1%, and the target was achieved. This is a new target, replacing the target reported for 2024 (i.e. a ratio of 4.7 between recycled and disposed mixed waste). The target was revised to improve alignment with ESRS requirements, under which waste must be classified as recyclable and non-recyclable.

Share of regenerated solvents

The share of regenerated solvents is expressed as a percentage and is calculated as the ratio between the volume of regenerated solvents used and the total volume of solvents used in the production of active pharmaceutical ingredients. The share of regenerated solvents used in the production of active pharmaceutical ingredients amounted to 34%, exceeding our ongoing target of more than 30%, which was set as part of the key performance benchmarks for strategy implementation.

E5-4 – Resource inflows

Key resource inflows include raw materials, water, packaging materials, energy sources, and fixed assets used in producing active ingredients, medicines, and product packaging. The most important raw materials are organic solvents, which play a significant role in the production of active ingredients, and active ingredients themselves. Another material resource inflow is bulk products, manufactured by our contract partners in the upstream value chain. We ensure an uninterrupted supply of these resources by diversifying our supply chain across multiple suppliers and maintaining safety stock for these resources. Resource use is presented in the table below. Water and energy consumption is disclosed in topical standards ESRS E1 and E3.

Resource use in 2024 and 2025

Resource (tonnes)	2025	2024
APIs	1,390	1,383
Organic solvents	4,961	5,232
Bulk products	916	819
Finished pharmaceutical products	3,304	2,734
Packaging materials	14,675	15,700
Other materials	15,724	17,065
Materials for production (total)	40,970	42,933

The data on resource consumption are directly sourced from Krka's SAP information system (ERP system: Enterprise Resource Planning system). Data on water and energy consumption are outlined in the environmental topical standard E1 under Disclosure Requirement E1-5 – Energy consumption and mix, and in topical standard E3 under Disclosure Requirement E3-4 – Water consumption. The metric has not been validated by an external body other than the assurance provider.

E5-5 – Resource outflows

Our core business is the production of pharmaceutical products in different pharmaceutical forms used to treat different medical conditions. Due to strict pharmaceutical production regulations, the industry faces limitations in implementing circular economy principles. The return and processing of products, their reuse, disassembly, and similar circular business practices are not permitted in pharmaceutical production. Due to strict regulative requirements concerning quality, safety and efficacy of medicinal products, as well as the nature of the products, we cannot consider our products as designed according to circular economy principles, such as durability, reusability, repairability, disassembly, remanufacturing, and refurbishment. Recycling is only possible for packaging. However, even here, the use of materials is predominantly strictly regulated. However, we apply circular economy principles wherever possible. The use of recycled materials in primary packaging of pharmaceutical products is not permitted. However, they can be used in transport packaging. The share of recycled materials in transport cardboard packaging is 79.1%. This data was obtained from transport packaging material suppliers.

Waste

We have established a waste-management system that complies with legal requirements, environmental standards, and internal regulations. Through employee training and awareness-raising activities, we ensure responsible waste handling and adherence to the set targets. To ensure uninterrupted dispatch and the most environmentally responsible handling, we have partnered with several verified and registered waste collection companies that provide the most environmentally appropriate treatment or disposal of waste.

Quantity of waste in 2024 and 2025 and waste categories

Category (tonnes)	2025	2024	Notes
Waste (total)	12,152	12,697	Total amount of waste generated across all Krka Group activities
Waste diverted from disposal			
Hazardous waste (total)	4,669	5,174	hazardous waste diverted for regeneration or energy recovery
– of which preparation for reuse	/	/	
– of which recycling	628	494	halogenated waste solvent
– of which other processing methods	4,041	4,680	non-halogenated waste solvents, packaging with hazardous residues, machine oils
Non-hazardous waste (total)	5,385	5,512	non-hazardous waste diverted for recycling or energy recovery
– of which preparation for reuse	5	2	printing toners, cartridges
– of which recycling	3,350	3,510	waste packaging (paper, plastic, glass, metal, wood, electrical and electronic equipment, herbs, composite packaging materials)
– of which other processing methods	2,029	1,999	wooden packaging, small mixed packaging, sludge from biological waste water treatment plant, biodegradable organic waste, waste oils
Waste scheduled for disposal			
Hazardous waste	357	401	hazardous waste, diverted for incineration
– of which incineration	357	401	waste from pharmaceutical production containing hazardous substances, waste chemicals
– of which landfill	/	/	
– of which other disposal operations	/	/	
Non-hazardous waste	1,742	1,610	non-hazardous waste, diverted for incineration and disposal
– of which incineration	804	824	waste from pharmaceutical production (material rejected from packaging lines, waste medicinal products)
– of which landfill	938	786	mixed municipal waste, small quantities of mixed construction waste
– of which other disposal operations	/	/	
Recycled and non-recycled waste			
Total amount of non-recycled waste	8,168	8,690	waste diverted for incineration or energy recovery, and landfill disposal
Share of non-recycled waste	67	68	

The main source of data on waste generated in Slovenia is the national waste management information system (IS-Odpadki). Data on municipal waste that is part of the public waste management system are obtained from invoices issued by public waste management service providers. The quantities of waste generated at production sites abroad are derived from records provided by local waste operators and from internal records maintained by Krka employees responsible for waste management.

The quantities of waste generated through administrative activities at representative offices abroad are calculated based on the number of employees and data from internal analyses of waste generated by office activities.
Waste is classified into waste categories in accordance with Directive 2008/98/EC of the European Parliament and of the Council, based on legally prescribed waste assessments. For reporting purposes, waste is grouped into categories in line with the requirements of the ESRS standard. Data on waste generated are reported annually to the competent national authorities. Waste data have not been validated by an external body other than the assurance provider.

Social information

ESRS S1 – Own workforce

S1-1 – Policies related to own workforce[14, 15]

Key policies related to own workforce include the *Human Rights Policy of the Krka Group*, the *Diversity, Equity and Inclusion Policy of the Krka Group*, *Krka's Code of Conduct*, and the occupational safety and health policy. These policies refer to the entire own workforce and serve to effectively manage material impacts, risks and opportunities related to own workforce, as outlined in SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model.

Human Rights Policy of the Krka Group

The *Policy* outlines our commitment to respecting human rights across all aspects of our operations. We are committed to fostering an environment that ensures dignity, equality, and fairness for all stakeholders. The *Policy* commits us to respecting internationally recognised human rights, raising awareness about the importance of protecting them, strengthening our responsibility for them, and contributing to the United Nations Sustainable Development Goals. It identifies significant human rights areas associated with our products, services, and business relationships. The *Policy* prohibits slavery, human trafficking, forced labour, child labour, and discrimination. It highlights our respect for diversity and stipulates that we ensure fair and equitable working conditions, a safe and healthy working environment, the right to assemble and associate, and to receive regular information, and that we protect personal data, the environment, and health. The *Policy* also binds us to review the implementation of its commitments and monitor and supervise its implementation.

It relates to managing positive impacts (recruitment and employee development; providing a safe and healthy work environment and promoting employee well-being; respect for human and workers' rights; employee diversity, inclusion and participation) and potential negative impacts of production processes on employees' health, safety and well-being, pursuing opportunities related to talent attraction and retention, and managing the risk associated with the shortage of qualified workforce.

The *Policy* applies to all Krka Group employees and serves as the basis for further reinforcing our expectations of business partners throughout the supply and sales chain. It is the foundation for the continued development of our corporate culture and complements our *Code of Conduct* and sustainability commitments, along with our policies and development strategy. The responsibility of overseeing the implementation of human rights commitments lies with the relevant Management Board member and the Chief Compliance Officer, who informs the Sustainability Committee. At their regular meetings, the Management and Supervisory Boards address a range of topics, including human rights.

Diversity, Equity and Inclusion Policy of the Krka Group

The *Diversity, Equity and Inclusion Policy* outlines our commitment and underlying principles to respecting and creating a diverse, equitable, and inclusive environment. The primary purpose of the *Policy* is to ensure Krka's responsible approach to employees and fair relationships among them. Treating employees with care and professionalism is an important objective for Krka. We prioritise attracting and retaining talent as a key aspect of our core sustainability commitments. The *Policy* guides us in building diverse teams, where we highly value and respect the diversity of our knowledge, experiences, and perspectives that extend beyond race, nationality, gender, sexual orientation, age, religion, socio-economic status, or other personal circumstances. By fostering a responsible attitude toward everyone, we cultivate fair systems and an inclusive, supportive environment that aligns personal goals and needs with the company's objectives. This approach enhances our appeal to potential employees and helps us maintain or improve employee engagement. We encourage dialogue between the management and employees and facilitate the exchange of opinions and collaborative problem-solving. Key channels include the Works Council, worker assemblies, meetings between employees and senior management, in-house newsletters, and annual performance reviews. We regularly gauge the organisational climate and introduce improvements based on the results. We respect every employee's right to unionise and express their opinions

[14] Also applies to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (G1 – Business conduct)

[15] Also applies to IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities

without fear of discrimination or retaliation. Our commitments arising from the *Policy* are a significant part of Krka's identity and are reflected in our daily activities.

Through the *Policy*, the Krka Group is committed to:

- Recognising and valuing the diversity and uniqueness of its employees;
- Actively promoting a culture of inclusion with a focus on mutual respect, acceptance, and equal opportunities for all employees;
- Raising awareness among employees about the importance and added value of diversity and inclusive, tolerant communication;
- Attracting, hiring, developing, and retaining diverse talents based on the company's needs, regardless of their nationality, background, viewpoints, or other characteristics;
- Establishing systems that ensure equal opportunities for all current and future employees.

The *Policy* sets out three fundamental principles.

Diversity is the foundation of our collaborative culture in an international environment. It is reflected in the actions, knowledge, and experiences that each team member contributes to fulfilling our shared mission and progress. Our global community comprises numerous cultures, ideas, and identities. By recognising and valuing these differences, we harness our collective strength, which underpins innovation and responsiveness in our work.

We understand **fairness** as a commitment to the just and equitable treatment of all employees, ensuring that everyone, regardless of gender, religion, or belief, health status, age, sexual orientation, race, or nationality, has equal opportunities for growth and success. We adhere to the principles of non-discrimination and equal opportunity throughout our recruitment processes, employee engagement, integration into work processes, professional and personal development, and recognition of successful performance.

Through **inclusion**, we strive to create an environment where every employee feels seen, heard, and valued. Partnership and trust are our core values, which is why we foster a sense of belonging among employees, encouraging them to propose diverse ideas that we then integrate into our business practices. Inclusion is the foundation upon which we build our teams, develop our products, and collaborate with the global community.

The *Policy* relates to managing positive impacts (recruitment and employee development; providing a safe and healthy work environment and promoting employee well-being; respect for human and workers' rights; employee diversity, inclusion and participation) and potential negative impacts of production processes on employees' health, safety and well-being, pursuing opportunities related to talent attraction and retention, and managing the risk associated with the shortage of qualified workforce.

It applies to all Krka employees and serves as the basis for further reinforcing our expectations of business partners throughout the value chain.

The Management Board member in charge of compliance and the Chief Compliance Officer oversee the implementation of the *Policy* and report to the Sustainability Committee.

Krka's Code of Conduct

Krka's Code of Conduct defines the principles and rules of ethical conduct and good business practices that are binding to all employees. It is the foundation of all internal policies. The *Code* is presented in more detail under G1, Disclosure Requirement G1-1 – Business conduct policies and corporate culture.

It relates to managing positive impacts (recruitment and employee development; providing a safe and healthy work environment and promoting employee well-being; respect for human and workers' rights; employee diversity, inclusion and participation) and potential negative impacts of production processes on employees' health, safety and well-being, pursuing opportunities related to talent attraction and retention, and managing the risk associated with the shortage of qualified workforce.

Occupational safety and health policy

The occupational safety and health policy commits us to creating a safe and healthy work environment for all employees. The system of occupational safety and health in the controlling company is implemented and certified in accordance with ISO 45001 and is fully incorporated into Krka's quality management system. Employees in subsidiaries and representative offices are bound by corporate recommendations and national legislation, resulting in differences in the scope of coverage of the occupational safety and health system. However, all employees are covered by the system. The policy applies to all Krka Group employees. Krka's management is tasked with implementing the policy, while the heads of organisational units and all employees are responsible for implementing specific tasks.

Key areas of the policy are as follows:

- Preventing potential risks of injury or deterioration of employees' health;
- Identifying safety measures in consideration of potential elimination of a hazard at its source, hazard reduction, implementation of technical and organisational measures, and the use of personal protective equipment;
- Maintaining good relationships in the work environment and consistently implementing safety measures to continuously reduce the risk of injury or health implications;
- Ensuring a safe and harmless work environment by considering the nature of the work and employing appropriate, faultless and ergonomic work equipment;
- Ensuring health care services, providing preventive medical check-ups, and assigning employees to job positions suitable for their health status;
- Regular monitoring, measuring and reporting on the occupational safety and health system performance, including its targets and improvement programmes;
- Ongoing training and awareness-raising among all employees and external partners of the importance of occupational safety and health;
- Engaging employees (through their representatives) in decision-making about the occupational safety and health management system.

The policy relates to managing the positive impacts of providing a safe and healthy work environment and the potential negative impacts of production processes on employees' health, safety and well-being.

Actions to provide and enable remedy for human rights impacts

At Krka, we have established a systematic approach to handling and addressing reports of inappropriate conduct and violations of applicable regulations, internal rules, ethical principles, policies, and human rights, including the principle of non-discrimination. Every employee can file a report with the Chief Compliance Officer (compliance.officer@krka.biz), who usually appoints a working team of experts not affected by the matter to investigate the suspected non-compliance. Directors and heads of organisational units cooperate with the Chief Compliance Officer and are responsible for implementing appropriate activities and ensuring compliance within their respective work areas. We guarantee anonymity to informers and protect them against any potential retaliatory measures, as required by the legislation.

The procedures are detailed in the *Rules on Fraud Prevention, Detection and Investigation*, as outlined in G1-1 – Business conduct policies and corporate culture. Protection measures address the confidentiality of information about the report and the informer, as well as the support to the informer. Any retaliation against the informer is considered a severe breach of *Krka's Code of Conduct*. When a case is closed, we adopt corrective actions if justified. Directors are responsible for corporate compliance in subsidiaries and representative offices and report to the Chief Compliance Officer. Local compliance officers may be appointed, depending on the size of the subsidiary or representative office, and in accordance with national legislation.

Human rights policy commitments relevant to its own workforce

Internationally recognised instruments and principles, embodied in policies related to own workforce (*Human Rights Policy of the Krka Group*; *Diversity, Equity and Inclusion Policy of the Krka Group*; and *Krka's Code of Conduct*):

- *Universal Declaration of Human Rights*;
- *International Covenant on Civil and Political Rights*;
- *International Covenant on Economic, Social and Cultural Rights*;
- *UN Guiding Principles on Business and Human Rights*;
- *OECD Guidelines for Multinational Enterprises*;
- International Labour Organization's *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*;
- International Labour Organization's *Declaration on Fundamental Principles and Rights at Work;*
- International Labour Organization's conventions Nos. 14, 29, 87, 95, 98, 100, 105, 111, 131, 138, 155, 161, 182, 187 and 190;
- *The National Action Plan of the Republic of Slovenia on Business and Human Rights*.

On 31 May 2019, Krka signed the *Commitment to Respect Human Rights in Business Operations* instigated by the Ministry for Foreign Affairs of the Republic of Slovenia. Twenty-four major Slovenian companies signed the document. At the state level, the issue is governed by the *National Action Plan of the Republic of Slovenia on Business and Human Rights*.

The above-mentioned policies related to own workforce also address human trafficking, forced labour, and child labour. These matters are specifically addressed in the *Human Rights Policy of the Krka Group*, which stipulates that, in line with ILO conventions No. 29 *Forced Labour Convention* and No. 105 *Abolition of Forced Labour Convention*, forced, slave, or compulsory labour and human trafficking are prohibited in our operations and throughout our entire value chain. Child labour is prohibited, and we specifically protect young workers. In accordance with ILO conventions No. 138 *Minimum Age Convention* and No. 182 *Worst Forms of Child Labour Convention*, the employment of children is prohibited anywhere within our group or our value chain.

S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

We have procedures in place to engage with own workforce and workers' representatives to address and manage material impacts on the workforce. This ensures that our own workforce's perspectives are considered in key processes.

Types of engagement with own workforce and workers' representatives

We employ multi-level engagement mechanisms, meaning we engage directly with our employees and indirectly through workers' representatives.

Direct engagement

- We conduct Krka appraisal interviews between employees and their supervisors to assess employee satisfaction, their work-related development opportunities, goals, and challenges.
- We regularly gauge the organisational climate to monitor employee satisfaction and engagement, as well as identified impacts on work conditions and the work environment. We conduct organisational climate surveys every two years, engaging all Krka Group employees. We have established a structured process to consider employee perspectives in the decision-making on work conditions and organisational culture, utilising ongoing dialogue, feedback, and monitoring mechanisms. The process guarantees that employee interests and perspectives are taken into consideration in human resource management and business process optimisation. We present the findings of organisational climate surveys to the Human Resource Committee and use them to draft action plans and take corrective actions. The Human Resource Committee confirms the action plans and receives progress reports from Human Resources, the department responsible for follow-up.
- Employees can send their concerns directly to their heads of departments and managerial personnel.
- If employees wish to speak with the President of the Management Board, they can do so by sending an e-mail or my making an appointment to meet in person.
- Each subsidiary has a local compliance officer who works independently and handles employee reports on non-compliances. Employees can make anonymous reports, which protects them from retaliation.

- At annual worker assemblies, employees receive information directly and can present their initiatives.
- We have an inventive work system in place that encourages employees to submit useful proposals and improvements in occupational safety and health, work organisation, quality, and other matters. Each employee can put forward a proposal and actively contribute to improving our processes. Immediate superiors examine the proposals and assess them. Relevant departments discuss them, if necessary. In this way, employees bring about improvements. Human Resources oversees the system and reports to the Human Resource Committee on the delivery of useful proposals and improvements.
- Employees learn about important corporate guidelines at internal events and in communication campaigns. They receive information via the *Bilten* weekly bulletin, the *Krkanet* intranet portal, the *Utrip* internal magazine, and e-mails from the Krkaš.si e-mail address. We have recently added Krka's official social media profiles to our corporate communication tools. We use them to post key information, including information about our operations' societal impacts.
- The campaign Your Effectiveness Counts encourages employees to find ways to be more effective at work, while Krka's Mobility Plan promotes alternative, less environmentally harmful modes of transport.
- Internal communication tools abroad include local issues of *Utrip* (*Puls*) and *Bilten* (*Bulletin*) in national languages, and the *KRKA Bulletin*, our quarterly e-newsletter in English and Russian for our markets without local publications in national languages. We inform our employees about local and important corporate news and campaigns via e-mail and *Krkanet*. Employees in key markets use intranet portals (*Krkanet*) in their national languages. Communication with employees in minor markets is the responsibility of directors of subsidiaries and representative offices, while marketing communication managers are responsible for good communication practices in key markets.

Engagement through workers' representatives

- The Worker Director, also a Member of the Management Board, represents employee interests and forwards employee initiatives to strategic deliberation.
- The Works Council, a link between employees and the management team, represents employee interests in decision-making.
- Employees can raise their concerns and propose initiatives through trade union organisations, advocating for employee rights.
- Workers' representatives, managerial staff, including the President of the Management Board, the Worker Director, and the responsible Member of the Management Board, along with representatives of various departments (Human Resources, Safety and Health, Legal Affairs, Public Relations) meet monthly to discuss current business performance and report on activities affecting employees.
- Collective bargaining agreements are key instruments that set out rights, obligations, and working conditions through mutual agreement among employers, employees and their representatives, enhancing the fairness and transparency of employment relationships and strengthening mutual trust. Collective bargaining agreements are in place in certain Krka Group companies, including Krka, d. d., the largest company in the Group. Certain countries with stronger trade unions have industry-specific collective bargaining agreements.
- The Works Council receives regular information on employment plans, employment dynamics, and occupational safety, allowing it to monitor the company's human resource policy and, when necessary, suggest improvements and modifications.
- The Works Council receives a report on working time, which captures data on working time usage, overtime, and other aspects of working hours. This helps us to optimise working hours and improve working conditions.
- The Works Council must give its consent to any reorganisation measure that has an impact on job positions or working conditions, for example, when changes concern the organisational structure, work processes, job positions, and conditions that might affect employees.
- The Works Council has a dedicated web page on our *Krkanet* intranet portal that features documents discussed at Works Council meetings. Questions sent by employees and responses from relevant departments are published on a dedicated communication web page.

Internal acts prepared by relevant departments are first approved by the Management Board and then forwarded to workers' representatives. Before final approval or modification, a corporate internal act or a collective bargaining agreement is sent to workers' representatives for their opinion or consent. The documents are discussed at the Works Council meeting, where workers' representatives can present modifications to the documents to representatives of the departments and the Management Board or approve the proposals.

The Management Board is tasked with ensuring effective engagement of all stakeholders, with key contributions from:

- The President of the Management Board, who is the principal strategic decision-maker in workforce matters;
- The Member of the Management Board responsible for engaging with both trade unions;
- The Worker Director, the Member of the Management Board representing employee interests and forwarding employee initiatives to strategic deliberation;
- Relevant departments, for example Human Resources, Legal Affairs, and Safety and Health, tasked with drafting expert documents and executing the policies, and Public Relations, responsible for effective corporate communication with the internal public (employees);
- Directors of subsidiaries and representative offices and local departments responsible for implementing the policies and actions in subsidiaries and representative offices.

The controlling company employs a systematic and structured approach to employee engagement. In each country where we operate, we align our employee representation mechanisms with national laws and organisational structures. The type of engagement in companies with workers' representatives is shaped by local specificities and agreements between local management and workers' representatives, allowing us to adapt the engagement modality to the market's cultural and legal specificities. Where there are no trade unions or workers' representatives, alternative employee engagement modalities are in place to ensure equivalent worker representation and to provide the opportunity to raise concerns. The mechanisms are detailed below.

We provide opportunities for direct dialogue and meetings between employees and the management. In certain countries, we hold regular meetings between employees and local management, where employees can directly ask questions, present incentives, and propose improvements to the working environment. The frequency of meetings depends on each site's needs, meaning that they can take place quarterly or half-yearly, depending on the unit's size and the dynamics of change.

Employees can directly contact their superiors and the management of subsidiaries and representative offices, enabling swift discussion of any questions, incentives, or issues raised.

We designate local compliance officers tasked with supervising corporate compliance and integrity and handling non-compliance reports. Each unit has a designated local compliance officer who independently works and handles employee reports of non-compliances or other issues. Employees can make anonymous reports, which protects them from retaliation.

Locally designated personnel are tasked with engaging with employees. Employees can also directly address their questions and concerns to relevant departments or representatives, such as those from Human Resources, or to authorised certified health and safety officers. Department representatives communicate employee incentives to the management and may propose changes.

We regularly gauge organisational climate and satisfaction in all subsidiaries and representative offices to understand employees' needs, even in the absence of formal representation structures.

The Supervisory Board addresses worker participation in management. The Worker Director, who represents workers' interests in human resources and social issues, is a Member of the Management Board. A Deputy President of the Supervisory Board also acts as an employee representative.

Krka has not concluded any global framework agreements or other agreements with workers' representatives regarding respect for the human rights of its own workforce.

Organisational climate surveys allow us to assess employee engagement and satisfaction levels and identify any issues. We adopt actions and monitor their delivery. Incentives adopted following feedback from employees or workers' representatives are discussed at Works Council meetings. Structured dialogue via direct communication channels, the Works Council, trade unions, and satisfaction surveys ensures timely identification and management of material impacts on employees. This engagement mechanism aims to improve working conditions, increase employee involvement, and reduce workforce-related risks, which, in turn, lead to the company's long-term stability and competitiveness.

We encourage employees to submit proposals to improve work processes, occupational safety, and other matters. We regularly examine submitted proposals, implement feasible solutions, and inform our employees of adopted actions. Krka has not concluded any special agreements to evaluate the effectiveness of engagement with its own workforce.

All employees, regardless of their position or circumstances, can make their concerns or suggestions known directly to the company's management, their direct supervisors, and workers' representatives.

S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns

Complaints handling mechanisms and grievance mechanisms

We have established a systematic approach to handling and addressing reports of inappropriate conduct and violations of applicable regulations, human rights, internal rules, and ethical principles. Every employee can file a report via e-mail to the Chief Compliance Officer, who usually assigns a working team of experts not affected by the matter to investigate the suspected non-compliance. When the case is closed, a remedy is provided, if necessary. Employees can find details on the applicable procedure in the *Diversity, Equity and Inclusion Policy of the Krka Group*, the *Human Rights Policy of the Krka Group*, and *Krka's Code of Conduct*, all available on Krka's website and the *Krkanet* intranet portal. Each subsidiary with over 50 employees has a designated local compliance officer tasked with handling the reports, assessing the risks, and implementing appropriate actions. We guarantee anonymity to informers and protect them against any potential retaliatory measures.

Harassment officers handle reports, gather relevant information, and take actions to prevent inappropriate conduct. We adopted clearly defined rules to ensure speedy and effective handling of improper conduct and, in turn, foster respectful relationships. Employees can also raise their concerns through the Works Council or directly with the Worker Director, who is a Member of the Management Board representing workers' interests. We promote open communication, enabling employees to communicate their concerns directly to their superiors.

We regularly train and raise awareness among employees about business integrity and ethical conduct. Information on available channels for raising concerns and procedures for handling them is published on the intranet and in internal publications. We work together with trade unions and workers' representatives to establish and improve the mechanisms for raising concerns. We ensure the effectiveness of the channels by monitoring the reports filed with the Chief Compliance Officer and local compliance officers. The Management Board receives reports on the channels' effectiveness. We use collected data and feedback to regularly upgrade and improve complaint-handling mechanisms. Information on all procedures and actions, as well as contact information, is available to employees on the Chief Compliance Officer's internal website and via an e-course that each employee must complete every two years. This ensures that all stakeholders are informed about the available channels and how to access them. Corporate compliance and integrity principles are also a key component of induction seminars for new employees.

Each policy addresses stakeholders' questions and monitors the effectiveness of stakeholders' engagement by outlining our commitment to monitoring policy implementation and specifying grievance mechanisms that allow us to assess their effectiveness and obtain feedback. The Chief Compliance Officer is the central systematic channel for handling complaints at the Krka Group level. The compliance officer must keep complainants informed about the status and outcome of their reports throughout the complaint-handling process. We prioritise dialogue and consultation with complainants as a means to achieve mutually agreed solutions. We have a zero-tolerance policy for human rights violations, which is also one of our targets detailed in S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.

We have no unified, additional comprehensive system at the Krka Group level for recording and analysing all reports received via all available channels. When an employee identifies a potential compliance, integrity, or mobbing violation, they are directed to file a report with the compliance officer or the harassment officer.

Employee satisfaction surveys do not currently address satisfaction with the performance of grievance mechanisms and procedures. Protecting individuals against retaliation is set out in *Krka's Code of Conduct*, presented in more detail in ESRS G1, Disclosure Requirement G1-1 – Business conduct policies and corporate culture.

S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

A positive working environment stimulates motivation, productivity, and employee satisfaction, contributing to good business performance. Qualified and motivated employees are key to a successful business, competitiveness, and the long-term stability of our business model. Material risks involve the shortage of a qualified workforce, which may impact the company's operational efficiency and competitiveness, and employee turnover, which can arise from shift work or increased competition for skilled professionals, affecting production process stability and employment costs.

When identifying these risks, we also recognise opportunities to improve the working environment and competitiveness. Investments in employee training and upskilling lead to increased productivity and long-term stability of human resources. Optimising work conditions, including flexible work arrangements and a positive working environment, reduces employee turnover and increases employee engagement. Process digitalisation and automation enhance operational efficiency, reduce physical strain on employees, and help attract new talent. High occupational safety and health standards improve employees' health and reduce the likelihood of negative impacts on employees' health, safety, and well-being, contributing to a stable working environment. Targeted awareness campaigns and employee training reduce the likelihood of occurrence of negative impacts related to health and safety of employees.

To reduce risks and pursue opportunities, we make strategic investments in the training and development of our employees, including training in line with national vocational qualification programmes for pharmaceutical production.

These actions reduce the identified impacts and risks, increase positive impacts, and contribute to pursuing opportunities to strengthen our workforce. The actions apply across the Krka Group, except where a specific reference is made that the adopted action applies only to the controlling company.

1. List of key activities and actions taken in the reporting period and planned for the future

Key activities and actions to manage material positive impacts, reduce the likelihood of occurrence of negative impacts and risks, and pursue opportunities are outlined below.

Ongoing actions

Actions	Impacts, risks and opportunities (IRO)[a]
Ongoing operational training programmes, mentoring, and training in line with national vocational qualification programmes for the pharmaceutical production	Recruitment and employee development (I+)
Systematic planning of employee education, employee development, and investments in employee education at all levels	Employee diversity, inclusion and participation (I+)
Systematic human resource development, including early identification of key and promising employees to prepare them for the most demanding professional and leadership roles	Shortage of qualified workforce (R)
Krka appraisal interview between employees and their superiors	Recruitment and employee development (I+)
Educational programmes and leadership schools: rolling out management development programmes focused on inclusive leadership (Krka International Leadership School, operational level leadership school, regional level leadership school, project team leadership school, targeted training in new technologies, quality, expert subject matters, foreign languages, project management, and sustainability practices)	Recruitment and employee development (I+)
Measuring organisational climate and employee satisfaction in the Krka Group	Recruitment and employee development (I+)
Employee engagement through workers' representatives	Employee diversity, inclusion and participation (I+)
Flexible working hours and occasional work from home if the nature of work allows it	Recruitment and employee development (I+)
Adherence to statutory requirements on overtime and rest in production processes where work is organised in shifts	Providing a safe and healthy work environment and promoting employee well-being (I+)
Process digitalisation and automation to reduce physical strain on employees involved in production processes	Employee diversity, inclusion and participation (I+)
Occupational safety improvement programmes, including regular training and technological and safety equipment upgrades	Talent attraction and retention (O)
Key targets and programmes to improve working conditions in terms of employee safety and health	Providing a safe and healthy work environment and promoting employee well-being (I+)
Auditing occupational safety and health systems and fire protection systems at subsidiaries and representative offices	Employee diversity, inclusion and participation (I+)
Maintaining the occupational safety and health system in compliance with ISO 45001 in the controlling company; maintaining the occupational safety and health management system in compliance with national laws and corporate recommendations in subsidiaries	Providing a safe and healthy work environment and promoting employee well-being (I+)

[a] I+: positive impact, I–: potential negative impact, R: risk, O: opportunity

Actions adopted in 2025

Actions	Impacts, risks and opportunities (IRO)[a]
Extending flexible work arrangements, including occasional work from home and flexible working hours, if the nature of work allows it	Providing a safe and healthy work environment and promoting employee well-being (I+)
	Talent attraction and retention (O)
Reducing ergonomic risks at the workplace, especially in production and supply processes, to reduce the risk of musculoskeletal disorders in employees	Providing a safe and healthy work environment and promoting employee well-being (I+)
	Impact of production processes on employees' health, safety and well-being (I–)
Augmenting the occupational safety and health management process and fire protection in production plants of the controlling company	Providing a safe and healthy work environment and promoting employee well-being (I+)
	Impact of production processes on employees' health, safety and well-being (I–)

[a] I+: positive impact, I–: potential negative impact, R: risk, O: opportunity

Planned actions for 2026 and beyond

Actions	Impacts, risks and opportunities (IRO)[a]
Further reducing ergonomic risks at the workplace, especially in production and supply processes, to reduce the risk of musculoskeletal disorders in employees	Providing a safe and healthy work environment and promoting employee well-being (I+)
	Impact of production processes on employees' health, safety and well-being (I–)
Auditing the state of process safety in subsidiaries	Providing a safe and healthy work environment and promoting employee well-being (I+)
	Impact of production processes on employees' health, safety and well-being (I–)
Implementing pressure equipment management system across the Krka Group	Providing a safe and healthy work environment and promoting employee well-being (I+)
	Impact of production processes on employees' health, safety and well-being (I–)
Continued regular auditing of occupational safety and health across the Krka Group	Providing a safe and healthy work environment and promoting employee well-being (I+)
	Impact of production processes on employees' health, safety and well-being (I–)

[a] I+: positive impact, I–: potential negative impact, R: risk, O: opportunity

Expected outcomes of planned actions and their contribution to achieving general and specific goals of our policies

- The actions ensure that production workers are appropriately qualified. All new employees in pharmaceutical and API production are enrolled in national vocational qualification programmes.
- We attract and recruit highly qualified experts to fill job vacancies.
- We systematically invest in human resource training and development to develop key and promising experts and managers, enabling systematic succession planning, business strategy implementation, and stable business performance.
- Investments in employee training and development have a significant impact on employee retention.
- Krka appraisal interviews between employees and their superiors are an important tool for ensuring effective management, identifying potential, motivating, gathering feedback, and supporting employee development within the Krka Group. They help us observe progress, plan future tasks, and develop our employees' career.
- Organisational climate surveys help us identify strengths and weaknesses in our work environment, formulate sustainability strategies to improve employee engagement and well-being, and create a working environment that takes employee perspectives into account.
- Ongoing actions to reduce ergonomic risks at the workplace, especially in production and supply processes, are aimed at minimising risks of musculoskeletal disorders in employees.
- Continued targeted training of employees and external service providers in occupational safety and health and fire safety, in compliance with ISO 45001 and relevant laws, helps to reduce the risk of injury and other safety incidents.

2. Scope of actions

Scope of actions in terms of the company's operations

- Ongoing actions apply to the Krka Group.
- Training and national vocational qualification programmes are part of the Slovenian professional qualification system applicable to the pharmaceutical production.
- The ongoing action related to key targets and programmes to improve working conditions regarding employee safety and health applies to Krka, d. d., Novo mesto, while auditing occupational safety and health systems and fire protection systems applies across the Krka Group.

Impact on upstream and downstream value chain

- Improved workforce qualification, stability, and a safe and healthy work environment positively impact the reliability of in-house product manufacturing. We have adopted the *Code of Conduct for Business Partners of the Krka Group* to encourage upstream and downstream value chain actors to roll out these actions.

Geographies of actions

- Training in line with national vocational qualification programmes applies to Slovenia.
- Ongoing actions apply to the Krka Group.

Affected stakeholder groups

- Ongoing actions apply to all Krka Group employees.

3. Time horizons: determination of timeframes for implementing the actions

- We rolled out technical and organisational actions to reduce ergonomic risks in 2025 and will continue pursuing them in 2026.
- We implemented the action to augment occupational safety and health management process and fire protection in the production plants of the controlling company in 2025. The action will deliver a positive long-term impact.
- We conducted audits of the state of process safety in subsidiaries and audits of occupational safety and health across the Krka Group throughout 2025 and will continue to do so in the future.
- In 2026, we will begin implementing the pressure equipment management system across the Krka Group, yielding a positive long-term impact.

4. Remedy: description of actions to remediate or reduce negative impacts on affected stakeholders

We identified no actual negative impacts on own workforce. However, we have actions in place to manage the occurrence of potential negative impacts.

5. Progress: quantitative and qualitative information regarding the progress of actions or action plans disclosed in prior periods

In 2025, 68 production workers at the Company completed the national vocational qualification programme.

The Krka Group received the TOP Investor in Education Certificate in 2025, showing that external institutions recognise us as a company that invests in education.

In 2025, we conducted the organisational climate survey.

We will continue to monitor the effectiveness of actions, regularly report on the progress of annual and ongoing actions, and align our strategies to deliver on sustainable development and ensure employee satisfaction.

In 2025, the controlling company, holding the ISO 45001 certificate, again passed the quality system audit related to occupational safety and health.

We identified no material negative impacts on our own workforce or contribution to negative impacts through our own practices, including practices concerning procurement, sales and data use.
We manage material impacts related to own workforce through a clear human resource strategy, approved by the Management Board and monitored by the Human Resource Committee. Our departments, for example Human Resources and Safety and Health, carry out key activities in this matter. We manage material impacts through engagement with the Works Council and both trade unions. If any deviations occur, the Chief Compliance Officer becomes involved. The Management Board provides sufficient financial resources each year to implement the actions.

Our human resource strategy addresses the following impacts:
- Recruitment and employee development;
- Providing a safe and healthy work environment and promoting employee well-being;
- Respect for human and workers' rights;
- Employee diversity, inclusion and participation;
- Impact of production processes on employees' health, safety and well-being.

We also address the risk of recruiting qualified workforce and the opportunities associated with talent attraction and retention.

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Key strategic guidelines related to employees, integrated into our development strategy and sustainability targets through 2030, focus on ensuring qualified workforce; attracting and retaining talent; and career-long professional learning at Krka. We strengthen internationalisation within the Krka Group by managing employee potential in an international environment and activating all human resources to achieve the Group's strategic and operational goals. The Human Resource Committee monitors additional employee-related targets. The calculations used to assess target attainment have not been verified by an independent external body. All targets apply to the Krka Group, do not involve the upstream or downstream value chain, and are set for each year separately.

In 2025, we revised employee-specific ESG goals to link them even more directly to the identified material impacts, risks, and opportunities, as well as to our policies and activities designed to manage them. In doing so, we further improved the measurement of material impacts, risks and opportunities. We incorporated the revised ESG goals into the updated *2026–2030 Krka Group Development Strategy*, adopted by the Supervisory and Management Boards of Krka. The goals are specified in *Strategic ESG Goals*, published on Krka's corporate website.

Defined targets

Indicator	Target value	Timeframe	2025	2024
Employees trained in corporate compliance and human rights	All employees every two years	Annual	12,671	5,222
Employees trained in sustainability			1,618	10,257
Average training hours per employee	40 hours	Annual	49.0 hours	43.8 hours
Share of key and promising employees among all employees	≥10%	Annual	13%	14%
Resources invested in training relative to revenue	0.35–0.5%	Annual	0.44%	0.44%
Documented cases of fraud, corruption, corporate non-compliance, unethical, unprofessional, or unlawful conduct by employees	0	Annual	0	0
Cases of human rights violations	0	Annual	0	0
Average organisational climate score by engagement index	≥3.6	Every two years (measurement by the end of 2025)	4.0	3.8 (figure for 2023; applies also to 2024)
Maintaining and ensuring appropriate gender split (male-to-female ratio) – share of women	≥50%	Annual	60%	60%
Share of female employees in senior management positions	≥50%	Up to 2027	45%	47%
Employee turnover	≤15%	Annual	12.4%	12.6%
Rate of work-related injuries	<10	Up to 2030	3.10	4.88

Employees trained in corporate compliance and human rights

This indicator is key to monitoring employees' awareness of sustainability, corporate compliance, and human rights. We identify progress through annual monitoring of training participation. Each new employee undergoes pre-employment training in corporate compliance and human rights at the induction seminar. The company also runs internal campaigns for all employees every two years, alternating the sustainability topic with the corporate compliance and human rights topic each year, so that each year the campaign addresses one of the two topics. In 2024, the campaign focused on sustainability, while in 2025 it addressed corporate compliance and human rights. Data used to calculate the indicator are obtained from internal systems. The indicator relates to the impacts of recruitment and employee development, and respect for human and workers' rights, and the opportunity associated with talent attraction and retention.

Employees trained in sustainability

This indicator is key to monitoring the employees' awareness of sustainability, corporate compliance, and human rights. New employees undergo sustainability training at the induction seminar. The company also runs internal campaigns for all employees every two years, alternating the sustainability topic with the corporate compliance and human rights topic each year, so that each year the campaign addresses one of the two topics. In 2024, the campaign focused on sustainability, while in 2025 it addressed corporate compliance and human rights. We identify progress through annual monitoring of training participation. Data used to calculate the indicator are obtained from internal systems. The indicator relates to the impacts of recruitment and employee development, and respect for human and workers' rights, and the opportunity associated with talent attraction and retention.

Average training hours per employee

The indicator highlights the importance of lifelong learning for successful work, career advancement, professional development, and personal growth. We identify progress through annual monitoring and recording training hours. We report on the indicator to the Human Resource Committee once a year, considering all training hours employees attended during the reporting period. The total number of employees includes all workers employed as at 31 December or on the last day of the reporting period. The following formula is used: total hours of training in the reporting year / number of employees on the last day of the reporting period (31 December). The indicator relates to the impact of recruitment and employee development and the opportunity associated with talent attraction and retention.

Share of key and promising employees among all employees

Early identification of key and promising employees, and their development are important for strengthening the company's internal potential and for succession planning. We track progress through Krka appraisal interviews, potential assessments, development interviews, and the review of human resource records for key and promising employees. We report on the indicator to the Human Resource Committee annually. Key and promising employees are identified among all Krka Group employees as at 30 June of the current year. Key and promising employees are those who deliver strong work performance, demonstrate high professional and/or managerial potential, hold key job positions, or possess specific expertise relevant to the company's uninterrupted operations. The following formula is used: number of key and promising employees approved by the Human Resource Committee / total Krka Group employees as at 30 June of the current year. The indicator relates to the opportunity associated with talent attraction and retention.

Resources invested in training relative to revenue

Planned investment in employee training embodies our systematic approach to employee training and development. We track progress through an annual training budget review relative to revenue. The indicator applies to the Krka Group and is calculated annually by determining the share of training costs relative to revenue. The following formula is used: training costs / revenue. The indicator relates to the impact of recruitment and employee development and the opportunity associated with talent attraction and retention.

Documented cases of fraud, corruption, corporate non-compliance, unethical, unprofessional, or unlawful conduct by employees

The indicator is key to preventing fraud, corporate non-compliance, corruption, unethical, unprofessional or unlawful conduct by employees. We identify progress through case oversight by the Chief Compliance Officer. At Krka, we have established a systematic approach to handling and addressing reports of inappropriate conduct and violations of applicable regulations, internal rules, ethical principles, and human rights, in line with the *Rules on Fraud Prevention, Detection, and Investigation*. Every employee can file a report with the Chief Compliance Officer (compliance.officer@krka.biz). The indicator relates to the impact of respect for human and workers' rights.

Cases of human rights violations

The indicator is key to maintaining zero human rights violations in the company and its value chain. We identify progress through case oversight by the Chief Compliance Officer. At Krka, we have established a systematic approach to handling and addressing reports of inappropriate conduct and violations of applicable regulations, internal rules, ethical principles, and human rights, in line with the *Rules on Fraud Prevention, Detection, and Investigation*. Every employee can file a report with the Chief Compliance Officer (compliance.officer@krka.biz). The indicator relates to the impact of respect for human and workers' rights.

Average organisational climate score by engagement index

Organisational climate and employee satisfaction measurements are used to identify strengths, address weaknesses, develop sustainability strategies to recruit and retain good employees, and improve engagement, the positive work environment, and well-being in the company. Organisational climate is measured by the engagement index (ranging from 1 to 100). We conduct a biennial survey for all Krka Group employees, review the results, formulate action plans, and follow up on their execution. We report to the Human Resource Committee. The following formula is used: average score of all organisational climate items in the Krka Group (except Russian Federation) + (average score in the Russian Federation x weight based on the ratio of Krka Group employees to employees in the Russian Federation) / total Krka Group employees on the last day of the reporting period. The indicator relates to the impacts of providing a safe and healthy work environment and promoting employee well-being, and employee diversity, inclusion and participation, the opportunity associated with talent attraction and retention, and the risk of shortage of qualified workforce.

Maintaining and ensuring appropriate gender split (male-to-female ratio)

The indicator is key to monitoring gender balance at the company and promoting diversity. We track progress through annual analysis of employee demographic data and align employment strategies. The indicator relates to the impact of employee diversity, inclusion and participation. In 2025, we modified the target, replacing the 40/60 male-to-female ratio with a minimum 50% share of women. The revised target more accurately reflects the principle of equal opportunities and neutral employment and has no impact on the actual gender split.

Share of female employees in senior management positions

The indicator is key to monitoring the share of female employees in management positions and to promoting gender equality in management. We identify progress through monitoring the share of female employees in management positions. The methodology and assumptions are specified in S1-9 – Diversity metrics. The indicator relates to the impact of employee diversity, inclusion and participation. In 2025, we modified the target, renaming it from 'The share of female employees in management positions' to 'The share of female employees in senior management positions' to better align with the S1-9 standard. We also adjusted the target value, increasing it from 50% to at least 50%, embodying our commitment to promoting gender equality in top management.

Employee turnover

The indicator is key to retaining talent to deliver on strategic orientations. It enables us to monitor the ratio of the number of employees who left the company in a year to the number of employees on the last day of the reporting period. The methodology and assumptions are specified in S1-6 – Characteristics of the undertaking's employees. The indicator relates to the impact of employee diversity, inclusion and participation. In 2025, we modified the target, setting a more stringent value of up to 15%, down by 5 percentage points from the previous value of up to 20%. The new target value reflects our commitment to maintaining a stable workforce and relates to several other actions geared toward managing the impacts and opportunities associated with own workforce.

Rate of work-related injuries

The indicator is key to delivering on strategic orientations in occupational safety and health. The rate is based on 1,000,000 hours worked and indicates the number of work-related injuries per 500 full-time people in the workforce over a 1-year timeframe. The calculation includes work-related accidents resulting in death or permanent disability. The indicator relates to the impacts of providing a safe and healthy work environment and promoting employee well-being and the impact of production processes on employees' health, safety and well-being. In 2025, we modified the target, replacing the LTIFR indicator (set to up to 5) with a new one. LTIFR was reported in the 2024 Sustainability statement. The new indicator is better aligned with the metric reported under Disclosure Requirement S1-14 – Health and safety metrics. LTIFR included all cases of absence due to workplace accidents resulting in three or more days' absence from work, while the new indicator includes all cases of absence, regardless of duration. The target value of the new indicator is set higher than the previous one because the new indicator encompasses a wider range of work-related absences.

Occupational safety and health-related reporting in the *2024 Annual Report* included two additional targets: the number of fire drills and the hours of training in occupational safety and health. During the ESG goal revision in 2025, we established that the 'Rate of work-related injuries' indicator comprehensively measures the progress in managing impacts on employees, including the impact of preventive actions in occupational safety and health, previously measured under the additional two targets reported in 2024.

Adoption and validation of targets

All indicators refer to the Krka Group. Stakeholders have not been involved in target setting.

Human Resources proposes and Krka's Management Board approves the strategy, policies, targets, and activities related to own workforce. The Supervisory Board also approves the targets set out also in the *2026–2030 Krka Group Development Strategy*. The Human Resource Committee monitors and oversees key targets and activities related to own workforce. The Worker Director, representing employees, also sits on the Human Resource Committee. The Sustainability Committee receives information on the progress toward ESG goals.

The members of the Works Council discuss the employment plan, working time report, and all changes in job organisation and classification at their regular meetings. Annual reporting to the members also addresses activities related to human resource management, training, human resource development, working hours, health care, and employment of people with disabilities. Separate reports on occupational safety and health activities and situation are prepared.

The Management Board adopts key occupational safety and health targets and programmes and oversees their implementation. Occupational safety and health workgroups operate in organisational units and production sites, facilitated by an authorised, certified HSW officer from Safety and Health.

S1-6 – Characteristics of the undertaking's employees

Total number of employees by head count, and breakdowns by gender and by country for countries in which the undertaking has 50 or more employees representing at least 10% of its total number of employees on the last day of the reporting period

Country	2025	2024
Slovenia	7,749	7,588
Russian Federation	2,025	1,862

As at 31 December 2025, the Krka Group had 13,236 employees, of whom 1,324 represent 10% of the total number of employees.

Employee breakdown by gender

Gender	2025	2024
Male	5,258	5,098
Female	7,978	7,712
Employee total	**13,236**	**12,810**

Total number of employees of different categories by head count or full time equivalent (FTE)

Year	Female	Male	Other[a]	Not disclosed	Total
Number of employees (head count)					
2025	7,978	5,258	0	0	**13,236**
2024	7,712	5,098	0	0	**12,810**
Number of permanent employees (head count)					
2025	7,008	4,659	0	0	**11,667**
2024	6,751	4,557	0	0	**11,308**
Number of temporary employees (head count)[b]					
2025	970	599	0	0	**1,569**
2024	961	541	0	0	**1,502**
Number of non-guaranteed hours employees (head count)					
2025	0	0	0	0	**0**
2024	2	0	0	0	**2**
Number of full-time employees (head count)[c]					
2025	/	/	/	/	/
2024	/	/	/	/	/
Number of part-time employees (head count)[c]					
2025	/	/	/	/	/
2024	/	/	/	/	/

[a] Based on employee self-reports.
[b] In some instances, employees are initially offered temporary employment during the induction period in accordance with the national legislation. After the induction period, they are usually offered permanent employment, depending on labour requirements. Temporary employment is also used to cover long-term absences.
[c] Data on the number of full-time and part-time employees or full-time equivalent (FTE) are not reported separately. These breakdowns are voluntary and not included in our disclosures.

Methodology and assumptions: The data refer to the number of employees on the last day of the reporting period (31 December) and represent the actual number of employees. The data were obtained from the internal human resource system and are managed by human resource employees in each market. Employee numbers are broken down by country, gender, and employment type (temporary and permanent employment). The data reflect a specific point in time rather than a long-term average and do not include methodological adjustments or estimations. Data on contract type comply with the national definitions and laws.

Methodological limitations: The employee count does not reflect changes over time; it reflects the employment situation on a specific date in 2025. Gender self-reporting is subject to the national legislation of each country where the company operates. In most countries, individuals cannot legally register a third, often neutral, gender, categorised as 'other', limiting related reporting.

External verification: The metrics have not been verified by an external body.

Name of metric: Number of employees.

Unit: /

Total number of employees who have left the undertaking during the reporting period and rate of employee turnover in the reporting period

	Unit	2025	2024
Number of workplace exits	/	1,646	1,618
Turnover rate	%	12.4	12.6

Methodology and assumptions: Total turnover rate is expressed as a percentage and calculated using the following formula: (number of workplace exits in a year / number of employees on the last day of the reporting period) x 100.

Number of employees on the last day of the reporting period: The number of all Krka Group employees on the last day of the reporting period, as reported in the *Annual Report*. No averages are used in the calculation.

Number of workplace exits in a year: Total number of employees who left the company in a year voluntarily or due to dismissal, retirement, or death in service. Internal transfers between Krka Group units are not included (as they could be seen as a workplace exit in one unit and a new hire in another). Workplace exit day refers to an employee's final day at the workplace.

Data for the calculation (numerator and denominator) are obtained from the internal human resource system or internal records and are managed by human resource employees or a local responsible person.

Methodological limitations: The number of employees in the numerator does not reflect the changes in the number of employees in a year. The calculation factors in the number of employees at the end of the reporting period.

External verification: The metric has not been verified by an external body.

Name of metric: Employee turnover.

Unit: Percentage.

The reported information is also provided in the 'Financial report' under the 'Notes to consolidated financial statements' ('32. Profile of the Krka Group').

S1-8 – Collective bargaining coverage and social dialogue

Working conditions and terms of employment for our employees in the European Economic Area (EEA) are partly determined or influenced by collective bargaining agreements and national legislation. Employees participate in social dialogue through workers' representatives and Works Councils at the unit level.

Collective bargaining agreements cover 64.3% of Krka Group employees.

Collective bargaining coverage and social dialogue

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with >50 empl. representing >10% of total empl.)	Employees – non-EEA (estimate for regions with >50 empl. representing >10% of total empl.)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% of total empl.)
0–19%	/	/	/
20–39%	/	/	/
40–59%	/	/	/
60–79%	/	/	/
80–100%	Slovenia	/	Slovenia

Slovenia is the only EEA country with significant employment, although collective bargaining also covers employees in some other EEA countries.
Data on non-EEA countries are omitted, as allowed by Commission Delegated Regulation (EU) 2025/1416.

In the Krka Group, workers' representatives represent 62.9% of employees.

There is no agreement with the employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

Methodology and assumptions: Shares are calculated based on the number of employees on the last day of the reporting period, accounting for the cut-off point. The data on the number of employees were obtained from the internal human resource system or from internal records managed by human resource employees or a local responsible person in each market. The data reflect a specific point in time rather than a long-term average and do not include methodological adjustments or estimations. A periodic review is conducted to identify companies covered by collective bargaining

agreements and those that are not. The relevant records must be up to date, complete and consistent with the current situation.

Methodological limitations: The number of employees used to calculate coverage does not reflect changes in the number of employees over the year.

External verification: The metrics have not been verified by an external body.

Name of metric: Share of coverage.

Unit: Percentage.

S1-9 – Diversity metrics

The Krka Group's top management comprises key management personnel who play a crucial role in shaping and executing corporate strategy. These top positions in the corporate hierarchy set guidelines and drive the achievement of strategic objectives. The Krka Group's top management comprises the Management Board and directors within the company (directors who manage sectors, heads who supervise independent departments, and directors who manage representative offices and subsidiaries).

Number of top management workers

	2025		2024	
Gender	Number of employees in 2025	Share (%)	Number of employees in 2024	Share (%)
Female	25	45	27	47
Male	30	55	31	53
Total	**55**	**100**	**58**	**100**

Age distribution

	2025		2024	
Age group	Number of employees in 2025	Share (%)	Number of employees in 2024	Share (%)
Under 30 years old	2,286	17.27	2,209	17.24
30–50 years old	8,489	64.14	8,324	64.98
Over 50 years old	2,461	18.59	2,277	17.78
Total	**13,236**	**100.00**	**12,810**	**100.00**

Methodology and assumptions: The data present top management composition by gender and employee age distribution on the last day of the reporting period. Data are obtained from the internal human resource system or internal records.

Gender distribution at top management: The disclosure specifies the number and percentage of women and men at the top management level.

Employee age distribution: Employees are distributed into three age groups, i.e. under 30 years old, 30 to 50 years old, and 50 years old or older. The disclosure relates to the absolute number of employees and the share of each age group.

The data reflect the human resource structure at a given point in time (on the last day of the reporting period) rather than trends or changes over time.

Methodological limitations: The disclosed data do not reflect changes over time; they reflect the situation on a certain date.

In some countries, gender data may be restricted by national legislation that recognises only two genders.

Age composition adheres to pre-set age groups, which might not accurately reflect demographic differences in the workforce.
External verification: The metric has not been verified by an external body.

Name of metric: Diversity metrics (top management diversity and employee age distribution).

Unit: Percentage.

S1-10 – Adequate wages

All Krka Group employees (100%) are paid an adequate wage. An adequate wage means a wage that meets the needs of a worker and his/her family and a decent standard of living in the light of national economic and social conditions.

We also adhere to national collective bargaining agreements, where adopted.

S1-14 – Health and safety metrics

Krka's occupational safety and health is implemented and certified in compliance with ISO 45001 and is fully incorporated into Krka's quality management system. The system covers all employees of the controlling company. External auditors verify its performance every year, and we regularly conduct internal audits of the system. At the controlling company level, we have a dedicated occupational safety and health team tasked with formulating and executing key goals and programmes, approved by the Management Board, and ensuring regular reporting to the Management Board. All employees in subsidiaries are covered by the occupational safety and health management system in line with the national legislation and corporate recommendations (*Instructions for managing occupational safety and health in subsidiaries and representative offices of Krka abroad*). The system is subject to internal audits. We have progressively implemented uniform guidelines that consider internal instructions, safety documents and occupational safety and health policy.

Table for occupational safety and health metrics

Metric	2025	2024
Share of employees covered by the occupational safety and health system	100%	100%
Number of fatalities as a result of workplace accidents and work-related ill health for employees	0	0
Number of fatalities as a result of workplace accidents and work-related ill health for agency and student workers (value chain workers are not monitored)	0	0
Number of work-related accidents for employees[a]	74	100
Rate of work-related accidents for employees	3.10	4.88
Number of cases of work-related ill health for current and former employees	0	1
Number of cases of work-related ill health for agency and student workers	0	0
Number of days lost for employees	2,054	2,091
Number of days lost for agency and student workers[b]	0	/

[a] All accidents were minor (hits, cuts and slips).
[b] Reported for the first time in 2025.

There were no cases of work-related ill health in the Krka Group.

Policies and records for agency workers are aligned with those for Krka Group employees. Our data disclosures also take into account agency workers.

Occupational safety and health data are obtained from internal IT systems or surveys for subsidiaries and representative offices. Assumptions were used to determine the number of days lost to work-related injuries. Other metrics involve no assumptions. The metrics have not been verified by an external body. To consider all calendar days, rather than just working days, when determining the number of days lost for 2025, the number of working days lost was increased by the ratio of non-working days to working days presented in the 2025 work calendar of the controlling company. Under the

above assumption, the calculation of days lost also includes non-working days as per the standard. Days lost include days lost to work-related injuries that occurred in 2025.

S1-16 – Remuneration metrics (pay gap and total remuneration)

Pay gap

Metric	2025	2024	Note
Krka Group gender pay gap	11.0%	12.8%	At the Krka Group level, the average gross hourly rate of female employees in 2025 was 11.0% lower than that for male employees.
Gender pay gap for Krka, d. d., Novo mesto in Slovenia	2.0%	1.7%	At the Company level in Slovenia, the female employees' average gross hourly rate in 2025 was 2.0% lower than that of male employees.

Pay gap calculation methodology was updated to reflect a more detailed definition of the indicator and improved data availability, resulting in a more comprehensive and comparable overview. The previously published value for 2024, calculated under the previous approach, was 12% for the Krka Group and –0.3% for the controlling company in Slovenia.

Methodology and assumptions: The gender pay gap is calculated as the difference in average gross hourly rate between male and female employees, expressed as a percentage of the average gross hourly rate of male employees. The calculation includes all Krka Group regular employees on the last day of the reporting period and is based on the average gross hourly rate of male and female employees, calculated from total employee remuneration. The calculation of the gender pay gap relies on the purchasing power index by countries, based on International Monetary Fund data on gross domestic product based on purchasing power parity (PPP) for 2025 (current prices), for countries where Krka has subsidiaries and representative offices. The metrics are calculated on the basis of the purchasing power parity index for Slovenia (Slovenia = 100).

Methodological limitations: Differences in remuneration in terms of work complexity, work experience, educational level, or work conditions, which might affect the results, are not taken into account in the calculation. Statistical analysis does not necessarily reflect gender equality or inequality, because not all factors that affect differences in the average hourly rate are considered.

External verification: The metric has not been verified by an external body.

Name of metric: Gender pay gap.

Unit: Percentage.

Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees

Metric	2025	2024
Ratio of the remuneration of the highest paid individual to the median total remuneration of employees	43.04	42.63

The calculation methodology for the total remuneration ratio was updated to reflect improved data availability and accuracy, as well as a clearer definition of the indicator, resulting in a more comparable and comprehensive overview. The previously published value for 2024, calculated under the previous approach, was 39.84.

The difference in the ratio was also influenced by the transfer of over 1,000 agency workers to the employee payroll of Krka, d. d., at the end of 2024.

Methodology and assumptions: The remuneration ratio is calculated as the ratio of the annual gross remuneration of the highest paid individual to the median Krka Group employee annual gross remuneration, excluding the highest paid individual. The remuneration payment period from 1 January to 31 December of the reporting period was considered. The calculation included employees on the company's payroll as at 31 December of the reporting period. The calculated total remuneration is used to calculate the median total remuneration for all employees (excluding the highest paid individual), which is then compared with the total remuneration of the highest paid individual.

In accordance with the standard, the calculation considered the following types of remuneration: base salary, allowances, bonuses, Christmas bonus, company performance bonus and other forms of variable remuneration, compensations, other allowances, supplementary health and pension insurance, perks, and benefits in kind. The calculation of the ratio of the remuneration of the highest paid individual to the median total remuneration of employees relies on the purchasing power index by countries based on International Monetary Fund data on gross domestic product based on purchasing power parity (PPP) for 2025 (current prices) for countries where Krka has its subsidiaries and representative offices. The metrics are calculated based on the purchasing power parity index for Slovenia (Slovenia = 100).

Methodological limitations: Differences in annual remuneration in terms of work complexity, work experience, educational level, work conditions, and employee attendance are not taken into account in the calculation.

External verification: The metrics have not been verified by an external body.

Name of metric: Ratio of the remuneration of the highest paid individual to the median total remuneration of employees.

Unit: /

S1-17 – Incidents, complaints and severe human rights impacts

Reported incidents, complaints and severe human rights impacts

Type of reported incident, complaint or severe human rights impact	2025	2024
Discrimination, including harassment	0	0
Complaints filed through channels for people in the undertaking's own workforce to raise concerns	0	0
Complaints filed to the National Contact Points for OECD Multinational Enterprises	0	0
Fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed	0	0
Severe human rights incidents connected to the undertaking's workforce and fines, penalties and compensation for damages for such incidents	0	0

ESRS S2 – Workers in the value chain

S2-1 – Policies related to value chain workers[16, 17]

Material impacts associated with value chain workers are presented under SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model. The policies upon which we manage them are the *Due Diligence Policy of the Krka Group*, the *Human Rights Policy of the Krka Group*, the *Environmental Policy of the Krka Group*, and the *Code of Conduct for Business Partners of the Krka Group*. These policies cover all value chain workers rather than specific groups. Owing to the specificities and strict regulations in the pharmaceutical industry in which we operate, we closely monitor integrated quality management, the quality, safety, and efficacy of medicines and APIs, legislative and regulatory compliance, and fair marketing and sales practices. That is why we regularly screen our suppliers. In 2025, we set up the due diligence process to assess the risks of human rights violations and adverse environmental impacts. The process is presented in more detail under the Disclosure Requirement IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities. We intend to further enhance the due diligence process to ensure compliance with the Corporate Sustainability Due Diligence Directive (CS3D). We are committed to applying the principles of the above-mentioned policies to increase our material impacts related to value chain workers and prevent the occurrence of material negative impacts. These issues relate to corporate integrity, human rights, protection of the natural environment, and ensuring uninterrupted supply chain operations, which positively impact our ability to maintain an uninterrupted supply of quality, safe, and effective products.

[16] Also applies to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (G1 – Business conduct)

[17] Also applies to IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities

Due Diligence Policy of the Krka Group

The *Policy* reflects our commitment to appropriate identification, prevention, mitigation, and remediation of adverse impacts on the social and natural environment, as well as their appropriate handling. It is designed to ensure an effective and systematic review of business operations, processes, and activities in compliance with applicable legislation, internal rules, and other documents, as well as quality and safety standards, with a focus on respecting human rights and protecting the natural environment throughout the entire value chain. The *Policy* aims to prevent fraud, detect irregularities, improve risk management – particularly in human rights and natural environment protection – and ensure integrity. Due diligence helps companies better define and manage business and operational risks, identify opportunities to reduce costs, improve understanding of markets and strategic supply sources, and reduce the likelihood of incidents related to the areas covered by the *OECD Guidelines for Multinational Enterprises*, as well as exposure to systemic risks.

Besides our strategic commitment and responsible business conduct, the *Policy* defines (1) our approach to identifying human rights violations and adverse impacts on the environment, (2) our commitment to prevent, mitigate or remediate the violations and adverse impacts, (3) our commitment to upgrade the system for monitoring the effectiveness of Krka's policies and measures, as well as reporting on impact management, (4) the grievance mechanism that our stakeholders can use to report suspected violations of our policies and commitments to respect human rights and protect the environment, and (5) the responsibility to implement the *Policy*.

We promote adherence to the commitments set out in the *Policy* throughout our value chain. The *Policy* is binding not only in the controlling company, but also in all Krka Group subsidiaries. We encourage our business partners to adhere to internationally recognised standards, our commitments, and principles associated with respect for human rights and environmental protection. The member of the Management Board responsible for compliance and the Chief Compliance Officer are tasked with overseeing the implementation of due diligence processes. The *Policy* relates to managing positive impacts of sustainable value chain management and potential negative impacts on human and workers' rights in the supply chain. The adequacy and effectiveness of the *Policy* are typically reviewed annually.

Code of Conduct for Business Partners of the Krka Group

The *Code of Conduct for Business Partners of the Krka Group* is a commitment to implementing environmental, social, and governance principles and to promoting their integration into business processes across the entire value chain, from suppliers (upstream) to direct customers (downstream). The *Code* summarises the principles of ethical and sustainable business practices that we expect from our business partners. We understand that we can only deliver on our long-term business and sustainability goals through collaboration with our partners. Together, we contribute to achieving global sustainability goals, particularly in human rights and environmental protection. Guidelines and other instruments covering those two areas form the cornerstone of the *Code*. The *Code of Conduct for Business Partners of the Krka Group* outlines the framework of principles and expectations for Krka's business partners, in particular concerning: (1) human rights, workers' rights, and fair employment practices, (2) health and safety, (3) environmental compliance, sustainability, and goals, (4) ethical conduct, and (5) governance and management systems. The *Code* relates to managing positive impacts of sustainable value chain management and potential negative impacts on human and workers' rights in the supply chain. Krka's Management Board is responsible for implementing the *Code*. In general, the adequacy of the *Code* is systematically reviewed annually.

Other policies

The *Human Rights Policy of the Krka Group* is described in ESRS S1, Disclosure Requirement S1-1 – Policies related to own workforce. The *Policy* serves as a foundation for assessing impacts and potential human rights violations in the due diligence process.

The *Environmental Policy of the Krka Group* is described in ESRS E1, Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation. The *Policy* serves as a foundation for assessing impacts and potential violations related to the protection of the natural environment in the due diligence process.

Human rights commitments

Our human rights commitments relevant to value chain workers are set out in *Krka's Code of Conduct*, the *Human Rights Policy of the Krka Group*, and the *Code of Conduct for Business Partners of the Krka Group*. The documents comply with

the UN Guiding Principles, ILO declarations, and OECD Guidelines, as specified below. They define and prioritise human rights, workers' rights and fair employment practices, while prohibiting slavery, human trafficking, and forced labour, prohibiting child labour and protecting young workers, prohibiting discrimination and advocating for respect for diversity, fair and equitable working conditions, the right to assemble and associate and to receive regular information, and for employee health and safety.

Relevant policies and documents are based on:

- *UN Guiding Principles on Business and Human Rights*;
- *OECD Guidelines for Multinational Enterprises*;
- *OECD Due Diligence Guidance for Responsible Business Conduct*;
- *Universal Declaration of Human Rights*;
- *International Covenant on Civil and Political Rights*;
- *International Covenant on Economic, Social and Cultural Rights*;
- ILO *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*;
- ILO *Declaration on Fundamental Principles and Rights at Work; and*
- ILO conventions and other international standards in this field.

In 2025, no instances of non-compliance with the guidelines, declarations and principles were reported. The policies and other documents are published on Krka's corporate website and the *Krkanet* intranet portal.

Grievance mechanism

A grievance mechanism is in place. It allows involved or affected stakeholders to report suspected irregularities to compliance.officer@krka.biz. The grievance mechanism is detailed under Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns.

S2-2 – Processes for engaging with value chain workers about impacts

The company has no particular procedures for engaging with value chain workers or their representatives. In 2025, we upgraded the due diligence process and established a process to assess the risks of human rights violations and adverse environmental impacts. We will continue activities to upgrade the due diligence process further and ensure compliance with the final provisions of the Corporate Sustainability Due Diligence Directive (CS3D) and related national laws after their final adoption.

S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

We have established a grievance mechanism, as specified in the *Code of Conduct for Business Partners of the Krka Group*. Involved or affected stakeholders can report suspected irregularities to compliance.officer@krka.biz. The Chief Compliance Officer considers the reports and assigns a dedicated working team for each case, involving relevant experts as needed. When a case is closed, corrective measures must be adopted if justified. Business partners must guarantee anonymity to reporters and safeguard them from any potential retaliatory actions. We encourage our business partners to adhere to the *Code of Conduct for Business Partners of the Krka Group* and establish channels that value chain workers can use to raise concerns. Value chain workers are not involved in monitoring and ensuring the effectiveness of the channels. We do not assess whether they are aware of or trust these structures or processes as a means to raise their concerns or needs and have them addressed. We have no direct policies in place to protect individuals (value chain workers) who use these structures or processes against retaliation.

S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Actions adopted in 2025

In 2025, we set up the due diligence process to identify and assess the material risks of human rights violations and adverse environmental impacts. The process is outlined under Disclosure Requirement IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities. In the process, we grouped our partners into five classes ranging from the marginal (class 0) to higher risk (class 4).

Partner classification under the process to assess the risks of human rights violations and adverse environmental impacts

Class	Percentage of partners in the class
0	98.74%
1	0.93%
2	0.08%
3	0.15%
4	0.10%
Total	**100%**

As of 2025, a new clause requires our partners to familiarise themselves with our ESG policy and the *Code of Conduct for Business Partners of the Krka Group*. The clause applies to new contractual relationships, starting in 2025. The policies and other corporate documents demonstrate our commitment to monitor the effectiveness of our policies and actions, and to take appropriate corrective actions and actions to further prevent and mitigate adverse impacts if any deviations are identified. The procedures, findings and plans will be made publicly available in our annual report or through other means of communication with the public, while respecting business confidentiality and other competitiveness and safety considerations.

We have not yet implemented additional actions, so we are not yet monitoring or assessing their effectiveness. Currently, we do not have processes in place through which we identify the necessary and appropriate actions in response to a particular actual or potential negative impact on value chain workers.

Planned actions

In line with the *2026–2030 Krka Group Development Strategy* and the *Due Diligence Policy of the Krka Group*, our focus in the next strategic period will be on upgrading the due diligence process and activities to ensure compliance with the Corporate Sustainability Due Diligence Directive (CS3D) and related national laws after their final adoption. Within our own operations, human rights and environmental protection due diligence will be further detailed and incorporated into the *Integrity Plan* in 2026, when the next update of the *Plan* is expected.

We expect all our business partners, whom we engage and will continue to engage, to align with the due diligence requirements, laws, and ethical norms that we follow and set out in our policies and other overarching documents. We will endeavour not to engage in any business activities that might give rise to tensions between preventing or mitigating material negative impacts and other business pressures.

Received information or complaints or reported severe issues or incidents

In 2025, no information, complaints or severe human rights issues or incidents connected to our upstream and downstream value chain were reported.

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

We have not yet adopted targets related to managing material negative impacts and advancing positive impacts. That is why we do not fully track the effectiveness of our policies and actions aimed at material sustainability impacts associated with value chain workers.

ESRS S4 – Consumers and end-users

S4-1 – Policies related to consumers and end-users

Policies and other regulations closely linked to managing material impacts, risks, and opportunities related to consumers and end-users, as defined in ESRS 2 SBM-3, include two key documents: the *Quality Manual* and *Krka's Code of Promotion*.

Quality Manual

The *Quality Manual* is the key document of Krka's quality management system. The *Manual* describes our product, process, and service quality management system, documenting the establishment, implementation, and maintenance of management systems and defining their continuous improvement. It complies with the requirements of ISO 9001, ISO 14001, ISO 45001, ISO/IEC 27001, ISO 22301, and ISO 13485 standards, and GxP and HACCP guidelines, responds to customer demands, and describes processes and their reciprocal impacts. It ensures the continued implementation of the quality policy, environmental policy, food safety policy, occupational safety and health policy, business continuity policy, information security policy, and ESG policy. The *Manual* also raises employees' awareness of their roles, responsibilities, and duties within the management system.

The quality management system applies to Krka, d. d., Novo mesto, specifically to developing and producing prescription pharmaceuticals, non-prescription products, active ingredients, medical devices, feed additives, food supplements, and employer-provided employee meals. The Krka Group *Quality Policy*, our framework document on quality, applies to the Krka Group. The *Policy* presents and defines our quality policy while complying with the relevant laws, good practices, and standards.

While the *Quality Manual* applies to the Krka Group, we also use it in relationships with upstream and downstream stakeholders. The *Manual* relates to managing potential negative impacts (adverse reactions and the impact on patients' and end-users' health), pursuing opportunities associated with the quality, safety, and efficacy of medicines, and managing risks related to the integrated quality management system's operation.

Krka's Management Board is the highest organisational level in the company responsible for implementing the *Quality Manual* and overseeing its effectiveness. We typically revise and supplement the *Manual* annually or more often in exceptional circumstances (changes in responsibilities, organisational changes, etc.).

Krka's Code of Conduct

Krka's Code of Conduct defines the principles and rules of ethical conduct, good business practice and standards of conduct that are binding to all employees of Krka, d. d., Novo mesto, and of its subsidiaries. It serves as a guidance and framework for the expected, responsible, and ethical conduct at work, ensuring that our actions and business operations always comply with applicable regulations, recommendations, standards, policies, internal company acts, and good business practices. The *Code* is detailed under ESRS G1-1 – Business conduct policies and corporate culture. The *Code* relates to managing the positive impacts of fair marketing and sales practices and expert support for healthcare professionals.

Krka's Code of Promotion

Krka's Code of Promotion sets out our promotional and non-promotional activities carried out by the Krka Group when marketing its products. Marketing activities by our subsidiaries must comply with national laws and regulations, as well as applicable European, international, and national medication promotion and marketing codes adopted by professional associations. The *Code* specifies requirements for Krka's marketing activities, particularly regarding prescription pharmaceuticals and engagement with the healthcare community, including health professionals, healthcare organisations, patients, and patient societies. The *Code* affirms our commitment to ethical standards in conducting marketing activities and to fundamental principles that foster good governance in the pharmaceutical industry, including integrity, respect, responsiveness, accountability, collaboration, and transparency. All employees must adhere to the *Code* and align their product promotion or dissemination of product information with the *Code*. The principles set in the *Code* are binding and must be adhered to by all Krka subsidiaries and representative offices.

All employees, particularly marketing and sales personnel, are responsible for ensuring that information is correct, accurate, and relevant, in line with summaries of product characteristics.

The *Code* relates to managing positive impacts (fair disclosure of adverse reactions, product labelling, and anti-counterfeiting; fair marketing and sales practices and expert support for healthcare professionals) and potential negative impacts (adverse reactions and the impact on patients' and end-users' health). It applies to our operations and business relationships in the downstream value chain. Krka's Management Board is the highest organisational level in the company

responsible for implementing *Krka's Code of Promotion* and overseeing its effectiveness. We regularly supplement and update the *Code*, most recently in 2024.

Commitments in Krka policies on human rights relevant to consumers and end-users

The right to medical care is a universal human right (Article 25 of the *Universal Declaration of Human Rights*). Our commitments to respect human rights relevant to consumers and end-users, including the procedures and mechanisms for monitoring the compliance with *UN Guiding Principles on Business and Human Rights*, *ILO Declaration on Fundamental Principles and Rights at Work* and *OECD Guidelines for Multinational Enterprises*, are specified in the *Human Rights Policy of the Krka Group* (see ESRS S1-1 – Policies related to own workforce) and the *Code of Conduct for Business Partners of the Krka Group* (see ESRS S2-1 – Policies related to value chain workers). The documents cover respect for the human rights of consumers and end-users, engagement with them, and actions to provide and/or enable remedies for human rights impacts.

The *Human Rights Policy of the Krka Group* identifies product quality, patient safety and accessible healthcare as our priority areas. Ensuring the availability of medicines is a cornerstone of our social responsibility. We support everyone's right to health and believe that quality treatment should be accessible to all, regardless of where they live and their circumstances. We strive to provide broad, timely access to our medicinal products at affordable prices so that everyone can live by our slogan 'Living a healthy life'. As regards consumers and end-users, the *Policy* relates to managing material positive impacts of ensuring accessible healthcare and potential negative impacts of product non-availability, to pursuing opportunities associated with the quality, safety and efficacy of medicines, and uninterrupted supply of medicines, and to managing risks related to the integrated quality management system's operation.

The *Code of Conduct for Business Partners of the Krka Group* (see ESRS S2-1 – Policies related to value chain workers) sets out our expectations for business partners regarding product quality, patient safety, and access to information. As regards consumers and end-users, the *Code* relates to managing positive impacts (fair disclosure of adverse reactions, product labelling, and anti-counterfeiting) and potential negative impacts (adverse reactions and the impact on patients' and end-users' health), pursuing opportunities associated with the quality, safety and efficacy of medicines, and managing risks related to the integrated quality management system's operation.

The human rights of consumers and end-users may also be affected by deviations in product quality. Remedy in such cases is described in standard operating procedures for handling complaints and recalls. Consumer and end-user rights may also be affected by the temporary non-availability of certain medicines, supply delays, and medicine shortages. We have appropriate mechanisms in place to ensure the timely provision of our medicines. This includes analysing the market and assessing consumer and end-user needs to plan purchasing, production, and inventory levels carefully. Consumer and end-user rights may also be affected by inappropriate marketing practices. We manage those risks by complying with stringent statutory requirements and *Krka's Code of Promotion* provisions.

In line with stringent European and national laws, we may not directly address users of prescription pharmaceuticals (patients); instead, we engage with them indirectly through healthcare professionals who represent their interests, understand what they want and need, and prescribe and dispense medicines. We also respond to consumer opinions sent to us through various channels (see ESRS 2 S4-2 – Processes for engaging with consumers and end-users about impacts). In line with the relevant laws, we may address users of non-prescription products and food supplements through advertising.

A grievance mechanism is in place. Our stakeholders can report any concerns, suspected unlawful behaviour or violations of the *Human Rights Policy of the Krka Group* and/or *Code of Conduct for Business Partners of the Krka Group* via e-mail to compliance.officer@krka.biz. The Chief Compliance Officer investigates the reports and assigns a working team for each case, engaging relevant experts as needed. We guarantee anonymity to informers and safeguard them from any potential retaliation. When a case is closed, we adopt corrective actions if justified. We also expect our business partners to have complaint mechanisms in place.

Krka signed the *Commitment to Respect Human Rights in Business Operations*, a part of the *National Action Plan of the Republic of Slovenia on Business and Human Rights*, obliging us to respect the *Universal Declaration of Human Rights*, *International Covenant on Civil and Political Rights*, *International Covenant on Economic, Social and Cultural Rights*, *UN*

Guiding Principles on Business and Human Rights, *OECD Guidelines for Multinational Enterprises*, *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, *ILO Declaration on Fundamental Principles and Rights at Work*, ILO conventions, *National Action Plan of the Republic of Slovenia on Business and Human Rights*, and other applicable guidelines and principles. We encourage respect for human rights and environmental protection throughout the value chain. We encourage our business partners to adhere to internationally recognised standards, our commitments, and principles. Further information is available in *Due Diligence Policy of the Krka Group*, outlined under ESRS S2, Disclosure Requirement S2-1 – Policies related to value chain workers.

No instances of non-compliance with the *UN Guiding Principles on Business and Human Rights*, the *ILO Declaration on Fundamental Principles and Rights at Work*, or the *OECD Guidelines for Multinational Enterprises* were reported in the downstream value chain.

S4-2 – Processes for engaging with consumers and end-users about impacts

Informing consumers and end-users about medicines and their use

In line with the law, we may not directly address consumers and end-users of prescription pharmaceuticals. However, we may inform them about our non-prescription products and food supplements through advertising in public media.

We make product information readily available to consumers and end-users through patient information leaflets included in each folding box and published on our corporate website, where product information is available in languages used in the countries where we market our products. In certain markets, we communicate with consumers and end-users by providing information on various diseases on the websites of professional associations sponsored by Krka.

Consumers and end-users can communicate with us through various channels. They can use an electronic form available on the controlling company's website and the websites of our subsidiaries and representative offices. They can also contact us through a helpline. A responsible person designated for each market responds to their queries.

In 2025, no justified complaints were received regarding non-compliance of marketing activities with regulations and ethical standards.

Engagement with expert community

We engage with health professionals, i.e. doctors, pharmacists and veterinarians, who advise, prescribe and dispense our medicines. Our engagement includes providing product information directly through medical representatives or via remote channels (e-mail, regular mail, and professional websites), hosting and supporting educational events, occasionally organising advisory board meetings, and occasionally supporting clinical research. We strictly adhere to national and international legislation, internal policies, and codes during these activities. We regularly inform the expert community, that is, physicians and pharmacists, about our products, their action and use, offering them access to objective information they can rely on when prescribing medications. We maintain direct contact with them in 42 countries and provide them with information in both printed and electronic formats. Whenever we communicate with health professionals, we act responsibly and in accordance with applicable laws and regulations governing business operations, including those on product marketing and personal data protection. We also comply with good business practices, Medicines for Europe's recommendations, *Krka's Code of Promotion*, and national laws that impose more stringent obligations. Our promotional activities contribute to an appropriate and correct use of products. We foster transparent and traceable relationships with medical professionals. Information on financial transactions made to health professionals is published on our website.

We carefully follow the development of medical, veterinary, and pharmaceutical guidelines, as well as treatment and self-treatment principles, to assess the needs of consumers and end-users. We occasionally hold advisory boards to verify with health professionals whether our development and marketing activities are appropriate. Information gathered from health professionals guides our development and marketing activities outlined in our corporate strategy, decisively impacting our product range. The frequency of advisory board meetings and clinical research depends on the dynamics of development and marketing activities for a given product.

We contribute to the professional development of doctors, pharmacists and veterinarians by holding and supporting professional and educational meetings where they can build on their know-how, learn about new guidelines, exchange

opinions and experiences. Meetings occur in various countries where Krka's products are available and are organised as in-person, online, or hybrid events. Physicians and pharmacists can access educational information on our thematic websites, which we constantly upgrade. In 2025, we worked with national medical associations to upgrade professional websites, including tests that health professionals can take to earn credit points. The new test functionality was well accepted in Slovakia, prompting us to extend it to Serbia, Croatia, Lithuania, Czechia and Romania. We plan to develop other language versions and further upgrade the functionality. We continued setting up websites for health professionals in other countries.

Our medical representatives regularly undergo professional training so they can inform health professionals about the latest treatment guidelines and provide accurate, up-to-date information on different classes of medications and our products. We prioritise their comprehension and adherence to ethical standards, work standards, legal requirements, and other regulations, alongside ensuring their proficiency in effective communication. We regularly test their expertise.

Feedback and opinions obtained through daily contact and independent market research are important in providing high-quality, safe and effective medicines and active ingredients.

Engagement with direct customers

Direct customers include distributors, pharmacy chains, hospitals, and pharmaceutical companies. We screen them during the due diligence review based on available information about their operations in a given market, market potential, products of interest, economic viability, and the feasibility of engagement. We only engage with customers who pass the screening process. Approval is granted only after they provide evidence that they have met the legal requirements to market medicinal products. We have mutual communication channels in place that help us swiftly and systematically identify customer-critical aspects and focus on them to maximise customer satisfaction with our products and services. We maintain direct and regular engagement with our direct customers, actively addressing their suggestions and requests while adjusting communication frequency based on business needs and the level of engagement required. We communicate either at their initiative or ours – several times a week or month or, in some cases, only a few times a year – always guided by the core values of the Krka Group, particularly partnership and trust.

We regularly conduct annual online satisfaction surveys among our direct customers to determine their overall satisfaction, satisfaction with our products, sales personnel, order processing and fulfilment, and complaint procedures. The key indicator is the Customer Satisfaction Index (CSI), detailed further in S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities. In 2025, respondents ranked actual delivery time, strong business relationships with Krka, sales team responsiveness, and order fulfilment as the most important factors, receiving average scores of over 9. Other areas of customer satisfaction also scored highly. To foster trust, we share survey results and key findings with our direct customers. CSI calculation is not validated by an independent external body.

Types and frequency of engagement

We engage with health professionals in all product development phases. In the early development phases, we collaborate on bioequivalence studies and later on advisory boards and pre-clinical, clinical, and post-registration research. The frequency of these activities depends on the dynamics of development and marketing activities for a given product. These engagement modalities help us swiftly identify patient needs and create new business opportunities for the company. We initiate development activities early to launch new products immediately after patent protection expires. Engagement with end-users in the case of patient-reported adverse reactions is set out in the standard operating procedure on pharmacovigilance, which complies with the relevant legislation. Customer engagement is aligned with business and statutory requirements. Our sales process with existing direct customers is built on two-way communication and includes coordinating business terms, planning sales requirements and volumes, and executing sales. We also provide support services, including coordinating and implementing marketing activities and supplying price lists, catalogues, and sales data. Well-structured procedures for handling complaints, recalls, and other responses also play a crucial role.

Functions with operational responsibility for ensuring engagement and assessing engagement effectiveness

Engagement with health professionals in development activities is addressed in the controlling company's guidelines for advisory board work and involvement in clinical research and is managed and supervised by the medical director. Other departments and bodies of the company, i.e. the Development Committee and the Quality Committee, chaired by the

President of the Management Board, are also involved in this process, while directors of subsidiaries and representative offices, marketing and sales managers, and the compliance officer are responsible for these tasks in the markets. In the controlling company, responsible persons appointed for individual markets or partners work with direct customers. Responsible persons with a sales role in the subsidiaries are also involved in these tasks in the markets.

We evaluate the effectiveness of our response to consumer and end-user needs by analysing sales performance and attained market share following new product launches, comparing our results with competitors, and gauging customer satisfaction.

Actions related to the use of medicines in particularly vulnerable groups

The use of medicines in particularly vulnerable groups (children, pregnant women, people with special conditions/illnesses) is separately described in patient information leaflets to ensure their safety. If special risks are identified, we provide additional educational materials for healthcare professionals and patients, as well as special risk minimisation programmes. We cater to the needs of particularly vulnerable groups in various ways. For example, we include Braille on folding boxes to help visually impaired persons identify medications. We have developed orodispersible tablets, which dissolve in the mouth, to assist those with difficulty swallowing. We offer single-pill combinations containing two or more active ingredients in a single tablet, simplifying medication administration for patients who require multiple tablets. Due to statutory restrictions, we may not actively gather insights into the perspectives of vulnerable groups. However, we obtain their perspectives indirectly through the health professionals with whom we regularly collaborate. To support financially vulnerable patient groups, we implement an appropriate pricing policy and work to include our medicines on reimbursement lists, ensuring greater accessibility.

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The general approach to and processes for providing remedy in cases of negative impact on consumers and end-users are specified in laws, internal regulations, and/or standard operating procedures, outlining the processes, responsible persons, and steps for providing remedy if negative impacts occur. Key procedures address adverse reaction management, safety signal identification, complaint and recall management, pharmacovigilance issues, and the medicine-related risk management system. These procedures are in place to manage potential negative impacts of adverse reactions and the impact on patients' and end-users' health. Remedial procedures follow the PDCA principle.

A dedicated department within the company gathers and handles information on adverse drug reactions, reporting it to a single European platform. We regularly submit periodic safety update reports (PSUR) to regulatory authorities. If any safety signals are identified, we take appropriate actions based on the severity of adverse reactions. These may include updating product information (patient information leaflet and summary of product characteristics), notifying health professionals in writing, developing specific educational materials or programmes, or, if necessary, withdrawing the product from the market.

Channels for consumers and end-users to raise questions and concerns

Consumers, end-users, health professionals, direct customers, and other actors may raise their concerns via specific channels we have established, including an electronic form, e-mail addresses, phone numbers, and regular mail addresses, all published on our corporate website. Responsible persons regularly check the messages, forward any questions or concerns to qualified persons, who swiftly draft appropriate responses and send them to the sender via the same channel. This system is in place in the controlling company in Slovenia and all representative offices and subsidiaries abroad. We have established a single e-mail address for all product-related concerns (product.inquiries@krka.biz) within the company to improve responses and reduce response times. Regulatory authorities conduct thorough pharmacovigilance inspections of our adverse reaction management, medicine-related risk management, and all other pharmacovigilance activities.

We coordinate business matters with our direct customers directly. Designated responsible persons for certain markets, partners or product groups handle communication via different channels, including phone, e-mail, and both online and in-person meetings.

In alignment with Disclosure Requirement ESRS S4-1 – Policies related to consumers and end-users, we have established a grievance mechanism that allows our stakeholders to make their concerns known, including those related to unlawful behaviour or violations.

Ensuring the availability of communication channels for consumers and end-users is essential to our company. The procedures are specified in internal rules. The *Code of Conduct for Business Partners of the Krka Group* outlines our expectation that our business partners have governance and management systems in place to maintain these channels (see 'Grievance mechanisms' and 'Response and remediation of adverse impacts'). The *Code* is detailed under ESRS G1-1 – Business conduct policies and corporate culture.

Key procedures to ensure patient safety address reporting adverse reactions, managing safety signals, conducting regular benefit-risk assessments of using medicines, and managing medicine-related risks. These procedures are regulated at the EU level, and we adhere to them rigorously. Competent authorities regularly oversee our compliance with the established procedures. Additionally, we have established a robust system to address concerns raised by consumers and end-users.

We evaluate the effectiveness of complaint procedures through a customer satisfaction survey that assesses multiple parameters. The key indicator is the response time from receiving direct customer's question or concern to providing a substantiated response. In 2025, the satisfaction score for our response rate among direct customers was 9.20. Additional performance indicators include politeness in complaint handling (average score: 9.47), providing complaint updates (average score: 9.25), and actions taken in response to complaints (average score: 9.16).

Procedures for addressing questions, complaints and concerns raised by users of our products are detailed in internal rules. These documents are the foundation for receiving and recording questions, complaints, and concerns; preparing responses to questions and concerns; and reporting adverse reactions to medicines for human and veterinary use. By adhering to the procedures governing these aspects, we aim to manage risks associated with the use of our medicines, improve safety when using them, and, indirectly, enhance customer satisfaction. Internal rules also outline how to respond to media inquiries and communicate with the public in a crisis.

Doctors, pharmacists, and veterinarians who prescribe and dispense medications are legally obligated to report adverse reactions. Our medical representatives always have the CIOMS form to hand when visiting health professionals. The form is used to report adverse reactions, and our representatives can give it to health professionals whenever necessary.

Through our satisfaction survey, we regularly monitor various aspects of direct customer satisfaction with complaint procedures (communication, speed, politeness, actions). Average satisfaction scores, all exceeding 9, and feedback from direct customers reflect our consistently strong performance in these areas. Health professionals receive information on adverse reaction management procedures through our medical representatives, who undergo regular training.

Information on policies to protect workers from retaliation is available under ESRS G1-1 – Business conduct policies and corporate culture (Addressing purported irregularities).

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

This section describes a set of actions to prevent or mitigate material negative impacts, promote material positive impacts on consumers and end-users, and manage material risks.
A key action set was adopted based on legal requirements and the related procedures that must be established. Additionally, certain actions were adopted directly by Krka to ensure effective management of impacts, risks and opportunities and achieve appropriate targets. The actions below constitute the set of our ongoing actions.

We ensure and promote regulatory compliance and commitment to high ethical standards

In the pharmaceutical industry, products and related services are strictly regulated due to their impact on end-users' health. All our prescription pharmaceuticals and non-prescription products are tested and comply with all regulations. We market only products that have been approved and comply with relevant requirements and regulations. We implement health protection, safety, and patient and other end-user protection systems in accordance with clear guidelines incorporated into

our operations. Our risk management system for these aspects complies with legal requirements and regulations. Our system for collecting information about risks to the health of patients or public health related to prescription pharmaceuticals and non-prescription products, scientific data evaluation, assessment of potentials for risk reduction and prevention, and the adoption of appropriate measures for the safe use of medicines comply with European legislation and regulations in other countries where Krka holds marketing authorisations. These procedures relate to managing potential negative impacts (adverse reactions and the impact on patients' and end-users' health), pursuing opportunities associated with the quality, safety, and efficacy of medicines, and managing risks related to the integrated quality management system's operation.

We manage the risk of inappropriate marketing practices by complying with *Krka's Code of Promotion* and organising educational courses (see S4-1 – Policies related to consumers and end-users). We comply with the laws governing the promotion of pharmaceuticals and medical devices and are bound by high ethical standards. We adhere to *Krka's Code of Promotion*, the *Code of Conduct for Business Partners of the Krka Group*, and many other internal rules (including a relevant check-list) to avoid inappropriate promotion of our products. We implement measures to prevent falsified medicinal products from entering the legal supply chain in line with relevant standards and statutory requirements. These actions are put in place to manage positive impacts (fair disclosure of adverse reactions, product labelling, and anti-counterfeiting; fair marketing and sales practices and expert support for healthcare professionals).

Our comprehensive quality management system ensures product quality, safety and efficacy

Our comprehensive quality management system is compliant with ISO 9001.

We ensure product safety by complying with good manufacturing practice (GMP) requirements and the *Quality Manual*. The quality of active ingredients, excipients, incoming materials, and finished products is laboratory tested using state-of-the-art, validated analytical methods, devices, and procedures.

Each medicine carries specific risks defined in the risk management plan, which is submitted to regulatory authorities as part of the marketing authorisation application or renewal process. Well-established corrective and preventive action (CAPA) protocols for addressing product-related errors are in place to prevent or mitigate harm to end-users.

We prevent quality deviations by continuously supervising all production phases and ensuring that each product batch is released only after its quality has been confirmed. If a quality deviation is identified after a batch is released to the market, we strive to mitigate the consequences through an effective complaint and recall procedure, which is an integral part of our carefully designed complaint and recall system.

The above-mentioned actions are in place to manage potential negative impacts (adverse reactions and the impact on patients' and end-users' health), pursue opportunities associated with the quality, safety, and efficacy of medicines, and manage risks related to the integrated quality management system's operation.

Pharmacovigilance

We have adopted various actions to prevent or mitigate potential negative impacts of unexpected multiple adverse reactions or unexpected serious adverse reactions on consumers and end-users and the impact on patients' and end-users' health, in compliance with the protocol prescribed in internal pharmacovigilance rules. We determine the type and intensity of an adverse reaction and, accordingly, make corrections to product information or take additional actions, for example, directly notifying health professionals, developing educational materials, or running other programmes. Our pharmacovigilance system ensures the safety of our medicines for human and veterinary uses.

New adverse drug reactions, such as serious adverse reactions identified after obtaining marketing authorisation (which could lead to a product withdrawal) or subsequently identified harm caused by a medicine's ingredient, may have a negative impact on patients' and end-users' health. Therefore, we continuously monitor adverse reaction reports and other relevant data, identifying and assessing safety signals that may impact existing knowledge about a medicine's safety. If new significant information emerges, we take actions to maintain an appropriate benefit-to-risk balance for the medication.

We strive for effective development, registration and launch of new products

We contribute to positive material impacts on consumers and end-users associated with the availability of effective, safe, quality, and affordable medicines by effectively developing, swiftly registering and launching new products that comply with the modern medical, pharmaceutical and veterinary doctrine and patient needs, by careful planning, by following medical, veterinary and pharmaceutical trends, by conducting R&D activities in relation to new products, and by manufacturing and launching new products directly after patent expiry to ensure that affordable medicines are available to a wide group of users as soon as possible.

We collaborate with various institutions, health insurance companies, and other bodies dealing with medicinal and other Krka products on product development, production, sales, and marketing. We follow statutorily regulated procedures, ensuring that our documents are up-to-date and reliable. To this end, we execute our procedures properly and maintain systematically organised, transparent, and complete documentation. We are actively involved in developing a professional, scientific and regulatory environment by participating in various professional and industry associations in Slovenia, the European Union, and other countries.

Effective development, registrations, and launches of new products allow us to manage the positive impacts of ensuring accessible healthcare and the potential negative impacts that might result from product non-availability, and to pursue opportunities related to R&D, a culture of innovation, and uninterrupted supply of medicines.

We set up efficient production processes and foster R&D innovation

We comply with new product manufacturing requirements and relevant laws by promptly introducing advanced technological processes to produce active ingredients and finished products. We have been increasing production capacities and improving the cost-effectiveness of processes at the controlling company in Slovenia and at our subsidiaries abroad to ensure that sufficient quantities of medicines are available to a wide range of patients. By controlling all product life cycle stages, we are better equipped to respond to market challenges more readily and effectively. We effectively integrate research and development with API and pharmaceutical production, enabling us to swiftly and smoothly transfer new products from development to regular production. In 2025, we further accelerated technological problem-solving, optimised technological processes, and introduced numerous alternative sources of materials and new transport routes to ensure uninterrupted production and long-term volume growth. We prevent or mitigate medicine shortages through careful supply chain planning, ensuring adequate production capacity, swiftly adapting to unexpected product demand, establishing alternative production sites or organising alternative transport. The above-mentioned processes allow us to manage the positive impacts associated with ensuring accessible healthcare, the potential negative impacts that might result from product non-availability, and pursue opportunities related to R&D and a culture of innovation, and uninterrupted supply of medicines.

We monitor consumer and end-user needs

We indirectly identify consumer and end-user needs through our engagement with health professionals, by following expert insights presented in the literature and at scientific congresses and by analysing the pharmaceutical market, as we may not directly engage with patients per regulations. Experts in New Products assess the identified opportunities. In this way, we can provide our consumers and end-users with new generic medicines and innovative single-pill combinations that add to the affordability of medicines and simplify treatment. We continuously communicate with our direct customers to align with their needs and conduct satisfaction surveys to systematically assess their feedback. Our approach follows the PDCA principle when analysing their concerns and assessments, ensuring a structured process for identifying opportunities related to direct customer needs; defining actions; and monitoring their effectiveness. This allows us to manage the positive impacts associated with ensuring accessible healthcare and the negative impacts related to product non-availability.

We provide information on Krka products and optimise communication channels

We are developing digital media and tools in certain therapeutic areas to help users alleviate symptoms.

We are optimising digital communication channels and improving information to address the concerns and needs of our end-users. We also create digital content to promote healthy lifestyles. All our product information complies with relevant regulations. It is pre-approved by the competent regulatory body in each country, e.g. in Slovenia, the Agency for Medicinal

Products and Medical Devices of the Republic of Slovenia. In 2025, no instances of non-compliance concerning product information were identified.

Implementation and monitoring of actions

These actions are part of our ongoing business practice and relate to our own operations, product sales, and marketing activities in the downstream value chain. Managing material impacts, risks, and opportunities is also a part of managing relationships in the supply chain. Based on the *Code of Conduct for Business Partners of the Krka Group* (see ESRS 2 G1-1 – Business conduct policies and corporate culture) and contractual commitments to comply with stringent quality standards, these actions contribute to preventing and mitigating potential material negative impacts related to product non-availability and to pursuing opportunities associated with the quality, safety and efficacy of medicines, and uninterrupted supply of medicines also at our contractual partners in the value chain.

All outlined actions are ongoing. The company's management tracks the effectiveness of actions and initiatives in delivering intended outcomes for consumers and/or end-users through different committees, particularly the Sales Committee and Quality Committee, and discusses key performance indicators (sales growth, market shares, etc.).

Independent internal and external audits also play an important role by regularly monitoring our work processes, verifying their compliance with standards and rules, and providing recommendations or identifying non-compliances within the corrective and preventive (CAPA) action system to highlight any shortcomings and encourage the implementation of corrective actions. Each procedure undergoes regular review. The review frequency is determined by the importance of the process or department in terms of the safety and efficacy of the finished product. If any shortcomings are identified, recommendations and actions are issued, along with deadlines to address any shortcomings, non-critical or critical non-compliances. An auditor supervises the implementation of the actions.

We manage the above-mentioned material impacts in compliance with regulatory requirements by establishing an organisational structure that includes experts from various fields (chemical, pharmaceutical, medical, etc.). We use available material and financial resources set aside in our annual investment plans to establish and upgrade state-of-the-art R&D, production, and product control capacities. In 2025, we allocated €34,893 thousand to capital expenditure related to pharmaceutical production (see 'EU Taxonomy'). R&D expenses totalled €188,158 thousand (see 'Consolidated income statement'). These financial resources were used to implement measures aimed at ensuring efficient development, marketing authorisation procedures, launches, efficient production processes, R&D innovation and related activities. Our development strategy and its two strategic objectives up to 2030 commit us to allocating up to 10% of our revenue to R&D and, on average, €150 million annually to investments. This approach steadily enhances our capabilities to manage and prevent potential negative impacts from materialising, manage risks, or provide for recovery or restitution should such risk materialise.

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Targets and metrics for monitoring the effectiveness of actions to address material impacts, risks, and opportunities related to consumers and end-users are presented below. In 2025, we updated ESG goals to link them even more directly to the identified material impacts, risks, and opportunities, as well as to our policies and activities we have in place to manage them. In doing so, we further improved the measurement of material impacts, risks and opportunities. We incorporated the revised ESG goals into the updated *2026–2030 Krka Group Development Strategy*, adopted by the Supervisory and Management Boards of Krka. The goals are specified in the *Summary of Strategic ESG Goals*, published on Krka's corporate website.

Stakeholders have not been directly involved in target setting. The targets concern our own operations and do not involve the value chain. Additional notes are presented under relevant targets.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (consumers and end-users)

Indicator	Target	2025	2024
Improving our product accessibility through annual sales volume growth	5% (annual average)	5%	2%
Improving our product accessibility through sales volume growth of medicines for treating chronic non-communicable diseases (cardiovascular diseases and diabetes) and direct contribution to sustainable development goals from the 2030 Agenda (UN)	3% (annual average)	7.2%	7.2%
Improving the accessibility of our combination medicines for treating cardiovascular diseases, diabetes, and pain through annual sales volume growth of combination medicines	5% (annual average)	7%	10%
Direct customer satisfaction, measured by the CSI index	The Krka Group's average CSI index >80%	92.8%	93.3%
Critical non-compliances identified in inspections by authorised bodies or partner audits	0	0	0
Justified complaints to released batches ratio	<1.5%	0.64%	0.75%
Unethical or legally inappropriate marketing activity claims	0	0	0
Off-label promotion claims	0	0	0

We set targets by considering the identified material sustainability impacts, risks, and opportunities, adopted actions, and activities that ensure their effective management. We also took into account information obtained in an ongoing dialogue with direct customers, health professionals, and healthcare providers, by monitoring the needs, demands, and satisfaction of patients and direct customers and by engaging with other stakeholder groups involved in the development, registration, production, quality management, marketing, and sales activities. The Management and Supervisory Boards, the Quality Committee, the Sales Committee, and the Sustainability Committee monitor the achievement of the targets.

Improving our product accessibility through annual sales volume growth

The target is associated with measuring continuous company growth and the increase in the positive impact of ensuring accessible healthcare, managing potential negative impacts of product non-availability, and pursuing opportunities associated with the uninterrupted supply of medicines. The target is measured against average sales volume growth, with a single tablet, capsule, or other pharmaceutical form as the basic unit. Improvements in the accessibility of our products have a material impact on the health and quality of life of patients and users of our products.

Improving our product accessibility through sales volume growth of medicines for treating chronic non-communicable diseases (cardiovascular diseases and diabetes) and direct contribution to sustainable development goals from the 2030 Agenda (UN)

This indicator, known as Increasing the scope of patients (per year) treated with our cardiovascular medicines in 2024, was renamed in 2025 to align it with other targets on the accessibility of our medicines. The target is associated with measuring how we manage the positive impacts of ensuring accessible healthcare and directly contributing to the United Nations' Sustainable Development Goal to reduce by one third premature mortality from non-communicable diseases by 2030 through prevention and treatment and to promote mental health and well-being. It is also related to measuring how we manage potential negative impacts of product non-availability and pursue opportunities associated with the uninterrupted supply of medicines. The methodology considers the most probable or meaningful number of doses for each therapy or monthly therapy if medications for continued treatment are used. The Krka Group has no access to patient data, meaning that we calculate the metric indirectly using sales volume data and data on the use of medicines for each successful therapy or for a monthly therapy when chronic disease treatment is concerned. The result is obtained by dividing the quantity sold by the quantity used for each therapy. The metric is not validated by an independent external body.

Improving the accessibility of our combination medicines for treating cardiovascular diseases, diabetes, and pain through annual sales volume growth of combination medicines

The target is associated with measuring how we manage the positive impacts of ensuring accessible healthcare and the potential negative impacts of product non-availability and pursue opportunities associated with uninterrupted supply of medicines from our key therapeutic areas (cardiovascular diseases, diabetes, and pain relief). The target is measured against average sales volume growth, with a single tablet, capsule, or other pharmaceutical form as the basic unit. We introduced this target in 2025, as combination medicines have been proven to improve treatment efficacy and outcomes and enhance patients' quality of life by simplifying treatment and improving patient adherence, key to achieving treatment goals, particularly in patients with chronic non-communicable diseases. This approach is in line with the contemporary medical guidelines.

Direct customer satisfaction, measured by the CSI index

The CSI index is expressed as a percentage ranging from 10% (the smallest value, corresponding to a rating of 1) to 100% (the largest value, corresponding to a rating of 10). CSI assigns weights to satisfaction ratings by considering the importance of individual areas, thereby enhancing the CSI's reliability. We gauge satisfaction on the level of direct customers. This target is associated with measuring how we manage the potential negative impacts of product non-availability and pursue opportunities associated with the uninterrupted supply of medicines. The CSI index is based on the requirements of the ISO 9001 standard for measuring customer satisfaction and its recommendations for carrying out the measurement and is supported by relevant literature. It is applied to the Krka Group or relationships with direct customers in the downstream value chain.

Critical non-compliances identified in inspections by authorised bodies or partner audits

Critical non-compliances may have a potential negative impact on the quality, safety, and/or efficacy of medicines. The metric refers to the proportion of received critical non-compliances in a year. It is the actual number of identified critical non-compliances. It is strategically determined on the Krka Group level. Stringent criteria for quality assurance, quality control, and regulatory compliance regarding product quality, safety, and efficacy also apply to Krka Group production units outside the controlling company and to contractual partners in the upstream value chain. This target is associated with measuring how we manage potential negative impacts related to adverse reactions and the impact on patients' and end-users' health, pursue opportunities associated with the quality, safety and efficacy of medicines, and manage risks related to the integrated quality management system's operation.

Justified complaints to released batches ratio

This target is associated with measuring how we manage potential negative impacts related to adverse reactions and the impact on patients' and end-users' health, pursue opportunities associated with the quality, safety and efficacy of medicines, and manage risks related to the integrated quality management system's operation. The target refers to the proportion of batches with a justified complaint with respect to the number of released batches. It is strategically determined on the Krka Group level. Stringent criteria for quality assurance, quality control, and regulatory compliance regarding product quality, safety and efficacy also apply to Krka Group production units outside the controlling company and to contractual partners in the upstream value chain. In 2025, we revised the target, increasing it from 2024 by 0.5 percentage points to below 1.5%. Our development strategies continuously explore opportunities to expand our operations to new markets, inevitably bringing certain risks that must be considered. The revised target factors in the expected production volume growth, potential entry into new markets and increased patient awareness, while remaining in line with the company's strategic objectives on quality, which prioritise product quality and patient safety. The new target also embodies our commitment to continuous improvement and proactive risk management within a dynamic pharmaceutical industry. In 2024, the target was used to monitor the share of complaints related to the controlling company, while in 2025 the target was extended to the entire Krka Group level. Accordingly, the 2024 data were recalculated to ensure comparability with the 2025 data. The share for 2024 previously amounted stood at 0.79%, or 0.04 percentage points higher.

Unethical or legally inappropriate marketing activity claims

The target is associated with managing several positive impacts, namely fair disclosure of adverse reactions, product labelling, and anti-counterfeiting; and fair marketing and sales practices and expert support for healthcare professionals. The target refers to the records on unethical or legally inappropriate marketing activity claims received in a year. It is set on the Krka Group level.

Off-label promotion claims

The target is associated with managing several positive impacts, namely fair disclosure of adverse reactions, product labelling, and anti-counterfeiting; and fair marketing and sales practices and expert support for healthcare professionals. It refers to the records on off-label promotion claims received in a year.

Governance information

ESRS G1 – Business conduct

G1-1 – Business conduct policies and corporate culture[18, 19]

The umbrella documents governing corporate compliance throughout the Krka Group are *Krka's Code of Conduct* and the *Rules on Fraud Prevention, Detection and Investigation*.

Krka's Code of Conduct

Krka's Code of Conduct (hereinafter also the Code) lays out principles and rules of ethical conduct, good business practices and standards of conduct in the Company, binding on all Krka employees. It regulates areas such as compliance with labour legislation, protection of confidential information, personal data protection, transparent reporting, management of risks related to frauds and abuses, promotional activities, cooperation with business partners, fair competition, and social responsibility. Subsidiaries must take national legislation into account.

The *Code* outlines how to act in case of conflicts of interest. A conflict of interest exists when an individual's personal interests affect, or could affect, an employee's ability to carefully and objectively make decisions and carry out work to the benefit of Krka. The fundamental principle that employees must adhere to is to make decisions in the best interest of Krka, meaning they must refrain from decision-making when a conflict-of-interest risk exists.

The *Code* is the foundation of all Krka's internal rules. The Chief Compliance Officer is responsible for implementing the *Code* and liaising with the directors and heads of departments within the Company to fulfil this task. Directors are responsible for corporate compliance in subsidiaries and representative offices and report to the Chief Compliance Officer. The *Code* applies within the Krka Group and to business relationships with customers and suppliers. It is updated every two years if necessary. Krka's Management Board is the highest organisational level in the company responsible for implementing the *Code* and monitoring its execution.

The *Code* relates to managing positive impacts of corporate governance, ethics and integrity, pursuing opportunities of fostering corporate culture, and managing the risks of non-adherence to compliance and corporate integrity principles.

Rules on Fraud Prevention, Detection and Investigation

Rules on Fraud Prevention, Detection and Investigation (hereinafter also the *Rules*) set out key objectives, principles, and rules on fraud management, as well as the duties and responsibilities of Krka employees in this regard. The *Rules* are based on applicable regulations, recommendations, and *Krka's Code of Conduct*, which sets out principles and rules of ethical conduct, good business practices and standards of conduct in the Company, and align with applicable anti-fraud and anti-corruption regulations, guidelines, and international standards of conduct.

Our fraud management goal entails reducing the risk of fraud incidents by complying with the principle of zero tolerance to fraud; raising employee awareness of potential fraud and its management, employee training on their responsibility regarding fraud identification and reporting; continuously enhancing and managing internal control systems for preventing and detecting fraud; providing sufficient resources to prevent, detect and investigate fraud; consistently complying with relevant regulations, guidelines and codes; committing to investigate suspected fraud in a timely and appropriate manner; protecting persons reporting instances of fraud; and safeguarding Krka's renown and assets. Subsidiaries must ensure that the *Rules* are respected, while also complying with any stricter national regulations. The *Rules* are updated every two

[18] Also applies to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (G1 – Business conduct)

[19] Also applies to IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

years if necessary. Krka's Management Board is the highest organisational level in the company responsible for implementing the *Rules* and monitoring their execution.

The *Rules* relate to managing positive impacts of corporate governance, ethics and integrity, and protection of informers, pursuing opportunities related to fraud prevention, detection and investigation, and managing risks of corruption and bribery.

Integrity Plan

In 2020, based on good practice and guidelines (*Corporate Governance Code for State-Owned Enterprises*), we drew up the *Integrity Plan* (hereinafter also the *Plan*) that describes risks, internal controls, and measures in the areas of integrity, ethics, and compliance in business operations and proposes improvements. It is updated every two years and commits us to constant corporate compliance improvements in the above-mentioned areas. The *Plan* includes as follows: investments, acquisition of fixed assets, and execution of major maintenance works; purchase of raw materials; insider trading, shareholder relations; recruitment and human resource management; personal data processing; documentary and financial control, accounting processes, independence of internal and external auditors; fraud risk or non-compliance with corporate instructions in subsidiaries; marketing of prescription pharmaceuticals, non-prescription products, and animal health products; sales of Krka products; sponsorships and donations; gift receiving and giving; environmental management; use of information technologies; product quality; occupational safety and health; and systemic risk related to integrity and corporate compliance. The Chief Compliance Officer prepares the *Plan* in liaison with directors of relevant areas, heads of departments, and the Data Protection Officer. The Management Board adopts the *Plan*, and the Supervisory Board is informed about it.

The *Integrity Plan* addresses managing the positive impacts of corporate governance, ethics and integrity, pursuing opportunities related to fraud prevention, detection and investigation, and managing the risks of non-adherence to compliance and corporate integrity principles, as well as corruption and bribery.

Other key documents

The *Code of Conduct for Business Partners of the Krka Group* is presented in more detail under ESRS S2, Disclosure Requirement S2-1 – Policies related to value chain workers. Promoting adherence to the *Code*'s provisions contributes to advancing Krka's positive impact throughout the value chain. The *Code* primarily advocates the highest standards of ethics, integrity, and a strong corporate culture, which relate to the positive impacts of corporate governance, ethics, integrity, and the protection of informers. The *Code* also supports animal welfare. This helps us deliver on opportunities related to supplier relationship management and ensuring access to animal health products, and to manage material risks associated with non-adherence to compliance and corporate integrity principles, poor payment practices, corruption and bribery, and failure to meet quality standards for animal health products. This fosters long-term cooperation and fair partnership.

Krka's Code of Promotion is presented in more detail under ESRS S4, Disclosure Requirement S4-1 – Policies related to consumers and end-users. Adherence to the *Code* relates to the positive impacts of corporate governance, ethics and integrity, opportunities related to fostering corporate culture, and the management of risks associated with non-adherence to compliance and corporate integrity principles, and risks of corruption and bribery. The *Code* governs our downstream business relationships.

Values, norms, integrity

Corporate integrity, compliance and transparency of operations have been key at Krka at all levels of our activities and operations.

We constantly strive to enhance our business practices and safeguard Krka's renown and assets. When working, the benchmark for all employees is to comply with ethical principles, the values of honesty, loyalty, and professionalism, regulations, and Krka's internal acts.

We run mandatory internal training courses and publish articles in our in-house magazine to heighten employee awareness regarding potential fraud, non-compliance, and other violations and how to manage them, fostering accountability in their identification and reporting.

Education and training on corporate compliance and integrity

At the Krka Group level, we ensure education and employee awareness about the importance of compliance with *Krka's Code of Conduct*. Employees take refresher courses via the eCampus HR information system every two years, while Marketing employees attend internal professional meetings. New employees are informed accordingly at induction seminars and receive a printed copy of *Krka's Code of Conduct*. Training course attendance records are kept or logged via eCampus. Krka's various departments screen customers, suppliers and business partners.

All employees, including members of the Management Board and executives, take refresher courses on these topics, including prevention and detection of corruption or bribery, every two years. Training covers all work areas where the risk levels for integrity, ethics, and corporate compliance may be higher. Employees at the Company take refresher courses via the eCampus information system. In contrast, employees at subsidiaries and representative offices attend cycle meetings where executives of the subsidiaries or representative offices present relevant topics.

Training involves all business functions with elevated risk levels in integrity, ethics, and corporate compliance (the proportion of business functions covered by the training is 100%). Senior executive roles and roles in purchasing, marketing, sales, and investments are exposed to the highest potential risks of corruption and bribery.

Addressing purported irregularities and protecting informers

Directive (EU) 2019/1937 and the implementing national legislation are binding on the controlling company and some of its subsidiaries (see the 'Corporate Compliance Officer' subsection).

The European Commission adopted the Directive to upgrade the EU's anti-fraud policies and align them with the international obligations stipulated in the United Nations *Convention against Corruption*.

Any breach of *Krka's Code of Conduct* and suspected non-compliant actions resulting in harm to Krka are addressed in line with national legislation and internally, in accordance with the *Rules on Fraud Prevention, Detection, and Investigation*. The document is published on Krka's corporate website and is available in 29 languages. Subsidiaries adopted their own rules based on the *Rules on Fraud Prevention, Detection, and Investigation*, in compliance with their national legislation.

Internal and external stakeholders can report any purported irregularities via the publicly available e-mail address compliance.officer@krka.biz. Subsidiaries have followed our example and set up their own channels where required by their respective national legislation. Subsidiaries with a compliance officer are listed below (see the 'Corporate Compliance Officer' subsection). The compliance officer considers the reports and usually appoints a working team of internal experts familiar with the field to which the purported irregularity relates, generally from different perspectives, for example, one member regarding the main topic and another one regarding internal controls. The experts must not be affected by the matter to investigate the suspected non-compliance. Management team members never participate in working teams. Where a potential conflict of interest cannot be managed by appointing fully independent members, group members disclose and explain the potential conflict of interest and, if necessary, refrain from decision-making.

We protect informers as required by the legislation. Procedures for addressing reported breaches are set out in the *Rules on Fraud Prevention, Detection and Investigation,* section 'Reporting Procedure'. Protection measures address the confidentiality of information about the report and the informer, as well as support to the informer. Under the *Rules*, any retaliation against the informer is considered a severe breach of *Krka's Code of Conduct*.

When a case is closed, we adopt corrective actions if justified. The President of the Management Board is informed of the outcomes of the investigation into purported irregularities immediately upon its conclusion. The Management Board also deliberates on the outcomes once a year.

By 1 March of the current year, the Company must report the number of reports received in the previous year to the Commission for the Prevention of Corruption of the Republic of Slovenia, as stipulated by the Slovenian *Reporting Persons Protection Act*. We submitted our first report to the Commission in 2024 for 2023. The electronic form included the following information:

- The number of received reports;
- The number of anonymous reports;

- The number of justified reports;
- The number of addressed retaliatory measures.

In 2025, there were no reported incidents of suspected corruption, bribery, unauthorised offers, or receipt of gifts involving Krka Group employees. During this period, no Krka employees were convicted of violating anti-corruption laws related to Krka's operations, and no fines were imposed in connection with such violations.
Krka's subsidiaries in the EU, which employ between 50 and 249 people, are also required to establish mechanisms for reporting and addressing suspected violations. Consequently, they report to the relevant regulatory authorities in accordance with national legislation requirements.

In line with the described procedure, we also addressed reports of suspicions that did not meet the legal requirements for consideration.

Chief Compliance Officer

At the Krka Group level, a Chief Compliance Officer is appointed to autonomously and independently oversee corporate integrity. They liaise with Legal Affairs, directors and heads of organisational units, and a secretary. The Chief Compliance Officer briefs the Supervisory Board on their activities through the *Integrity Plan*, which is discussed by the body biennially and last occurred in 2024. They also report to the Management Board on activities once a year.

Our subsidiaries employ their own compliance officers where required by national legislation or good practice. Subsidiaries in the Russian Federation, Poland, Ukraine, Croatia, Germany, and Terme Krka (Slovenia) have had their compliance officers since 2022. In 2023, subsidiaries in Romania, Hungary, Czechia, Lithuania, Slovakia, Spain, Italy, Bulgaria, and Portugal appointed their compliance officers. They are also responsible for addressing the reports on any purported irregularities in subsidiaries. They report to Krka's Chief Compliance Officer every quarter.

Description of Code of Ethics governing interactions with healthcare professionals

Krka's subsidiaries follow national legislation and good practice in their marketing activities. Activities pursued by employees when marketing prescription pharmaceuticals are further detailed in *Krka's Code of Promotion* and in operational instructions for visits to healthcare professionals, and professional meetings, education and training, and company visits. These primarily relate to interactions with healthcare professionals, healthcare organisations, patients, and patient societies.

We regularly update all these rulebooks. They are translated into the national languages of the countries where Krka has established a marketing network. Marketing employees receive information through eCampus, internal cycle meetings, and marketing employee training courses. They learn about the rules mentioned above and commit to working in line with them.

Management approach to non-discrimination

Non-discrimination principles are set down in *Krka's Code of Conduct*, *Human Rights Policy of the Krka Group*, and *Diversity, Equity and Inclusion Policy of the Krka Group*.

Animal welfare

In the Krka Group, we produce safe, high-quality, and effective animal health products for companion and farm animals. Animal welfare is one of the six strategic sustainability areas in our Krka Group *ESG Policy*, specifically under the 'Product quality and patient safety' section.

We contribute to improving animal health and welfare by selecting and developing new animal health products and adhering to animal health care guidelines. In doing so, we comply with legislation based on Directive 2010/63/EU on the protection of animals used for scientific purposes. Our partners may only conduct product testing on animals after exploring other options, reducing the number of animals involved in testing, or redesigning procedures to minimise animal discomfort as much as possible. If scientifically justified and acceptable to regulators, alternatives to animal testing are used. Our products are designed to be easy for veterinarians and pet owners to administer, and for animals to take. We follow current guidelines for safe, effective, and responsible treatment of diseases in poultry, cattle, pigs, and other farm animals. Our

collaboration extends to veterinarians and animal owners in approximately 40 countries worldwide. Additionally, we encourage preventive measures to reduce disease risk and prevent unnecessary animal suffering. The health of humans, animals, and ecosystems is interconnected. Our animal health products positively impact the development of sustainable agriculture, which helps maintain the balance of the ecosystem. We contribute to healthy and safe foodstuffs and to protecting humans against foodborne diseases and zoonoses by preventing and controlling disease outbreaks in farm animals.

The Management Board adopted the *Code of Conduct for Business Partners of the Krka Group* in September 2024. It stipulates that Krka sustainably contributes to improving animal health and welfare through careful planning in the selection and development of animal health products, and in compliance with legislation (Directive 2010/63/EU on the protection of animals used for scientific purposes) and animal health guidelines.

G1-2 – Management of relationships with suppliers

Each year, Krka's Management Board adopts procurement and payment terms for the following year. These terms define payment deadlines by procurement areas, payment terms, methods of concluding transactions (by contract or purchase order), guarantees required when contracts are concluded, and any contractual penalties. Procurement and payment terms relate to impacts and opportunities associated with supplier relationship management and risks of poor payment practices. Our payment terms do not depend on the size of the business partner. Procurement and payment terms in each procurement area are similar for all suppliers. Annual parameter updates enable us to account for market trends. The President of the Management Board and CEO reviews any deviations from the accepted parameters.

Where possible, we collect multiple comparable quotations for all transactions. This measure helps us manage risks in supply chain management, in the procurement of equipment, materials, and services, and in investment execution. There are multiple suppliers for most of the incoming materials and services we need. Experts from the relevant departments evaluate quotations and prepare a written report. Several employees, including the management of relevant departments, approve the tender analysis. Before selection, we negotiate with all suppliers. Contracts include an anti-corruption clause, with the sanction resulting in the contract being null and void. Before signing, contracts are reviewed by in-house counsel, tax or accounting experts, users, and the head of negotiations. Transactions with a value in excess of €200,000 are subject to prior written approval from the President of the Management Board and CEO.

Contracts concluded after 1 January 2024 impose an obligation on our suppliers to comply with sustainable management guidelines, particularly regarding environmental protection and occupational safety and health, and familiarise themselves with Krka's *ESG Policy* and the *Code of Conduct for Business Partners of the Krka Group*. In 2025, we established a procedure for assessing human rights violations and adverse environmental impacts at suppliers in line with the *Due Diligence Policy of the Krka Group*. We used this risk-based procedure to assess our major suppliers in terms of risk of violating environmental protection regulations and human rights. In regular supplier audits, we strictly observe criteria for maintaining appropriate standards, such as the GxP standard, and holding a marketing authorisation and distribution permit for pharmaceutical products and different incoming raw materials.

G1-3 – Prevention and detection of corruption and bribery

Disclosures pertaining to this requirement are detailed under Disclosure Requirement G1-1 – Business conduct policies and corporate culture in the 'Education and training on corporate compliance and integrity' and 'Addressing purported irregularities' sections.

G1-4 – Incidents of corruption or bribery

Krka Group compliance violation metrics

Metric	2025	2024
Number of confirmed corruption or bribery incidents	0	0
Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	0	0
Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	0	0
Number of public legal cases regarding corruption or bribery brought against the undertaking and its own workers during the reporting period and the outcomes of such cases	0	0
Amount of fines for violation of anti-corruption law (in €)	0	0

The data source is the Chief Compliance Officer; the metrics have not been verified by an independent external body. Confirmed cases are those in which there are reasonable grounds to suspect that harmful conduct has occurred.

Other information: G1-5 – Political influence and lobbying activities[20]

In 2025 and for at least the preceding four years, members of Krka Management and Supervisory Boards and other executives (internal Directors' Committee) have not held comparable positions in public administration or regulatory bodies that would enable lobbying. In 2025 or over the last five years, Krka has not funded any political campaigns, political organisations, lobbyists, lobbying organisations, or other tax-exempt groups that could be used, directly or indirectly, to influence political campaigns. As per the Slovenian *Political Parties Act*, companies may not finance political parties or their activities.

Krka Group companies are members of those economic and professional associations where membership is obligatory or considered standard practice within the industry. We obtain key information about markets through memberships in economic and professional associations. Contributions specified in the table below were not used to fund political campaigns or lobbying activities.

Krka Group membership fee contributions to economic or professional associations over the last five years

Membership fee contributions (€ thousand)	2025	2024	2023	2022	2021
Economic or professional associations	520.77	478.41	530.19	464.25	445.24

G1-6 – Payment practices

All Krka Group companies apply equal payment terms to all suppliers regardless of their size, type, bargaining power, or importance to the Krka Group. Krka Group companies may negotiate extended payment terms beyond the standard payment terms with their suppliers. The extended payment term must be mutually agreed and specified in the contract, and all subsequent payments must be made within the extended contractual term at the latest. Shorter payment terms than the standard payment terms may be negotiated only after prior approval from the President of the Management Board and CEO. As a result, the actual average payment term may deviate from the standard payment terms.

We have established internal controls to ensure timely payment of invoices, particularly through appropriate settings in the business information system and the division of payment responsibilities. Users and several departments share responsibility for the correct and timely payment of invoices, including Purchasing, Documentary and Financial Control, Business Accounting, and Liquidity Management.

[20] We identified no material impacts, risks and opportunities associated with political engagement and lobbying activities in the IRO process, which is why we present the relevant information as other information not subject to an audit or auditor's assurance.

Payment terms

Metric	2025	2024
Actual average payment term	52 days	52 days
– small suppliers	50 days	51 days
– large suppliers	53 days	53 days
Standard payment terms in number of days by category of suppliers (in parentheses – the percentage of payments aligned with contractual terms)	45 days after receipt of invoice (100%)	45 days after receipt of invoice (100%)
Number of legal proceedings outstanding for late payments (on the last day of the year)	0	0

The actual average payment term is calculated based on the controlling company's payments to suppliers. The controlling company makes the majority of payments to suppliers in the Krka Group, constituting a representative sample on the Krka Group level. The actual average payment term is calculated as a simple arithmetic mean, representing the average number of days from the invoice date to the actual payment date. The results are shown separately for the group of small suppliers (total payments in a year below €200,000) and the group of large suppliers (total payments in a year exceed €200,000).

The average payment term calculation methodology used in 2024 was modified to provide improved insight into our payment practices and applying equal terms to all suppliers. The new methodology relies on actual data on payments, calculated as the simple arithmetic mean of days from the invoice date to the payment date and indicates the payment term relative to the size of the supplier, improving transparency and comparability across periods. To account for the changed methodology, we recalculated the 2024 data. According to the previous methodology, the payment term was estimated at 68 days, i.e. 16 days more. The actual average payment term was calculated internally and was not verified by an independent external body. Similarly, the data on the number of unresolved legal proceedings related to payment delays were not confirmed by an independent external body. All Krka Group companies settle their liabilities within the agreed deadlines and do not discriminate against their suppliers, regardless of their size, type, bargaining power, or importance to the Krka Group. During business negotiations, Krka Group companies may agree with their suppliers on payment terms that extend beyond the standard 45-day period.

In 2024, we reported the average number of days from the date the contractual or statutory payment term begins to the payment date, calculated as days of binding obligations – average value of payables to suppliers in 2024 (average value at the beginning and end of the year), divided by production costs in 2024 and multiplied by 365. The average payment term was calculated internally and was not verified by an independent external body. Similarly, the data on the number of unresolved legal proceedings related to payment delays were not confirmed by an independent external body.

Independent Auditor's Report

This is an English translation of the Independent Auditor's Limited Assurance Report on the Sustainability Statement originally issued in Slovenian. In the event of any differences, the Slovenian original prevails. This report should be read in conjunction with the Sustainability Statement issued in Slovenian to which it relates. The accompanying English Sustainability Statement is not subject to the limited assurance engagement.

Independent Auditor's Limited Assurance Report on the Sustainability Statement

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

Limited Assurance Conclusion

We have performed a limited assurance engagement on whether the Consolidated Sustainability Statement of KRKA, tovarna zdravil, d. d., Novo mesto ("the Company") and its subsidiaries (collectively »the Group«), included in the *Sustainability Statement* section of the Group's Business Report, including the information incorporated in the Consolidated Sustainability Statement by reference, as disclosed in the *Table of information presented using cross–referencing in accordance with section 9.1 of ESRS 1* section of the Business Report, as of and for the year ended 31 December 2025 ("the Sustainability Statement"), has been prepared in accordance with articles 70(c) and 70(č) of the Companies Act dated 4 May 2006 (Official Gazette of the Republic of Slovenia no. 42/2006 with amendments), including the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on supplementing the Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards for establishing a single electronic reporting format ("Delegated Regulation") (collectively, "the applicable legal requirements").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's Sustainability Statement as of and for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the applicable legal requirements, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement ("the Process") is in accordance with the description set out in the *IRO–1 – Description of the process to identify and assess material impacts, risks and opportunities* section thereof;
- Compliance of the disclosures in the *EU Taxonomy* subsection within the environmental section of the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 ("the Taxonomy Regulation"); and
- Compliance of the Sustainability Statement with the XHTML format referred to in the Delegated Regulation.

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Our conclusion on the Sustainability Statement does not extend to any other information that accompanies or contains the Sustainability Statement and our limited assurance report thereon, nor to any information within the Sustainability Statement not in scope of our assurance engagement. We have not performed any assurance procedures as part of this engagement with respect to such information. However, we audited the Group's consolidated and the Company's separate financial statements as of and for the year ended 31 December 2025 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, forming part of the other information, and our auditor's reports thereon are also included with the other information.

Basis for Conclusion

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*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the 'Our responsibilities' section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board of Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagements on the Sustainability Statements in Slovenia.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Other Matter – Comparative information

The comparative information for periods prior to the year ended 31 December 2024 was not subject to assurance. Our conclusion is not modified in respect of this matter.

Responsibility for the Sustainability Statement

The Management of the Company is responsible for designing, implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in the *IRO–1 – Description of the process to identify and assess material impacts, risks and opportunities* section of the Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- Identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short–, medium–, or long–term;
- Assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Developing methodologies and making assumptions that are reasonable in the circumstances.

The Management of the Company is further responsible for the preparation of the Sustainability Statement, in accordance with the applicable legal requirements, including:

- Compliance with the ESRS;
- Preparing the disclosures in the *EU Taxonomy* subsection within the environmental section of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal controls that the Management determines are necessary to enable the preparation of the Sustainability Statement such that it is free from material misstatement, whether due to fraud or error; and
- Selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Statement.

Inherent Limitations in Preparing the Sustainability Statement

There are inherent limitations regarding the measurement or evaluation of the sustainability matters presented in the Sustainability Statement subject to limited assurance, which have been set out below:

- As described in the *ESRS 2 – General disclosures – BP-2 – Disclosures in relation to specific circumstances* section, greenhouse gas emissions quantification is subject to inherent uncertainty as a result of estimation uncertainty;
- In reporting forward–looking information in accordance with the ESRS, Management of the Company is required to prepare the forward–looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Our Responsibilities

Our responsibilities are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the Company's shareholders. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the *IRO–1 – Description of the process to identify and assess material impacts, risks and opportunities* section.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and

- Designing and performing procedures focused on disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work we Performed as the Basis for Our Conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. We designed and performed our procedures to obtain evidence about the Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (including stakeholder engagement, business plans and strategy documents); and
  - inspecting the Group's internal documentation of its Process; and
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in the *IRO–1 – Description of the process to identify and assess material impacts, risks and opportunities* section.

In conducting our limited assurance engagement with respect to the Sustainability Statement, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by performing inquiries of the relevant personnel and inspecting the Group's internal documentary evidence;
- Evaluating whether material information identified by the Process is included in the Sustainability Statement;
- Evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performing substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward–looking information and on how these methods were applied;
- Obtaining an understanding of the process to identify taxonomy–eligible and taxonomy–aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluating whether the standardised reporting templates required by the Taxonomy Regulation were appropriately used to present the key performance indicators;
- Assessing whether the taxonomy disclosures reconciled where relevant, with the Group's consolidated financial data;
- Performing substantive assurance procedures on selected taxonomy disclosures; and
- Assessing whether the Sustainability Statement has been properly prepared in the XHTML format referred to in Delegated Regulation.

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 a reasonable assurance engagement been performed.

On behalf of audit firm

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

KPMG Slovenija, d.o.o.

Matej Ušaj
Certified Auditor

Domagoj Vuković
Certified Auditor
Partner

Ljubljana, 23 March 2026

EMPTY PAGE



FINANCIAL REPORT

KRKA

Living a healthy life.

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Introduction to the financial statements

The financial statements consist of two separate sections.

The first section illustrates the consolidated financial statements and related notes of the Krka Group, whereas the second section encompasses the financial statements and the accompanying 'Notes' of Krka, d. d., Novo mesto (hereinafter: 'the Company'). The financial statements have been prepared in compliance with the International *Financial Reporting Standards* (hereinafter: '*IFRS*') as adopted by the European Union, which is in compliance with the resolution adopted at the 11th Annual General Meeting held on 6 July 2006.

The financial statements of the Company and the Krka Group are presented in euros, rounded to the nearest thousand. They are an integral part of the *2025 Annual Report*, which is published via the SEOnet electronic announcement system of the Ljubljana Stock Exchange, the ESPI system of the Warsaw Stock Exchange, and on the Krka website (https://www.krka.biz/en/for–investors/financial–reports/).

KPMG Slovenija, d. o. o. audited each section of the financial statements and two separate reports as individual sections have been prepared accordingly.

The 'Statement of compliance' presented below includes an acknowledgement of the Management Board's responsibility for all financial statements of both the Company and the Krka Group.

Statement of compliance

The Management Board of Krka, d. d., Novo mesto is responsible for the preparation of the annual report of the Company and of the Krka Group including the financial statements in a manner that gives the interested public a true and fair view of the financial position and the results of operations of the Company and its subsidiaries in 2025.

The Management Board hereby acknowledges as follows:

- The financial statements of the Company and its subsidiaries have been prepared on a going concern basis;
- The selected accounting policies are applied consistently and any changes in accounting policies have been reported;
- The accounting estimates have been prepared in a fair and reasonable manner and comply with the principles of prudence and due diligence;
- The financial statements and the 'Notes' thereto for the Company and the Krka Group have been prepared in accordance with the applicable legislation and the *IFRS,* as adopted by the EU.

The Management Board is responsible for taking the measures required to preserve the assets of the Company and the Krka Group and to prevent and detect fraud and other forms of misconduct.

The tax authorities may, at any time within a period of five years after the end of the year for which tax assessment was due, carry out the audit of the Company operations, which may lead to an assessment of additional tax liabilities, default interest, and penalties regarding corporate income tax or other taxes and levies. The Management Board is not aware of any circumstances that may result in a significant tax liability.

Novo mesto, 23 March 2026



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

Consolidated financial statements of the Krka Group

Consolidated statement of financial position

€ thousand	Notes	31 Dec 2025	31 Dec 2024	Index
Assets				
Property, plant and equipment	11	828,905	806,646	103
Intangible assets	12	99,787	100,747	99
Investments in joint ventures	13	15,213	2,492	610
Loans	14	25,115	35,330	71
Investments	15	20,060	22,024	91
Deferred tax assets	16	69,469	54,434	128
Other non-current assets		1,210	1,228	99
Total non-current assets		**1,059,759**	**1,022,901**	**104**
Assets held for sale		0	44	0
Inventories	17	644,102	638,608	101
Contract assets		602	672	90
Trade receivables	18	609,315	552,710	110
Other receivables	18	24,188	28,891	84
Loans	14	99,585	10,506	948
Investments	15	257,288	249,794	103
Cash and cash equivalents	19	347,819	344,895	101
Total current assets		**1,982,899**	**1,826,120**	**109**
Total assets		**3,042,658**	**2,849,021**	**107**
Equity				
Share capital	20	54,732	54,732	100
Treasury shares	20	–225,047	–163,491	138
Reserves	20	249,022	136,315	183
Retained earnings	20	2,279,945	2,190,627	104
Total equity holders of the controlling company		**2,358,652**	**2,218,183**	**106**
Non-controlling interests	20	18,499	19,601	94
Total equity		**2,377,151**	**2,237,784**	**106**
Liabilities				
Provisions	22	135,188	136,895	99
Deferred income	23	5,351	5,654	95
Lease liabilities	28	14,011	9,502	147
Deferred tax liabilities	16	10,663	10,611	100
Total non-current liabilities		**165,213**	**162,662**	**102**
Provisions	22	27,494	0	
Trade payables	24	124,654	148,285	84
Borrowings		3	0	
Lease liabilities	28	4,347	3,649	119
Income tax payables		33,263	24,379	136
Contract liabilities	25	191,984	166,078	116
Other current liabilities	26	118,549	106,184	112
Total current liabilities		**500,294**	**448,575**	**112**
Total liabilities		**665,507**	**611,237**	**109**
Total equity and liabilities		**3,042,658**	**2,849,021**	**107**

The accompanying 'Notes' form an integral part of the consolidated financial statements and should be read in conjunction with them.

Consolidated income statement

€ thousand	Notes	2025	2024	Index
Revenue		**2,041,025**	**1,909,544**	**107**
– Revenue from contracts with customers	4	2,037,220	1,906,037	107
– Other revenue		3,805	3,507	108
Cost of goods sold		–858,019	–815,661	105
Gross profit		**1,183,006**	**1,093,883**	**108**
Other operating income	5	8,167	7,130	115
Selling and distribution expenses		–413,782	–373,366	111
– Whereof net impairments and write-offs of receivables		–2,845	2,197	
R&D expenses		–188,158	–184,855	102
General and administrative expenses		–124,084	–115,220	108
Operating profit		**465,149**	**427,572**	**109**
Financial income	9	60,331	33,946	178
Financial expenses	9	–29,535	–42,440	70
Net financial result		**30,796**	**–8,494**	
Profit before tax		**495,945**	**419,078**	**118**
Income tax expense	10	–92,273	–62,876	147
Net profit		**403,672**	**356,202**	**113**
Attributable to:				
– Equity holders of the controlling company		403,236	356,986	113
– Non-controlling interests		436	–784	
Basic earnings per share (€)	**21**	**13.21**	**11.60**	**114**
Diluted earnings per share (€)	**21**	**13.21**	**11.60**	**114**

The accompanying 'Notes' form an integral part of the consolidated financial statements and should be read in conjunction with them.

Consolidated statement of other comprehensive income

€ thousand	Notes	2025	2024	Index
Net profit		**403,672**	**356,202**	**113**
Other comprehensive income for the year				
Other comprehensive income reclassified to profit or loss at a future date				
Translation reserve	20	44,837	–31,650	
Net other comprehensive income reclassified to profit or loss at a future date		**44,837**	**–31,650**	
Other comprehensive income that will not be reclassified to profit or loss at a future date				
Change in fair value of financial assets	15	–1,964	–4,877	40
Restatement of post-employment benefits	22	5,219	–8,426	
Deferred tax effect	16	–230	704	
Net other comprehensive income that will not be reclassified to profit or loss at a future date		**3,025**	**–12,599**	
Total other comprehensive income for the year (net of tax)		**47,862**	**–44,249**	
Total comprehensive income for the year (net of tax)		**451,534**	**311,953**	**145**
Attributable to:				
– Equity holders of the controlling company		452,636	312,063	145
– Non-controlling interests		–1,102	–110	1,002

The accompanying 'Notes' form an integral part of the consolidated financial statements and should be read in conjunction with them.

Consolidated statement of changes in equity

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Equity attributable to the holders of the controlling company	Non-controlling interests	Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings from previous years	Profit for the year			
Balance at 1 Jan 2025	**54,732**	**–163,491**	**163,491**	**105,897**	**14,990**	**30,000**	**–11,362**	**–166,701**	**1,620,098**	**238,545**	**331,984**	**2,218,183**	**19,601**	**2,237,784**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**403,236**	**403,236**	**436**	**403,672**
Total other comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**4,783**	**46,368**	**0**	**–1,751**	**0**	**49,400**	**–1,538**	**47,862**
Total comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**4,783**	**46,368**	**0**	**–1,751**	**403,236**	**452,636**	**–1,102**	**451,534**
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the AGM	0	0	0	0	0	0	0	0	59,053	–59,053	0	0	0	0
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	0	331,984	–331,984	0	0	0
Repurchase of treasury shares	0	–61,556	0	0	0	0	0	0	0	0	0	–61,556	0	–61,556
Formation of reserves for treasury shares	0	0	61,556	0	0	0	0	0	0	0	–61,556	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	–250,611	0	–250,611	0	–250,611
Total transactions with owners, recognised in equity	**0**	**–61,556**	**61,556**	**0**	**0**	**0**	**0**	**0**	**59,053**	**22,320**	**–393,540**	**–312,167**	**0**	**–312,167**
Balance at 31 Dec 2025	**54,732**	**–225,047**	**225,047**	**105,897**	**14,990**	**30,000**	**–6,579**	**–120,333**	**1,679,151**	**259,114**	**341,680**	**2,358,652**	**18,499**	**2,377,151**

The accompanying 'Notes' form an integral part of the consolidated financial statements and should be read in conjunction with them.

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Equity attributable to the holders of the controlling company	Non-controlling interests	Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings from previous years	Profit for the year			
Balance at 1 Jan 2024	**54,732**	**–138,489**	**138,489**	**105,897**	**14,990**	**30,000**	**–511**	**–134,370**	**1,544,595**	**246,699**	**300,023**	**2,162,055**	**19,711**	**2,181,766**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**356,986**	**356,986**	**–784**	**356,202**
Total other comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**–10,851**	**–32,331**	**0**	**–1,741**	**0**	**–44,923**	**674**	**–44,249**
Total comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**–10,851**	**–32,331**	**0**	**–1,741**	**356,986**	**312,063**	**–110**	**311,953**
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the AGM	0	0	0	0	0	0	0	0	75,503	–75,503	0	0	0	0
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	0	300,023	–300,023	0	0	0
Repurchase of treasury shares	0	–25,002	0	0	0	0	0	0	0	0	0	–25,002	0	–25,002
Formation of reserves for treasury shares	0	0	25,002	0	0	0	0	0	0	0	–25,002	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	–230,933	0	–230,933	0	–230,933
Total transactions with owners, recognised in equity	**0**	**–25,002**	**25,002**	**0**	**0**	**0**	**0**	**0**	**75,503**	**–6,413**	**–325,025**	**–255,935**	**0**	**–255,935**
Balance at 31 Dec 2024	**54,732**	**–163,491**	**163,491**	**105,897**	**14,990**	**30,000**	**–11,362**	**–166,701**	**1,620,098**	**238,545**	**331,984**	**2,218,183**	**19,601**	**2,237,784**

The accompanying 'Notes' form an integral part of the consolidated financial statements and should be read in conjunction with them.

Consolidated statement of cash flows

€ thousand	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		**403,672**	**356,202**
Adjustments for:		**251,024**	**133,530**
– Amortisation/Depreciation	11, 12	93,502	92,513
– Net foreign exchange gains and losses		35,038	–18,821
– Net write-offs and allowances for inventories		15,507	18,794
– Net impairments and write-offs of receivables		2,845	–2,197
– Investment income		–19,014	–36,199
– Investment expenses		16,153	7,117
– Income on financing activities		–4	–31
– Interest expenses and other financial expenses		14,724	9,478
– Income tax expense	10	92,273	62,876
Operating profit before changes in net current assets		**654,696**	**489,732**
Change in trade receivables		–53,837	–41,640
Change in inventories	17	–21,000	–52,782
Change in trade payables	24	3,838	–3,266
Change in provisions	22	26,669	–451
Change in deferred income	23	–303	107
Change in other current liabilities		13,473	3,859
Income tax paid		–94,916	–34,626
Net cash flow from operating activities		**528,620**	**360,933**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		11,279	14,250
Dividends received		44	941
Proceeds from sale of property, plant and equipment		1,331	1,587
Acquisition of property, plant and equipment	11	–91,350	–107,762
Acquisition of intangible assets	12	–6,996	–7,587
Acquisition of interest in joint ventures	13	–14,082	–2,492
Proceeds from non-current loans		3,056	31,169
Payments for non-current loans		–5,331	–3,489
Net payments for/proceeds from current loans		–78,743	55,475
Proceeds from sale of non-current investments		20,310	71,168
Payments for acquisition of non-current investments		–63	–184
Proceeds from sale of current investments		595,000	477,235
Payments for acquisition of current investments		–623,066	–455,480
Proceeds from derivatives		78	1,959
Payments for derivatives		–2,763	–1,696
Net cash flow from investing activities		**–191,296**	**75,094**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		–9,722	–4,474
Net proceeds from current borrowings		3	0
Lease liabilities paid	28	–5,006	–4,188
Dividends and other profit shares paid	29	–251,962	–230,884
Repurchase of treasury shares	20	–61,556	–25,002
Net cash flow from financing activities		**–328,243**	**–264,548**
Net increase in cash and cash equivalents		**9,081**	**171,479**
Cash and cash equivalents at beginning of year		344,895	174,011
Effect of changes in foreign exchange rates on cash held		–6,157	–595
Closing balance of cash and cash equivalents		**347,819**	**344,895**

The accompanying 'Notes' form an integral part of the consolidated financial statements and should be read in conjunction with them.

Notes to the consolidated financial statements

Krka, d. d., Novo mesto is the controlling company in the Krka Group with its registered seat at Šmarješka cesta 6, 8501 Novo mesto, Slovenia. The Company was registered at the District Court of Novo mesto on 13 July 1989, registration number 1/00097/00. Company ID number: 5043611000.

The consolidated financial statements for the year ended 31 December 2025 refer to the Krka Group consisting of the controlling company and its subsidiaries in Slovenia and abroad. A list of subsidiaries, members of the Krka Group, is included in 'Note 32 – Profile of the Krka Group'.

The Krka Group develops, produces, markets and sells human health products (prescription pharmaceuticals, non-prescription products), animal health products, and health resort and tourist services.

1. Basis for compiling the consolidated financial statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with the *International Financial Reporting Standards* ('*IFRS*') as adopted by the EU, interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ('IFRIC') adopted by the EU, and in compliance with additional provisions required by the *Companies Act* ('*ZGD-1*').

Krka's Management Board approved the consolidated financial statements on 23 March 2026.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, with the exception of derivatives, financial instruments at fair value through profit or loss, and financial instruments at fair value through other comprehensive income (OCI) for which fair value was used. Methods applied in the measurement of fair value are presented in 'Note 2 – Fair value'.

Functional and presentation currency

The consolidated financial statements are presented in the euro, which is Krka's functional currency. All financial information presented in the euro has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements requires the Management Board of the controlling company to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities of the Krka Group, as well as the reported income and expenses for the period.

These include, among other: determination of the useful life and residual value of property, plant and equipment; intangible assets; revenue from contracts with customers; allowances for inventories and receivables; assumptions material to the actuarial calculation of defined employee benefits; assumptions used in the calculation of provisions for lawsuits; assumptions and estimates relating to impairment of the TAD Pharma goodwill; an estimate of the lease term; and the interest rate used. Regardless of the fact that the Management Board of the controlling company duly considers all factors that may impact the preparation of these assumptions, the actual consequences of business events may differ from those estimates. In making accounting estimates, management makes judgements while considering potential changes in the business environment, new business events, new and additional information that may be available, and experience. The Krka Group annually assesses whether impairment is necessary for the goodwill arising from the acquisition of TAD Pharma.

Key estimates and assumptions as at the day of the statement of financial position that are associated with future operations and which could result in significant adjustment of the book values of assets and liabilities are presented below.

Information on significant estimates about uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is presented in the following notes:

- *Note 4 – Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Krka Group expects to be entitled in exchange for those goods or services while considering specific terms and conditions of an individual contract. In assessing variable compensation, the Krka Group specifically addresses returns while considering specific terms and conditions of an individual contract for the sale of products and services to customers, statutory provisions and business practices in a given environment. When assessing variable compensation, the Krka Group applies either the expected value method or the most likely amount method, whichever better predicts the amount of consideration to which the Krka Group will be entitled.

Given the large number of contracts with customers, the Krka Group determined the expected value method as the most appropriate for estimating variable consideration for the sale of products with a right of return.

Prior to including any variable consideration in the transaction price, the Krka Group assesses whether there is a constraint on variable consideration. Based on experience, business forecasts, and current economic conditions, the Krka Group has determined that there are no constraints on variable consideration.

The Krka Group is a seller of products that may be subject to payment terms in excess of one year in certain markets. Krka recognises financial income and expenses on these sales using the appropriate discount rate.

- *Note 11 – Testing the useful lives of property, plant and equipment*

The Krka Group's annual review of the appropriateness of the annual depreciation rates or useful lives of plant and equipment established that the expectations equal previous assessments. Accordingly, the useful lives were not changed.

- *Note 12 – Impairment testing of non-current assets*

The controlling company checks for each cash-generating unit to see whether there are any indicators of impairment at least once a year. The recoverable amount of non-financial assets determined as the present value of future cash flows is based on an estimate of expected cash flows from the cash-generating unit and also on a determination of the appropriate discount rate.

- *Note 12 – Impairment testing of the TAD Pharma goodwill*

The criteria used in goodwill impairment testing are verified at least once a year by the controlling entity. Determining the present value of future cash flows requires the controlling company’s Management Board to assess estimated future cash flows from each cash-generating unit and determine the appropriate discount rate and other significant assumptions explained in this ‘Note’.

- *Note 18 – Impairment testing of receivables*

On the financial statement preparation (quarterly and annually), individual Krka Group companies recognise allowances (impairment) of those receivables for which it is assumed they will not be settled in full or not at all. Allowances are recognised using a uniform methodology applicable to the Krka Group and taking into consideration the probability or assessed probability of receivable settlement by the debtors. The methodology includes quantitative and qualitative criteria grouped into the following four sets: an analysis of the existing business dealings with the customer, an analysis of the customer’s financial statements, a qualitative assessment of the customer by the sales personnel, and an assessment of the customer’s country risk. For all customers whose receivables are insured by an insurance company or other first-class insurance, the insurance is taken into account when assessing impairment amounts. Hence, allowances of receivables due from individual customers are calculated using an algorithm that includes all the above criteria.

- *Note 22 – Post-employment benefits*

Defined post-employment benefit obligations include the present value of termination benefits on retirement. They are recognised on the basis of the actuarial calculation using assumptions and estimates effective at the time of the calculation, and which may, as a result of future changes, differ from actual assumptions applicable at that future time. This applies primarily to determination of a discount rate, assessment of employee turnover, mortality assessment, and assessment of an increase in salaries. Due to the complexity of the actuarial calculation and the long-term nature of the item, defined benefit obligations are sensitive to changes in the above estimates and assessments.

- *Note 22 – Provisions for lawsuits and contingent liabilities*

Lawsuits and claims may be brought against individual companies in the Krka Group for alleged breaches of intellectual property (patent rights or competition law) and those referring to other civil law areas. A provision is recognised when a Krka Group company has present obligations (legal or constructive) as a result of past events, a reliable estimate can be made of the amount of obligation, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised in the financial statements as their actual existence will be confirmed only upon the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Krka Group. The Management Board of the controlling company continually assesses contingent liabilities to determine whether an outflow of resources embodying economic benefits has become probable. If this is the case, a provision is recognised in the financial statements of the period in which the change in probability occurs.

2. Significant accounting policies

The Krka Group applied the same accounting policies in all periods presented in the accompanying consolidated financial statements.

Accounting policies applied by subsidiaries have been changed where necessary and adjusted with policies applied by the Krka Group.

The accounting policies and the calculation methods used are the same as for the last annual reporting, except for the new standards and interpretations, which are noted below and were applied if relevant events occurred in the Krka Group during the reporting period.

In its statement of financial position, the Krka Group classifies liabilities and assets according to their maturity i.e. as non-current and current.

The Krka Group classifies an asset as current if:
- It expects to realise it or intends to sell or use it in the normal course of business (12 months);
- It is held primarily for trading purposes;
- It expects to realise it within 12 months after the reporting period;
- The asset is cash or a cash equivalent (pursuant to *IAS 7*) unless it is prohibited from being exchanged or used to settle a liability for a period of at least 12 months after the reporting period.

The Krka Group classifies all other assets as non-current.

The Krka Group classifies a liability as current if:
- It expects to settle it within the normal course of business (12 months);
- It is held primarily for trading purposes;
- It is to be settled within 12 months after the reporting period;
- At the end of the reporting period, it does not have the right to defer settlement of the liability for at least 12 months after the reporting period.

The Krka Group classifies all other liabilities as non-current.

Basis for consolidation

Subsidiaries

Subsidiaries are entities controlled by the controlling company. Control exists when the controlling company has the power to govern an entity's financial and operating policies to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable or exchangeable are taken into account.

The Krka Group considers that the conditions for controlling both Russian subsidiaries by the controlling company have not changed due to the situation in Ukraine and the Russian Federation. The controlling company retains influence over the operations of the Russian companies and voting rights, including influence over variable returns. Activities with the Russian subsidiaries are conducted in a similar manner as before February 2022, as pharmaceuticals are not subject to EU sanctions, and we do not expect this to change. Refer to 'Note 33 – Situation in Ukraine and the Russian Federation'.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in joint ventures

A joint venture is a contractual arrangement in which the Krka Group exercises joint control and rights to the net assets of the arrangement, but not the rights to individual assets and liabilities for individual obligations under the arrangement. Investments in joint ventures are measured at cost on initial recognition in the consolidated financial statements and subsequently accounted for using the equity method. The joint venture's attributable share of profit or loss is recognised in the consolidated income statement. The attributable effects included in other comprehensive income of the joint venture are recognised in the consolidated statement of comprehensive income.

The attributable share of profit or loss of the joint venture is recognised in consolidated profit or loss from the date that the significant influence commences until the date it ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, as well as any unrealised gains and losses arising from intra-group transactions, are eliminated when preparing the consolidated financial statements of the Krka Group. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

Foreign currency transactions

Transactions and balances in foreign currencies are translated to the respective functional currencies of Krka Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the prevailing exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate on the date when the fair value was determined. Foreign currency differences are recognised in profit or loss, except for differences arising on the translation of equity instruments, which are recognised directly in other comprehensive income. Non-cash items measured at historical cost in foreign currency are translated to the functional currency by applying the exchange rate valid at the transaction date.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the euro at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to the euro. Foreign exchange differences arising on translation are recognised directly in other comprehensive income as a translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Operating profit

Operating profit comprises profit before tax and financial items. Financial items include interest on bank balances, deposits, investments held for sale, interest paid on borrowings, profit or loss from the sale of financial assets at fair value through other comprehensive income, and foreign exchange gains or losses from the translation of all monetary assets and liabilities to foreign currency.

Fair value

A number of the Krka Group's accounting policies and disclosures require the determination of fair value for financial and non-financial assets and liabilities.

Fair value is the amount at which an asset could be sold or a liability exchanged in a regular transaction between market participants. All assets and liabilities measured and disclosed at their fair value in financial statements are classified in the fair value hierarchy based on the lowest level of input data significant for measurements of total fair value:

- Level 1 – market value (unadjusted) from the active market for similar assets and liabilities;
- Level 2 – valuation model for assets and liabilities, which is not classified in level 1, is valued directly or indirectly based on comparable market data;
- Level 3 – valuation model, which is not based on the market data.

The fair value of individual groups of assets has been determined for measurement and/or disclosure purposes based on the methods presented below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the 'Notes' specific to that asset or liability of the Krka Group.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and at fair value through other comprehensive income (FVOCI) is determined by reference to their quoted closing bid price. For investments in debt securities at amortised cost, for reporting purposes, the fair value is calculated based on the closing rate, which is increased by accrued interest on the reporting date.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows discounted at the market rate of interest effective at the reporting date.

Financial liabilities

Fair value is determined based on the present value of future principal and interest payments discounted at the market rate of interest prevailing at the reporting date.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another.

Financial assets

Financial assets of the Krka Group include cash and cash equivalents, receivables, derivatives, loans and investments.

Initial recognition and measurement

Upon initial recognition, Krka Group's financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Krka Group's business model for managing them. With the exception of trade receivables that do not have a significant financing component or for which the Krka Group has applied the practical expedient, the Krka Group

initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not have a significant financing component or for which the Krka Group has applied the practical expedient are measured at the transaction price determined within *IFRS 15* (refer to accounting policy 'Revenue from contracts with customers').

For financial assets to be classified and measured at amortised cost or fair value through other comprehensive income, they need to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an individual instrument level.

The Krka Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Where the Krka Group selects a business model that aims to collect contractual cash flows, it values its financial assets (debt instruments) at amortised cost. If the Krka Group acquires financial assets (debt instruments) with the intent to collect contractual cash flows and selling them, then they are measured at fair value through other comprehensive income by recycling cumulative gains and losses. Where the Krka Group does not choose any of these mentioned business models, it measures its financial assets (debt instruments) at fair value through profit or loss. Financial assets that are in accordance with *IAS 32 – Financial Instruments* and are not held for trading purposes are classified as equity instruments at fair value through other comprehensive income without recycling cumulative gains and losses after derecognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e. the date that the Krka Group commits to purchase or sell the asset.

The Krka Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to the contractual cash flows from the financial asset in a transaction that transfers all the risks and rewards of ownership of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Cash and cash equivalents comprise cash, bank deposits with maturities of up to three months, and other current, highly liquid investments with an original maturity of three months or less. These investments can be easily converted into known amounts of cash with an insignificant risk of value fluctuation. The cash flows derived from these assets consist solely of principal and interest payments, classifying them as financial assets at amortised cost.

According to the SSPI test, loans issued by the Krka Group are classified as financial assets at amortised cost, since the cash flows derived from these assets are solely payments of the principal and interest on the principal amount outstanding.

Krka Group's investments in debt securities, comprising only low credit-risk government bonds are classified as financial assets at amortised cost.

The Krka Group's financial assets at amortised cost also include trade receivables.

After initial recognition, these investments are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

Subsequent to initial recognition, they are measured at fair value. Interest income, foreign exchange differences, and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is transferred to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Subsequent to initial recognition, they are measured at fair value. Changes in fair value are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is not transferred to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets is described in the section ‘Impairment – Financial assets’.

Financial liabilities

Financial liabilities consist primarily of loans, payables to suppliers and other liabilities. Lease liabilities and employee benefits are reported separately (refer to accounting policies in the ‘Leases’ and ‘Employee benefits expense’ sections). All other financial liabilities are initially recognised on the trade date or when the Krka Group becomes a contracting party in relation to the instrument. On initial recognition, non-derivative financial liabilities are classified as subsequently measured at amortised cost and derivative financial liabilities as at fair value through profit or loss. After initial recognition, financial liabilities arising from loans are measured using the effective interest method. Gains and losses are recognised in profit or loss when these liabilities are discharged or modified. The Krka Group derecognises a financial liability if the obligations set out in the contract are fulfilled, cancelled or expired.

Property, plant and equipment

Property, plant and equipment items are measured at cost less accumulated depreciation and impairment losses (refer to the accounting policy ‘Impairment of assets’). Property, plant and equipment that was revalued to its fair value on 1 January 2004 or on the date of transition to *IFRS* is measured at its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other directly attributable cost of making the asset ready for its intended use, and (if applicable) initially assessed costs of dismantling and removing the items and restoring the site on which they are located, as well as capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant and equipment items that have substantially different useful lives, but whose value is significant, are accounted for as individual assets.

Gains and losses on disposal of an item of property, plant and equipment are determined as the difference between proceeds from disposal and the carrying amount of property, plant and equipment and are recognised under other operating income or other operating expenses in profit or loss.

The Krka Group includes borrowing costs directly attributable to the acquisition, construction or production of the asset under construction in the cost of property, plant and equipment. Borrowing costs related to the acquisition or construction of the relevant assets are capitalised if they relate to the acquisition of a significant asset and if construction or preparation for use of the relevant assets takes more than six months.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Krka Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment, or individual parts. Land and assets being acquired are not depreciated.

	Estimated useful lives in years
Buildings	
– Management and administrative facilities	60
– Production and warehouse facilities	40
– Other	15 to 20
Property, plant and equipment	
– Production equipment	3 to 15
– Laboratory equipment	7 to 15
– Other	5 to 20
Furniture	5 or 10
Computer equipment	4 to 6
Means of transportation	6 to 15

Leases

At contract inception, the Krka Group assesses whether a contract is or contains a lease. The contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Krka Group determines the lease term as the period during which the lease cannot be terminated, inclusive of:

a) The period for which the option to extend the lease applies if it is reasonably certain that the lessee will exercise that option; and
b) The period for which the option to terminate the lease applies if it is reasonably certain that the lessee will not exercise that option.

The Krka Group as a lessee

Lease liabilities

At the commencement date of the lease, the Krka Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by the Krka Group under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Krka Group and payments of penalties for terminating the lease if the lease term reflects the Krka Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised in profit or loss as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Krka Group uses its incremental borrowing rate based on estimated bond returns if it were to raise debt on the financial markets, while considering their maturity if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. change of future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

For short-term leases and leases where the leased asset is of low value, the Krka Group applies the practical expedient allowed by the standard and recognises lease payments as an expense on a straight-line basis over the lease term. The practical expedient is applied to leases with a lease term of less than one year and leases where the cost of the new leased asset is less than €5,000.

The Krka Group recognises a right-of-use property, plant and equipment asset and a lease liability at the inception of the lease (i.e. the date the leased asset is available for use).

Right-of-use assets

Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received, as well as estimated costs that will be incurred in dismantling or removing the leased asset, restoring the site to its original condition, or returning the asset to a condition as required in the lease terms.

The Krka Group depreciates the right-of-use assets on a straight-line basis over the shorter of the estimated lease term or the estimated useful lives of the assets.

The Krka Group as a lessor

Leases in which the Krka Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Intangible assets

Goodwill

Goodwill, which arose on the acquisition of the subsidiary, represents the excess of the cost of the acquisition over the Krka Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost, less accumulated impairment losses, and tested for impairment yearly.

Trademark

The Krka Group treats the TAD Pharma trademark as an intangible asset with a useful life of 50 years, whereas it is reviewed for impairment given the changed circumstances in the business environment.

Research and development

Development costs are not capitalised because the Krka Group does not distinguish between the research and development phases. All costs related to in-house research and development activities across the Krka Group are recognised as an expense in profit or loss as incurred.

Other intangible assets

Other intangible assets that are acquired by the Krka Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (refer to the accounting policy 'Impairment of assets').

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset it pertains to. All other expenditure, including expenditure on internally generated goodwill and trademarks, is recognised in profit or loss as incurred.

Emission coupons

The Krka Group recognises emission coupons purchased or acquired free of charge in order to fulfil its obligation to the State to surrender emission coupons under the Environmental Protection Act as intangible assets. Emission coupons acquired free of charge are carried at €1 per emission coupon, while those purchased are measured at cost on initial recognition. The first-in-first-out (FIFO) method is used to transfer coupons. Intangible assets relating to emission coupons are not amortised.

Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets (except for goodwill) from the date they are available for use.

The estimated useful lives of software, licences and other rights range from 3 to 10 years, and 50 years for the TAD Pharma trademark.

Inventories

In the statement of financial position, inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price at the reporting date less selling expenses. The Krka Group reviews the net realisable value of inventories once a year at the date of the consolidated statement of financial position. If the carrying amount of inventories exceeds their net realisable value, inventories are impaired through profit and loss.

As of the reporting date, the Krka Group also reviews whether inventories need to be impaired. Thus, impaired are:

- All types of inventories that are known or expected to be unusable in the production of bulk and finished products or that cannot be sold for any reason;
- All types of inventories that have expired;
- Inventories that will expire in an amount to be determined by the person responsible for the inventories;
- All other inventories that for any other reason require impairment.

Possible impairments are reviewed and recorded by inventory type group through profit or loss.

An inventory unit of raw materials and materials, as well as auxiliary and packaging materials is valued at cost, including all direct costs of purchase. Inventories of material are carried at weighted average cost. Inventories of finished products and work in progress are carried at standard cost, which in addition to the direct cost of material, includes the cost of production, such as direct labour cost labour, depreciation, cost of services, energy, maintenance, and quality. Fixed price variances are determined in accordance with the current valuation of inventories using production costs. A quantity unit of merchandise is valued at cost, including cost of purchase, import duties, and all costs directly attributable to the acquisition decreased by discounts. Inventories of merchandise are carried at moving average prices.

Impairment of assets

Financial assets

The Krka Group recognises an allowance for the expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Krka Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since the initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Impairments of receivables and assets from contracts

The Krka Group applies a simplified approach in calculating ECLs for trade receivables and contract assets. Trade receivables that do not have a significant financing component or for which the Krka Group applies a practical expedient (contracts with a term of one year or less) are measured at the transaction price determined under *IFRS 15*, less any impairment losses.

The Krka Group does not track changes in credit risk. Instead, it recognises a loss allowance based on a lifetime ECL at each reporting date. The Krka Group has established a provision matrix that is based on its credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Allowances are recognised using a uniform methodology applicable to the Krka Group and in consideration of the probability or assessed probability of receivable settlement by the debtors.

Impairment of investments

The Krka Group measures expected credit losses annually for investments that include government bonds measured at amortised cost.

Except when a 12-month expected credit loss is recognised, the Krka Group recognises an allowance for credit losses in an amount equal to the expected credit loss over the entire life of the financial instrument. A 12-month expected credit loss is recognised by:

- Debt securities with low credit risk at the reporting date, and debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which the credit risk (i.e. the risk of default in the expected life of the financial instrument) has not increased significantly since initial recognition.

The Krka Group considers a debt security to have low credit risk if its credit risk rating is equivalent to the globally understood definition of 'investment grade', which equals to a rating of Baa2 or above by Moody's or BBB– or above by S&P Global Ratings.

The Krka Group monitors changes in credit risk by tracking published external credit ratings. The probabilities of default (PD), both 12-month and over the financial instrument's life, are based on information from the external credit rating agency. The external credit rating agencies also report the loss given default (LGD) ratio, which reflects the assumed recovery rate.

Non-financial assets

The carrying amounts of the Krka Group's non-financial assets are reassessed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is assessed.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped into the smallest cash-generating units, which are the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For the purpose of impairment testing, the goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment of an asset or a cash-generating unit is recognised when its carrying amount exceeds its recoverable amount. Impairment is recognised in the income statement. A loss recognised in a cash-generating unit as a result of

impairment is allocated by first reducing the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the unit (group of units) in proportion to the carrying amount of each asset in the unit.

An impairment loss in respect of goodwill is not reversed. Regarding other assets, impairment losses recognised in previous periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed upon the changed estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in the previous periods.

Share capital

Repurchase of treasury shares

When treasury shares recognised as a part of share equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Dividends

Dividends are recognised in the Krka Group's consolidated financial statements in the period in which they are declared by the Annual General Meeting.

Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Non-current employee benefits

Provisions for post-employment benefits and other non-current employee benefits

Pursuant to national legislation of countries where the controlling company and its subsidiaries operate, the Krka Group is obligated to provide employees with anniversary bonuses and retirement benefits. Provisions are set aside for these obligations.

Provisions are determined by discounting, at the reporting date, the estimated future benefits in respect of retirement benefits and anniversary bonuses paid to employees in those countries where this legal obligation exists. The obligation is calculated by estimating the costs of retirement benefits upon retirement and the costs of all expected anniversary bonuses until retirement. The calculation is performed using the projected unit credit method. Employee benefit costs, as well as cost of interest, are recognised in profit or loss, whereas restatement of post-employment benefits or unrealised actuarial profit or loss is recognised in other comprehensive income.

Provisions

A provision is recognised if, as a result of a past event, the Krka Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for lawsuits

The Krka Group recognises provisions for lawsuits primarily related to alleged patent infringements. The adequacy of these provisions, based on the likelihood of a favourable or unfavourable outcome, is assessed annually. The provision amounts are determined either by the amount of the indemnification claim or, if no claim has been disclosed, by an estimated potential amount.

Revenue from contracts with customers

The Krka Group develops, produces, markets and sells human health products (prescription pharmaceuticals, non-prescription products), animal health products, and health resort and tourist services. Revenue from contracts with

customers is recognised when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Krka Group expects to be entitled in exchange for those goods or services while considering specific terms and conditions of an individual contract.

Transfer of control over those goods and services depends on the terms and conditions of the contract. In general, control is transferred immediately once the goods are accepted by the customer or services are rendered. The standard credit term ranges from 30 to 120 days.

The Krka Group assesses the performance obligations contained in each sales contract and determines whether additional promises in the contract constitute separate performance obligations requiring allocation of a portion of the transaction price. In determining the transaction price for the sale of products, the effects of variable consideration are considered, as well as the existence of significant financing components.

Variable consideration

If the consideration in a contract includes a variable amount, the Krka Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of products provide customers with a right of return, bonuses, and volume rebates. The rights of return, bonuses, and volume rebates give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return goods that are past the expiry date. The Krka Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Krka Group will be entitled. The requirements of *IFRS 15* on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that, based on experience and business practice in a given environment, are expected to be returned rather than generating revenue, the Krka Group recognises a refund liability. A right-of-return asset (and corresponding adjustment to cost of products sold) is also recognised to account for the right to recover products from customers.

Bonuses and volume rebates

The Krka Group provides retrospective bonuses and volume rebates to some customers once the quantity or value of products or services purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Krka Group considers the terms and conditions of the contract, including criteria and elements that provide the basis for the recognition of bonuses and volume rebates. For valuation, Krka Group uses the most probable value method or the expected value method. The method chosen, which best predicts the value of the rebates and volume discounts, is based on the number of thresholds in the contract.

In addition to discounts available to end customers, the Krka Group also grants discounts for public procurement to countries, ministries, or insurance companies in individual countries, based on the agreed tender conditions or contractual provisions and the actual sales orders realised.

Disclosures about the use of estimates and judgements in estimating variable consideration are provided in the ‘Basis of preparation of the financial statements’ section.

Significant financing component

In some cases, the Krka Group receives current advances from its customers. Using the practical expedient in *IFRS 15.63*, the Krka Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less.

Contract balances

Contract assets

A contract asset is the right to an amount of consideration in exchange for goods or services transferred to the customer. If the Krka Group transfers goods or services to a customer before receiving payment or before payment becomes due, a contract asset is recognised for the conditional earned consideration. Once the transaction is completed and the customer is confirmed, the contract assets are reclassified as trade receivables.

Trade receivables

A receivable is the Krka Group's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due (refer to the accounting policy for recognising financial instruments).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Krka Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the goods or services are transferred to the customer, a contract liability is recognised when the payment is made, or the payment becomes due (whichever is earlier). Contract liabilities are recognised as revenue when the Krka Group performs under the contract.

Right-of-return assets

Right-of-return assets represent the Krka Group's right to recover the goods expected to be returned by customers.

The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Krka Group regularly updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable from the customer). It is measured at the amount the Krka Group ultimately expects it will have to return to the customer.

The Krka Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to the above accounting policy on variable consideration.

It is irrelevant to the Krka Group's assessment of the role it plays in individual customer contracts, as it usually acts as a principal.

The Krka Group does not normally have long-term sales contracts with customers.

Government grants

Income from government grants is initially recognised when there is reasonable assurance that the grant will be received and that the Krka Group will comply with the attached conditions. Income that compensates the realised expenses is recognised in profit or loss on a systematic basis in the same periods in which the costs are recognised. Income that compensates an entity for the cost of an asset is recognised in profit or loss on a systematic basis over the useful life of the asset.
The Krka Group recognises emission coupons received free of charge from the State within government grants received. The emission coupons received free of charge are recorded as intangible assets at a value of €1 per emission coupon. Upon their transfer, the Krka Group reduces intangible assets and recognises other operating income.

Financial income and expenses

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging

instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised on the date that the shareholder's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Financial expenses comprise interest expense on borrowings, foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except those that are attributable to property, plant and equipment under construction.

Income tax expense

Income tax expense comprises current, top-up and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the balance sheet liability approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Also, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. The amount of deferred tax is based on the expected manner of settling the carrying amount of assets and liabilities using tax rates enacted at the reporting date. Deferred tax assets are offset against deferred tax liabilities when an entity has a legal right to offset current assets and liabilities, and deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In 2023, Slovenia adopted the *Minimum Tax Act*, incorporating a minimum tax into the Slovenian tax-law system to ensure that large international and domestic groups are subject to a global minimum taxation of profits at an effective tax rate of 15%. The *Act* was adopted based on EU Directive 2022/2523 on the provision of a global minimum tax rate for international and large domestic groups in the EU, which was drafted based on the *GLOBE Model Rules* prepared by the Organisation for Economic Co-operation and Development (OECD) in October 2021. The *Act's* minimum tax rules apply to the Krka Group's financial years starting from 1 January 2024.

The Krka Group is subject to the minimum tax rules for the financial year 2024 onwards. The Company for the first time calculated the Krka Group's top-up tax and the domestic top-up tax for Slovenia for the year 2024. In Slovenia, the Company can benefit from simplifications of applying the rules (transitional CbCR Safe Harbour), exempting it from calculating the domestic top-up tax.

Earnings per share

The Krka Group reports basic earnings per share, which is calculated by dividing the profit or loss attributable to majority shareholders by the average number of ordinary shares issued during the financial year, whereby treasury shares are excluded. Diluted earnings per share is equal to basic earnings per share, because the Krka Group has not issued any dilutive or contingently dilutive instruments.

Segment reporting

An operating segment is a distinguishable component of the Krka Group that is engaged in providing products or services within a particular geographically defined economic environment. Segments are different in terms of risks and returns. The

Krka Group's segment reporting is based on the Krka Group's internal reporting system, which is applied by the controlling company's management in the decision-making process.

The segments include: the EU (all EU member countries), South-Eastern Europe (Serbia, Bosnia and Herzegovina, North Macedonia, Montenegro, Kosovo, and Albania), Eastern Europe (Russian Federation and other former Soviet Union countries excluding the Baltic countries), as well as Other (countries not included in any of the above segments).

Revenue generated by individual segments of the Krka Group are presented in terms of customers' geographical location. The data are calculated based on revenue and expenses, assets and liabilities directly attributable to each Krka Group market. Eliminations relate to transactions between the controlling company and subsidiaries and to transactions between subsidiaries.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

Amendments to standards and interpretations not yet effective

The following are the standards, amendments, and interpretations that have not yet become effective by the date of the Krka Group's financial statements. Both endorsed and unendorsed EU standards are presented. The Krka Group will take them into account when they become effective. The Krka Group did not adopt any of these standards, amendments, or interpretations prior to their effective date.

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Settlement of liabilities through electronic payment systems

There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they are settled using electronic payment system. The amendments to *IFRS 9* clarify when a financial asset or a financial liability is recognised and derecognised.

Under the amendments, a company generally derecognises its trade payable on the settlement date. Usually this is the date, on which payment is completed.

The amendments also provide an optional exception, which allows the company to derecognise its trade payable earlier than the settlement date, potentially on the date when payment is initiated and cannot be cancelled. The exception is available when the company uses an electronic payment system that meets all of the following criteria:

- No practical ability to withdraw, stop or cancel the payment instruction;
- No practical ability to access the cash to be used for settlement as a result of the payment instructions; and
- The settlement risk associated with the electronic payment system is insignificant.

Companies can choose to apply the exception for electronic payments on a system-by-system basis.

Classification of financial assets with ESG-linked features

Under *IFRS 9*, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI, which is a condition for measurement at amortised cost. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Under the amendments, certain financial assets, including those with ESG-linked features, could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- Not related directly to a change in basic lending risks or costs; and
- Not measured at fair value through profit or loss.

Contractually linked instruments (CLIs) and non-recourse features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The management has assessed the impact of the amendments and believes they will have no significant impact on the consolidated financial statements of the Krka Group.

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-Dependent Electricity

Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments enable nature-dependent electricity contracts, which are sometimes referred to as renewable power purchase agreements (PPAs), to be better reflected in the financial statements. The amendments:

- Clarify the application of the own use exemption to these contracts;
- Amend the hedge accounting requirements to allow contracts for electricity from nature-dependent renewable energy sources to be used as a hedging instrument if certain conditions are met;
- Introduce additional disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and future cash flow.

The management has assessed the impact of the amendments and believes they will have no significant impact on the consolidated financial statements of the Krka Group.

Annual Improvements to IFRS Standards – Volume 11

Effective for annual reporting periods on or after 1 January 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

In this volume of improvements, the IASB makes minor amendments to *IFRS 9 – Financial Instruments* and to a further four accounting standards (*IFRS 1 – First Application of the International Financial Reporting Standards, IFRS 7 – Financial Instruments, IFRS 10 – Consolidated Financial Instruments, IAS 7 – Statement of Cash Flows).*

The amendments to *IFRS 9* address:

- A conflict between *IFRS 9* and *IFRS 15 Revenue from Contracts with Customers* over the initial measurement of trade receivables; and
- How a lessee accounts for the derecognition of a lease liability under paragraph 23 of *IFRS 9*.

The amendments to *IFRS 9* require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying *IFRS 15*. They also clarify that when lease liabilities are derecognised under *IFRS 9*, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The management has assessed the impact of the amendments and believes they will have no significant impact on the consolidated financial statements of the Krka Group.

IFRS 18 – Presentation and Disclosure in Financial Statements

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

IFRS 18 replaces *IAS 1 – Presentation of Financial Statements*. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under *IFRS 18*, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- Nature;
- Function; or
- Using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management Performance Measures (MPMs), requiring them to be:

- A subtotal of income and expenses;
- Used in public communications outside the financial statements; and
- Reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under *IFRS*.

Greater disaggregation of information

The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a new line item on the balance sheet.

Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- The restated amounts presented applying *IFRS 18*; and
- The amounts previously presented applying *IAS 1*.

The management has assessed the impact of the amendments on the Krka Group's consolidated financial statements and shall apply them upon enforcement.

IFRS 19 – Subsidiaries without Public Accountability

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

IFRS 19 allows eligible subsidiaries to apply *IFRS Accounting Standards* with the reduced disclosure requirements of *IFRS 19*.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- It does not have public accountability;
- Its parent produces consolidated financial statements under *IFRS Accounting Standards*.

A subsidiary applying *IFRS 19* is required to clearly state in its explicit and unreserved statement of compliance with *IFRS Accounting Standards* that *IFRS 19* has been adopted.

The management has assessed the impact of the amendments and believes they will have no significant impact on the consolidated financial statements of the Krka Group.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The amendments clarify that:

- A company with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its hyperinflationary presentation currency; and
- A company uses the closing rate at the latest reporting date when translating all amounts (excluding comparatives) of a foreign operation with a non-hyperinflationary functional currency into the company's hyperinflationary presentation currency and applies the change in the general price index to restate the comparatives.

The management has assessed the impact of the amendments and believes they will have no significant impact on the consolidated financial statements of the Krka Group.

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely it is unlikely that the EU will endorse it in the foreseeable future.

The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- A full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- A partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The management has assessed the impact of the amendments and believes they will have no significant impact on the consolidated financial statements of the Krka Group.

3. Segment reporting

The Krka Group reports in terms of certain geographical segments. Revenue generated by individual segments are presented in terms of customers' geographical location. The data are calculated based on revenue and expenses, assets and liabilities directly attributable to each Krka Group market. Eliminations relate to transactions between the controlling company and subsidiaries and to transactions between subsidiaries themselves.

Segment reporting

	European Union		South-Eastern Europe		Eastern Europe		Total segment reporting		Other		Eliminations		Total	
€ thousand	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue from sales to non-group customers	**1,094,390**	**1,025,384**	**119,734**	**108,419**	**713,478**	**650,523**	**1,927,602**	**1,784,326**	**113,423**	**125,218**			**2,041,025**	**1,909,544**
Revenue from sales to intra-group customers	**448,669**	**431,844**	**76,904**	**70,661**	**712,592**	**650,807**	**1,238,165**	**1,153,312**	**20,126**	**28,545**	**–1,258,291**	**–1,181,857**		
Total revenue	**1,543,059**	**1,457,228**	**196,638**	**179,080**	**1,426,070**	**1,301,330**	**3,165,767**	**2,937,638**	**133,549**	**153,763**	**–1,258,291**	**–1,181,857**	**2,041,025**	**1,909,544**
Other operating income	5,602	5,869	72	80	884	729	6,558	6,678	1,609	452			8,167	7,130
Operating expenses	–914,685	–878,833	–82,108	–76,958	–498,076	–435,992	–1,494,869	–1,391,783	–89,174	–97,319			–1,584,043	–1,489,102
Intra-group operating expenses, including elimination of profits	–448,669	–431,843	–76,904	–70,661	–712,592	–650,808	–1,238,165	–1,153,312	–20,126	–28,545	1,258,291	1,181,857	0	0
Operating profit	**185,307**	**152,421**	**37,698**	**31,541**	**216,286**	**215,259**	**439,291**	**399,221**	**25,858**	**28,351**	**0**	**0**	**465,149**	**427,572**
Interest income	9,047	11,932	2	1	1,743	1,027	10,792	12,960	930	1,146			11,722	14,106
Intra-group interest income	2,097	4,457	0	0	0	0	2,097	4,457	0	0	–2,097	–4,457		
Interest expenses	–405	–201	–12	–14	–6,582	–226	–6,999	–441	–13	–20			–7,012	–461
Intra-group interest expenses	–2,097	–4,457	0	0	0	0	–2,097	–4,457	0	0	2,097	4,457		
Net financial result	**9,849**	**18,147**	**–564**	**–228**	**25,320**	**–33,343**	**34,605**	**–15,424**	**–3,809**	**6,930**			**30,796**	**–8,494**
Income tax expense	–39,746	–27,639	–7,338	–4,891	–41,513	–25,962	–88,597	–58,492	–3,676	–4,384			–92,273	–62,876
Net profit	**155,410**	**142,929**	**29,796**	**26,422**	**200,093**	**155,954**	**385,299**	**325,305**	**18,373**	**30,897**	**0**	**0**	**403,672**	**356,202**
Investments	88,881	107,642	672	626	5,366	7,517	94,919	115,785	574	1,264			95,493	117,049
Depreciation of property, plant and equipment	57,991	57,773	2,123	1,976	19,431	18,872	79,545	78,621	3,242	3,206			82,787	81,827
Depreciation of the right-of-use assets	3,545	3,094	144	139	676	551	4,365	3,784	100	85			4,465	3,869
Amortisation of intangible assets	3,871	4,129	317	340	1,804	2,004	5,992	6,473	258	344			6,250	6,817
	31 Dec 2025	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**
Total assets	**2,178,925**	**2,078,751**	**86,724**	**76,528**	**655,519**	**577,157**	**2,921,168**	**2,732,436**	**121,490**	**116,585**			**3,042,658**	**2,849,021**
Non-current assets exclusive of deferred tax assets	862,295	854,447	6,756	6,336	88,492	74,061	957,543	934,844	32,747	33,623			990,290	968,467
Total liabilities	**399,923**	**410,885**	**24,925**	**19,913**	**205,694**	**138,560**	**630,542**	**569,358**	**34,965**	**41,879**			**665,507**	**611,237**

4. Revenue from contracts with customers [21,22,23]

Itemisation of revenue from contracts with customers

€ thousand	2025	2024
Revenue from contracts with customers (products)	1,979,838	1,850,497
Revenue from contracts with customers (health resort and tourist services)	54,201	49,351
Revenue from contracts with customers (materials)	3,181	6,189
Total revenue from contracts with customers	**2,037,220**	**1,906,037**

Total revenue from contracts with customers under spa and tourist services were generated in Slovenia.

Revenue from contracts with customers by region

€ thousand	2025	2024
Region Slovenia	76,071	71,653
Region South-East Europe	290,172	269,025
Region East Europe	713,371	650,339
Region Central Europe	460,004	426,530
Region West Europe	364,109	351,803
Region Overseas Markets	76,111	81,147
Total	**1,979,838**	**1,850,497**

In 2025, products sales amounted to €96,282 thousand in Ukraine, our third largest market (2024: €96,042 thousand), accounting for 4.7% of the Krka Group total sales.

In 2025, products sales amounted to €422,278 thousand in the Russian Federation, Krka's largest individual market (2024: €373,301 thousand), accounting for 20.8% of Krka's total sales. The demand for our products was adequate.

Revenue from contracts with customers by product group

€ thousand	2025	2024
Prescription pharmaceuticals	1,691,711	1,567,359
Non-prescription products	173,475	171,291
Animal health products	114,652	111,847
Total	**1,979,838**	**1,850,497**

Contract balances

Trade receivables are outlined in 'Note 18 – Trade and other receivables', and liabilities from contracts with customers in 'Note 25 – Current contract liabilities. The Krka Group recognised assets from contracts with customers in the amount of €291 thousand (2024: €291 thousand) and liabilities from contracts in the amount of €7,505 thousand (2024: €5,099 thousand). The recognised assets and liabilities under contracts with customers are posted in the consolidated statement of financial position.

Right-of-return liabilities

The Krka Group recognised right-of-return liabilities of €184,479 thousand (2024: €160,979 thousand).

Performance obligations

The Krka Group develops, produces, markets and sells human health products (prescription pharmaceuticals, non-prescription products), animal health products, and health resort and tourist services. Revenue from contracts with

[21] Note to E3-4 – Water consumption

[22] Note to E1-5 – Energy consumption and the mix of energy sources

[23] Note to E1-6 – Gross GHG emissions of Scopes 1, 2 and 3 and total GHG emissions at that date

customers is recognised as soon as control of the goods and services is transferred to the customer at an amount that reflects the consideration to which Krka expects to be entitled in exchange for those goods or services, while considering specific terms and conditions of an individual contract.

Transfer of control and rewards in the sale of products for human use, veterinary products and material depends on the terms and conditions of an individual contract. Generally, it occurs as soon as the customer accepts the goods in accordance with the provisions of *Incoterms*. The transfer of risks and rewards in the sale of health resort and tourist services occurs progressively as the customer acquires and consumes the benefits of the obligation at the same time as the obligation is being performed. Payment terms vary from region to region (distribution channels), while the standard credit term ranges from 30 to 180 days.

At year-end, the Krka Group did not incur any costs related to acquiring or fulfilling contracts with customers that could be recognised as assets.

5. Other operating income

€ thousand	2025	2024
Reversal of non-current provisions	177	634
Reversal of deferred income	618	729
Gains on sale of property, plant and equipment and intangible assets	2,060	2,285
Other operating income	5,312	3,482
Total other operating income	**8,167**	**7,130**

The Group's other operating income also includes income from emission coupons obtained free of charge from the State in 2024 and transferred to 2025. See 'Note 12 – Intangible assets'.

Deferred income relates to income from other government grants received that cover the depreciation charged on property, plant, and equipment in the proportion in which the funds were received.

6. Costs by nature

€ thousand	2025	2024
Cost of goods and materials	534,208	504,054
Cost of services	269,625	272,673
Employee benefits expense	632,905	568,509
Amortisation and depreciation	93,502	92,513
Net write-offs and allowances for inventories	15,507	18,794
Net impairments and write-offs of receivables	2,845	–2,197
Formation of provisions for lawsuits	685	7,559
Other operating expenses	46,577	44,347
Total costs	**1,595,854**	**1,506,252**
Change in the value of inventories of finished products and work in progress	–11,811	–17,150
Total	**1,584,043**	**1,489,102**

The largest cost of services items are related to promotional events, advertising and entertainment, intellectual and personal services, and maintenance of fixed assets.

More information on depreciation is outlined in 'Note 11 – Property, plant and equipment' and 'Note 12 – Intangible assets'.

Estimated useful lives are disclosed in 'Note 2 – Significant accounting policies' under 'Property, plant and equipment' and 'Intangible assets'.

7. Employee benefits

€ thousand	2025	2024
Gross wages and salaries and continued pay	484,488	437,485
Social security contributions	34,516	29,628
Pension insurance contributions	67,991	61,414
Payroll tax	892	815
Post-employment benefits and other non-current employee benefits	6,242	11,043
Other employee benefits expense	38,776	28,124
Total employee benefits expense	**632,905**	**568,509**

Post-employment benefits and other non-current employee benefits are detailed in 'Note 22 – Provisions'. Other employee benefits expense include primarily vacation bonuses and commuting allowances.

8. Other operating expenses

€ thousand	2025	2024
Grants and assistance for humanitarian and other purposes	1,931	2,062
Environmental protection expenditures	6,221	7,745
Other taxes and levies	26,224	26,234
Loss on sale and write-offs of property, plant and equipment and intangible assets	4,629	3,042
Other operating expenses	7,572	5,264
Total other operating expenses	**46,577**	**44,347**

Other levies include €22,731 thousand (2024: €22,242 thousand) of various taxes and levies paid on pharmaceuticals and fees paid to associates in individual foreign countries for pursuing promotional activities.

9. Financial income and expenses

€ thousand	2025	2024
Net foreign exchange gains	43,374	0
Interest income	11,722	14,106
Derivative income	78	10,066
– Realised revenue	78	1,959
– Fair value change	0	8,107
Income from other financial instruments	5,111	8,983
– Income generated	7,598	9,683
– Fair value change	–2,487	–700
Income from dividends	44	760
Income from dividends and other profit shares – equity method	–2	0
Other financial income	4	31
Total financial income	**60,331**	**33,946**
Net foreign exchange losses	0	–31,307
Interest expenses	–7,012	–461
– Interest paid	–6,346	20
– Interest expenses on lease liabilities	–666	–481
Change in fair value of investments through profit or loss	–2	0
Derivative expenses	–8,463	–1,696
– Realised expenses	–2,763	–1,696
– Fair value change	–5,700	0
Other financial expenses	–14,058	–8,976
Total financial expenses	**–29,535**	**–42,440**
Net financial result	**30,796**	**–8,494**

The net financial result in 2025 was higher by €39,290 thousand, primarily due to an improved result from the net foreign exchange gains. The most significant impact came from the rouble exchange rate (closing rate 31 December 2025: €1 = RUB 92.8517; 31 December 2024: €1 = RUB 118.0092).

Most of the interest income was generated by interest received on deposits with maturities of more than 90 days and less than one year with banks in Slovenia.

In 2025, we continued our policy of partially hedging the US dollar risk with financial instruments.

The income from other financial instruments of €5,111 thousand (2024: €8,983 thousand) represents capital gains on investments in treasury bills.

The income from investments at amortised cost of €9 thousand (2024: €109 thousand) is income from bonds and is shown under interest income. For more information on these investments, see ‘Note 15 – Investments’.

For detailed information on the risk of changes in foreign exchange rates see ‘Note 30 – Financial instruments and financial risks’.

10. Income tax expense

Adjustment to the effective tax rate

€ thousand	2025	2024
Current income tax	102,748	71,759
Deferred tax	–10,696	–9,033
Other income tax	202	133
Top-up tax	19	17
Total income tax	**92,273**	**62,876**
Profit before tax	**495,945**	**419,078**
Income tax calculated at the rate of 22%	109,108	92,197
Tax on non-deductible income	–2,630	–2,550
Tax on non-deductible expenses	9,984	8,180
Income tax from tax incentives	–25,927	–25,127
Tax on expenses/income, which were non-deductible for taxable purposes in the previous years	475	–1,849
Effect of different tax rates (current income tax)	357	–7,052
Other	685	–1,073
Other income tax expenses	202	133
Top-up tax	19	17
Total income tax expense	**92,273**	**62,876**
Effective tax rate	**18.6%**	**15.0%**

Investments in R&D and investment incentives accounted for the major share of tax incentives.

11. Property, plant and equipment

€ thousand	31 Dec 2025	31 Dec 2024
Land	66,178	65,317
Buildings	348,112	334,182
Equipment	327,022	317,045
Property, plant and equipment being acquired	69,733	77,460
Right-of-use assets	17,860	12,642
Total property, plant and equipment	**828,905**	**806,646**

In 2025, most of the controlling company's investments were earmarked for IT and telecommunications projects, totalling €8,875 thousand (2024: €12,422 thousand). Of which €6,467 thousand (2024: €2,272 thousand) were allocated for a multi-purpose facility in Ločna (Novo mesto, Slovenia), €4,020 thousand (2024: €44 thousand) for increasing the packaging capacity for tablets for veterinary use and spot-on products, €3,288 thousand (2024: €754 thousand) for infrastructure and real estate purchases, and €3,235 thousand (2024: € 8,359 thousand) for the Sinteza 2 project in Krško (Slovenia).

As for the investments in subsidiaries, the largest amount was spent on renovating the facilities at Terme Krka, i.e. €6,259 thousand (2024: €8,570 thousand). We allocated €2,452 thousand (2024: €585 thousand) for upgrading tablet production, the purchase of a cleaning machine, and renovation of business premises and a warehouse at Krka Farma Zagreb (Croatia), and €1,431 thousand (2024: €8 thousand) for the refurbishment of the purified water preparation station and the granulation line at Krka-Polska (Poland).

Most of the right-of-use asset referred to the right of using assets relating to buildings in the amount of €16,217 thousand (2024: €10,761 thousand).

Movement of property, plant and equipment (PPE)

€ thousand	Land	Buildings	Equipment	PPE being acquired	Right-of-use assets	Total
Purchase cost						
Balance at 1 Jan 2024	**64,368**	**902,418**	**1,292,414**	**68,666**	**24,821**	**2,352,687**
Additions	0	0	0	109,462	0	109,462
Capitalisations – transfer from PPE being acquired	1,053	14,249	83,177	–98,478	0	1
Capitalisations – *IFRS 16 Leases*	0	0	0	0	5,824	5,824
Disposals, impairments, deficit, surplus	–26	–2,866	–41,471	–1,246	–2,809	–48,418
Translation reserve	–78	–9,489	–9,890	–944	–421	–20,822
Transfers, reclassifications	0	–9	22	0	0	13
Balance at 31 Dec 2024	**65,317**	**904,303**	**1,324,252**	**77,460**	**27,415**	**2,398,747**
Balance at 1 Jan 2025	**65,317**	**904,303**	**1,324,252**	**77,460**	**27,415**	**2,398,747**
Additions	0	0	0	88,497	0	88,497
Capitalisations – transfer from PPE being acquired	805	34,130	61,339	–96,274	0	0
Capitalisations – *IFRS 16 Leases*	0	0	0	0	10,062	10,062
Disposals, impairments, deficit, surplus	–69	–13,344	–38,601	–1,322	–2,111	–55,447
Translation reserve	125	14,503	14,621	1,372	453	31,074
Transfers, reclassifications	0	–220	207	0	–15	–28
Balance at 31 Dec 2025	**66,178**	**939,372**	**1,361,818**	**69,733**	**35,804**	**2,472,905**
Accumulated depreciation						
Balance at 1 Jan 2024	**0**	**–548,923**	**–1,000,291**	**0**	**–13,128**	**–1,562,342**
Depreciation	0	–27,046	–54,781	0	–3,869	–85,696
Disposals, impairments, deficit, surplus	0	2,639	40,973	0	2,031	45,643
Transfers, reclassifications	0	5	–27	0	0	–22
Translation reserve	0	3,204	6,919	0	193	10,316
Balance at 31 Dec 2024	**0**	**–570,121**	**–1,007,207**	**0**	**–14,773**	**–1,592,101**
Balance at 1 Jan 2025	**0**	**–570,121**	**–1,007,207**	**0**	**–14,773**	**–1,592,101**
Depreciation	0	–27,625	–55,162	0	–4,465	–87,252
Disposals, impairments, deficit, surplus	0	11,387	38,055	0	1,537	50,979
Transfers, reclassifications	0	215	–202	0	0	13
Translation reserve	0	–5,116	–10,280	0	–243	–15,639
Balance at 31 Dec 2025	**0**	**–591,260**	**–1,034,796**	**0**	**–17,944**	**–1,644,000**
Carrying amount						
Balance at 1 Jan 2024	**64,368**	**353,495**	**292,123**	**68,666**	**11,693**	**790,345**
Balance at 31 Dec 2024	**65,317**	**334,182**	**317,045**	**77,460**	**12,642**	**806,646**
Balance at 1 Jan 2025	**65,317**	**334,182**	**317,045**	**77,460**	**12,642**	**806,646**
Balance at 31 Dec 2025	**66,178**	**348,112**	**327,022**	**69,733**	**17,860**	**828,905**

In 2024 and 2025, the Krka Group did not carry out any investments that would meet the criteria for allocating borrowing costs.

All property, plant and equipment is free of encumbrances. The status of known future commitments related to the acquisition of property, plant and equipment is disclosed in 'Note 27 – Contingent liabilities and commitments'.

The movement and the balance of lease liabilities recognised in profit or loss are presented in 'Notes 28 – Leases' and 'Note 30 – Financial instruments and financial risks'.

12. Intangible assets

€ thousand	31 Dec 2025	31 Dec 2024
Goodwill	42,644	42,644
Trademark	31,435	32,305
Software	16,768	15,795
Other intangible assets	6,709	7,741
– Long-term deferred operating costs	121	185
– Development-related projects	4,564	4,389
– Emission coupons	2,024	3,167
Intangible assets being acquired	2,231	2,262
Total intangible assets	**99,787**	**100,747**

Goodwill arose on the acquisition of subsidiaries TAD Pharma in Germany (€42,277 thousand) and Krka Pharma in Austria (€367 thousand). The trademark item refers mainly to the trademark of TAD Pharma (€31,378 thousand).

The Krka Group recognises emission coupons acquired free of charge from the State and purchased on the market as other intangible assets. In 2025, the Krka Group acquired 9,736 coupons, whereof 9,736 were free emission coupons to be transferred to the State in 2026. In 2025, it transferred 24,228 emission coupons, whereof 9,736 were acquired free of charge and 14,492 were purchased on the market at a cost of €1,153 thousand. The transferred emission coupons were acquired in 2023, and their transfer was carried out using the FIFO method. As at 31 December 2025, the Krka Group had 41,007 emission coupons totalling €2,024 thousand (55,499 emission coupons worth €3,167 thousand as at 31 December 2024). The Krka Group transfers more emission coupons during the year than it receives free of charge from the State and is therefore considered a net contributor.

Movement of intangible assets (IA)

€ thousand	Goodwill	Trademark	Concessions, trademarks and licences	Other IA	IA being acquired	Total
Purchase cost						
Balance at 1 Jan 2024	**42,644**	**42,629**	**82,389**	**60,925**	**3,380**	**231,967**
Additions	0	0	0	0	7,587	7,587
Transfer from IA being acquired	0	0	4,993	3,096	–8,089	0
Disposals, deficit, surplus	0	0	–867	–2,987	–617	–4,471
Transfers, reclassifications	0	0	9	0	0	9
Translation reserve	0	0	–47	17	1	–29
Balance at 31 Dec 2024	**42,644**	**42,629**	**86,477**	**61,051**	**2,262**	**235,063**
Balance at 1 Jan 2025	**42,644**	**42,629**	**86,477**	**61,051**	**2,262**	**235,063**
Additions	0	0	0	0	6,996	6,996
Transfer from IA being acquired	0	0	5,251	1,431	–6,682	0
Disposals, deficit, surplus	0	0	–55	–1,698	–347	–2,100
Transfers, reclassifications	0	0	4	–3	0	1
Translation reserve	0	0	74	14	2	90
Balance at 31 Dec 2025	**42,644**	**42,629**	**91,751**	**60,795**	**2,231**	**240,050**
Accumulated amortisation						
Balance at 1 Jan 2024	**0**	**–9,453**	**–66,833**	**–53,333**	**0**	**–129,619**
Amortisation	0	–871	–4,732	–1,214	0	–6,817
Disposals, deficit, surplus	0	0	862	1,254	0	2,116
Transfers, reclassifications	0	0	–1	0	0	–1
Translation reserve	0	0	22	–17	0	5
Balance at 31 Dec 2024	**0**	**–10,324**	**–70,682**	**–53,310**	**0**	**–134,316**
Balance at 1 Jan 2025	**0**	**–10,324**	**–70,682**	**–53,310**	**0**	**–134,316**
Amortisation	0	–870	–4,294	–1,086	0	–6,250
Disposals, deficit, surplus	0	0	55	321	0	376
Transfers, reclassifications	0	0	–20	3	0	–17
Translation reserve	0	0	–42	–14	0	–56
Balance at 31 Dec 2025	**0**	**–11,194**	**–74,983**	**–54,086**	**0**	**–140,263**
Carrying amount						
Balance at 1 Jan 2024	**42,644**	**33,176**	**15,556**	**7,592**	**3,380**	**102,348**
Balance at 31 Dec 2024	**42,644**	**32,305**	**15,795**	**7,741**	**2,262**	**100,747**
Balance at 1 Jan 2025	**42,644**	**32,305**	**15,795**	**7,741**	**2,262**	**100,747**
Balance at 31 Dec 2025	**42,644**	**31,435**	**16,768**	**6,709**	**2,231**	**99,787**

Impairment testing of cash generating units that include goodwill

For the purpose of impairment testing, goodwill arising on the acquisition of TAD Pharma of €42,277 thousand was allocated to two cash-generating units (CGUs), i.e. to CGU TAD Pharma totalling €9,216 thousand, and to CGU Krka (controlling company) totalling €33,061 thousand.

CGU TAD Pharma

The recoverable amount of the CGU TAD Pharma is based on the value in use calculated by discounting the future cash flows generated by the continued use of the CGU. The five-year financial plans of CGU TAD Pharma were used, projecting the average five-year change in earnings before interest, taxes, amortisation of 3.7% (a five-year average growth rate of 4.3% was projected for 2024), a discount rate of 8.2% (2024: 7.8%) and an annual growth rate of 2.0% in the residual value of free cash flow (2024: 2.0% as well). The annual growth rate of free cash flow was calculated based on long-term inflation estimates. The values set for the key assumptions represent management's best estimate of future trends in the industry and are based on historical data obtained from internal and external sources.

The estimated recoverable amount of the CGU exceeds its carrying amount, and no impairment of the CGU is required.

CGU Krka (controlling company)

The recoverable amount of the CGU Krka is based on the value in use calculated by discounting the future cash flows generated by the continued use of the CGU. The five-year financial plans of CGU Krka were used, projecting the average five-year growth in earnings before interest, taxes, amortisation of 6.0% (a five-year average growth rate of 3.6% was projected for 2024), a discount rate of 8.8% (2024: 8.1%) and an annual growth rate of 2.0% in the residual value of free cash flow (2024: 2.0% as well). The annual growth rate of free cash flow was calculated based on long-term inflation estimates. The values set for the key assumptions represent management's best estimate of future trends in the industry and are based on historical data obtained from internal and external sources.

The estimated recoverable amount of the CGU exceeds its carrying amount and no impairment of the CGU is required.

13. Investments in joint ventures

€ thousand	2025	2024
Krka Pharma Private Limited	15,213	2,492
Total joint ventures	**15,213**	**2,492**

In April 2024, the Company and Laurus Labs Ltd. from India founded Krka Pharma Private Limited in Hyderabad, India, which they jointly control under a contractual agreement. Based on an analysis of the contractual agreement, Krka does not control Krka Pharma Private Limited.

The Krka Group accounts for its investment in the joint venture using the equity method. The reporting period of the joint venture is from 1 April to 31 March, which is why we have included financial statements adjusted to Krka's reporting period from 1 January to 31 December.

Data on joint ventures

Company	Address	Activity	Shares of voting rights (%)	
			31 Dec 2025	31 Dec 2024
Krka Pharma Private Limited	2nd Floor, Serene Chambers Road No. 7 Banjara Hills 500034 Hyderabad, India	Production, sales and development of pharmaceuticals	51%	51%

In 2025, the Krka Group allocated the attributable share (–€25 thousand) of the joint venture's loss in 2024 and the attributable share (€23 thousand) of the joint venture's profit in 2025 to its investment in the joint venture using the equity method. The investment in the joint venture was reduced by exchange rate differences arising from the translation of items in the joint venture's financial statements from the local currency into the reporting currency. Share capital contributions in the amount of €14,082 thousand increased the investment in the joint venture.

Movement of investments in joint ventures

€ thousand	Investments in subsidiaries
Balance at 1 Jan 2024	
Establishment/addition	2,492
Balance at 31 Dec 2024	**2,492**
Balance at 1 Jan 2025	**2,492**
Attributable profits/losses	–2
Establishment/addition	14,082
Foreign exchange differences	–1,359
Balance at 31 Dec 2025	**15,213**

Significant amounts from the joint ventures' financial statements

€ thousand	31 Dec 2025	31 Dec 2024
Share of ownership	**51%**	**51%**
Non-current assets	15,655	0
Current assets	14,475	5,015
– Whereof cash and cash equivalents	581	287
Non-current liabilities	72	0
– Whereof financial liabilities	0	0
Current liabilities	227	4
– Whereof financial liabilities	0	0
Net assets of joint ventures	29,830	5,010
Net assets of Krka Group	15,213	2,555
Carrying amount of investment	15,213	2,492
	2025	**2024**
Revenue	0	0
Amortisation/Depreciation	–17,357	0
Net profit or loss and other comprehensive income	44	–49
Net profit or loss and other comprehensive income attributable to Krka Group	23	–25

14. Loans

€ thousand	31 Dec 2025	31 Dec 2024
Non-current loans	**25,115**	**35,330**
– Loans to others	25,115	35,330
Current loans	**99,585**	**10,506**
– Portion of non-current loans maturing next year	12,022	9,970
– Loans to others	2,632	20
– Deposits granted to banks	83,001	2
– Current interest receivables	1,930	514
Total loans	**124,700**	**45,836**

Non-current loans include a loan by a subsidiary in China for the construction of a production plant for an amount of €10,333 thousand (2024: €22,766 thousand), as well as housing loans granted by the controlling company and certain subsidiaries to employees in accordance with bye-laws. The loan in China matures in 2029, and is secured by a guarantee from Ningbo Menovo Pharmaceutical Co. Ltd. – the owner of the borrowing company Ningbo Menovo Tiankang Pharmaceutical Co. Ltd., and a mortgage on the borrower's immovable property.

As at the 31 December 2025, the Krka Group held deposits with a maturity over 90 days and less than one year in the amount of €83,000 thousand (2024: no such deposits existed).

15. Investments

€ thousand	31 Dec 2025	31 Dec 2024
Non-current investments	**20,060**	**22,024**
– Investments at fair value through OCI (equity instruments)	20,060	22,024
Current investments including derivatives	**257,288**	**249,794**
– Investments at fair value through profit or loss	257,288	224,110
– Investments at amortised cost (debt instruments)	0	20,231
– Derivatives	0	5,453
Total investments	**277,348**	**271,818**

Non-current investments at fair value through other comprehensive income comprised €1,558 thousand of investments in shares and interests in companies in Slovenia (2024: €1,137 thousand) and €18,502 thousand of investments in shares of foreign operations, i.e. companies outside Slovenia (2024: €20,887 thousand).

Investments at fair value through profit or loss included investments in treasury bills of EU countries with the highest possible credit rating from major global credit rating agencies. The treasury bill portfolio is entirely classified as prime investments.

The decrease in investments at amortised cost amounting to €20,240 thousand is attributable to the maturity of short-term government bonds. The increase in investments at fair value through profit or loss amounting to €630,664 thousand includes acquisitions of treasury bills, whereas the decrease of €595,000 thousand includes disposals of treasury bills due to their maturity.

Movement of financial assets

€ thousand	Financial assets at fair value through OCI	Investments at amortised cost	Investments at fair value through profit or loss
Balance at 1 Jan 2024	**26,901**	**90,791**	**236,751**
Increase	0	1,811	465,295
Decrease	0	–71,136	–477,236
Foreign exchange differences	0	–1,235	0
Adjustment to market value	–4,877	0	–700
Balance at 31 Dec 2024	**22,024**	**20,231**	**224,110**
Balance at 1 Jan 2025	**22,024**	**20,231**	**224,110**
Increase	0	9	630,664
Decrease	0	–20,240	–595,000
Adjustment to market value	–1,964	0	–2,486
Balance at 31 Dec 2025	**20,060**	**0**	**257,288**

Increases in financial assets comprise new acquisitions and imputed interest, while decreases comprise coupons received, imputed interest and disposals due to the investments' maturity. Adjustments of non-current investments at fair value through OCI were recognised in other comprehensive income in the amount of –€1,964 thousand (2024: –€4,877 thousand). Since investments at amortized cost were in 2025 expensed in euro (€), there were no exchange differences upon revaluation (in 2024, exchange differences amounted to –€1,235 thousand and were recognized in financial expenses).

16. Deferred tax assets and deferred tax liabilities

	Assets		Liabilities	
€ thousand	2025	2024	2025	2024
Investments, property, plant and equipment and intangible assets	–17	239	12,037	11,840
Investments at fair value through OCI	1,978	1,978	3,779	4,211
Inventories	50,097	38,148	10	0
Receivables	16,118	11,574	359	237
Provisions for post-employment benefits and other non-current employee benefits	6,815	8,128	0	0
Transfer of tax loss	0	44	0	0
Total	**74,991**	**60,111**	**16,185**	**16,288**
Offsetting	**–5,522**	**–5,677**	**–5,522**	**–5,677**
Net	**69,469**	**54,434**	**10,663**	**10,611**

€ thousand	Balance at 1 Jan 2024	Recognised in income statement	Translation reserve	Recognised in OCI	Balance at 31 Dec 2024	Recognised in income statement	Translation reserve	Recognised in OCI	Balance at 31 Dec 2025
Investments, property, plant and equipment and intangible assets	**–11,204**	–490	93	0	**–11,601**	–320	–133	0	**–12,054**
Investments at fair value through OCI	**–3,306**	0	0	1,073	**–2,233**	0	0	432	**–1,801**
Inventories	**29,139**	10,264	–1,255	0	**38,148**	9,958	1,981	0	**50,087**
Receivables	**11,231**	1,863	–1,757	0	**11,337**	1,755	2,667	0	**15,759**
Dividends	**1,800**	–1,800	0	0	**0**	0	0	0	**0**
Provisions for post-employment benefits and other non-current employee benefits	**9,117**	–623	3	–369	**8,128**	–653	2	–662	**6,815**
Transfer of tax loss	**225**	–181	0	0	**44**	–44	0	0	**0**
Total	**37,002**	**9,033**	**–2,916**	**704**	**43,823**	**10,696**	**4,517**	**–230**	**58,806**

No unrecognised deferred tax on account of tax losses of subsidiaries existed in 2025 (as well as in 2024). The unrecognised deferred tax liabilities for unpaid dividends from subsidiaries were recorded at €26,148 thousand (2024: €19,450 thousand).

17. Inventories

€ thousand	31 Dec 2025	31 Dec 2024
Materials	254,813	266,402
Work in progress	122,076	121,520
Finished products	185,581	180,986
Merchandise	50,485	32,783
Advances for inventories	31,147	36,917
Total inventories	**644,102**	**638,608**

The increase in inventories is the result of adapting to market conditions. By carefully planning our inventories and contingency stocks, we ensure we always have access to the intermediate goods we require to produce our finished products. The planning of inventories of intermediate goods is based on sales forecasts. We also ensure optimal and adequate stocks of finished products throughout the distribution chain.

The net write-offs and allowances for inventories recorded under operating expenses amounted to €15,507 thousand (2024: €18,794 thousand) in the reporting period.

The Krka Group does not pledge inventories as collateral.

18. Trade and other receivables

€ thousand	31 Dec 2025	31 Dec 2024
Current trade receivables	609,315	552,710
Current receivables due from others	24,188	28,891
Total receivables	**633,503**	**581,601**

In 2025, the net amount of the write-offs and impairment of receivables disclosed in operating expenses amounted to €2,845 thousand (2024: –€2,197 thousand).

More than 95% of trade receivables were insured with a credit insurer, by taking into account more than 85% of the deductible (more than 95% of trade receivables were also insured as at 31 December 2024, by taking into account more than 85% of the deductible).

Current trade receivables

€ thousand	Gross value	Allowances for receivables	Net value at 31 Dec 2025	Net value at 31 Dec 2024
Trade receivables due from customers – Slovenia	15,132	25	15,107	13,425
Trade receivables due from customers – beyond Slovenia	625,360	30,706	594,654	540,484
Current liabilities from contracts with customers – beyond Slovenia	-446	0	-446	-1,199
Total current trade receivables	**640,046**	**30,731**	**609,315**	**552,710**

Current receivables due from others

Current receivables due from others related primarily to receivables due from the State. Income tax credits amounted to €1,853 thousand (2024: €1,021 thousand), while the remaining €10,630 thousand related to other receivables due by the State (2024: €14,734 thousand).

Advances for services were recorded at €912 thousand (2024: €3,683 thousand) and primarily referred to services.

19. Cash and cash equivalents

€ thousand	31 Dec 2025	31 Dec 2024
Cash in hand	51	52
Bank balances	347,768	344,843
Total cash and cash equivalents	**347,819**	**344,895**

Bank balances included a deposit of €286,403 thousand and a maturity of up to 90 days (2024: €280,926 thousand).

20. Equity

Share capital

The Company's share capital of €54,732 thousand is represented by 32,793,448 ordinary no-par value shares. There is solely one class of share. The share capital is fully paid in.

Treasury shares

At the 29th Annual General Meeting on 6 July 2023, the Company's Management Board was granted authorisation to purchase treasury shares. However, the total amount of treasury shares should not exceed 10% of the Company's share capital, i.e. 3,279,344 shares, whereby the total amount was inclusive of shares already held by Krka as at the date. The authorisation was valid for a period of 36 months from the date of the resolution's adoption.

Krka is allowed to acquire treasury shares on the regulated securities market at respective market prices at any time. It may also acquire treasury shares outside the regulated securities market. When purchasing treasury shares on the regulated market, the purchase price must not be lower than the book value based on the respective latest publicly published audited financial statements of the Krka Group. Furthermore, the purchase price of the shares must not exceed 25-fold the earnings per share held by the majority stakeholders as calculated based on the latest publicly published audited consolidated income statement of the Krka Group.

Pursuant to Paragraphs 3 and 4, Article 381 of the *Companies Act* (*ZGD-1*), an entity may reduce the share capital by withdrawing all treasury shares in a simplified procedure and recognising the amount against other profit reserves.

Repurchase of treasury shares

	No. of shares	Weighted average share price (€)	Value of treasury shares (€ thousand)
Balance at 31 Dec 2023	1,915,966		138,489
Repurchases in 2024	191,371	130.65	25,002
Balance at 31 Dec 2024	2,107,337		163,491
Repurchases in 2025	327,490	187.96	61,556
Balance at 31 Dec 2025	**2,434,827**		**225,047**

The repurchased treasury shares relate to repurchases that were recorded in individual years. A subscription fee is included in the weighted average price of shares. The amount paid, including commission, is deducted from the total capital as treasury shares until such shares are withdrawn, reissued or sold.

The repurchases of treasury shares in 2025 in terms of days are outlined in 'Note 36 – Repurchase of treasury shares'.

Reserves

The Krka Group's reserves comprise reserves for treasury shares, the share premium, legal and statutory reserves, fair value reserves and translation reserves.

Reserves for treasury shares amounted as at the balance sheet date to €225,047 thousand and increased in 2025 by €61,556 thousand based on their formation as a result of additional repurchase of treasury shares.

The share premium is to be used under the terms and purposes as defined by the applicable act. The share premium was reported at €105,897 thousand as at 31 December 2025 and consisted of the general equity revaluation adjustment of €90,659 thousand that was included in share premium during the transition to *IFRS*; the share premium of €10,844 thousand formed pursuant to a special regulation applicable in the ownership transformation of the controlling company; and €4,394 thousand of share premium resulting from reduction in the share capital due to the withdrawal of treasury shares. The amount may be used solely to increase share capital. In 2025, the value of the share premium remained unchanged.

Legal reserves may be formed up to 30% of share capital to cover possible future losses. They amounted to €14,990 thousand as at 31 December 2025 and remained unchanged compared to the previous period.

Statutory reserves amounted to €30,000 thousand as at the reporting date and remained unchanged over the previous period. The Krka Group forms statutory reserves up to a total of €30,000 thousand. Statutory reserves can be used for loss coverage, formation of reserves for treasury shares, decreasing share capital by share withdrawal, and regulating the dividend policy. Statutory reserves are available for drawdown.

The fair value reserve includes the cumulative change in the fair value of financial assets and post-employment benefits. Compared to the previous period, the fair value reserve increased by €4,783 thousand and amounted to –€6,579 thousand as at 31 December 2025. The cumulative change was due to a €1,964 thousand decrease in the fair value of financial assets through OCI (equity instruments); an increase due to the restatement of post-employment benefits of €6,970 thousand; a decrease resulting from the impact of deferred taxes in the amount of €230 thousand; and an increase of the translation reserve when restating post-employment effects in the amount of €7 thousand.

Compared to the previous period, the value of the translation reserve increased by €46,368 thousand, amounting to –€120,333 thousand as at 31 December 2025. The increase resulted from translations of individual items in financial statements of foreign operations into the reporting currency.

Retained earnings

Retained earnings grew based on the majority shareholder's profit of €403,236 thousand as a result of unpaid dividends from previous years in the amount of €1,301 thousand. On the other hand, they declined as a result of the allocation of accumulated profit to dividend payout in the amount of €251,912 thousand as per the resolution adopted by the

31st Annual General Meeting of 10 July 2025; an additional formation of reserves for treasury shares in total of €61,556 thousand on the account of the share repurchase by the controlling company and changes in provisions for termination benefits amounting to €1,751 thousand.

The dividend payout in 2025 reported in the statement of cash flows differs from the figure confirmed by the Annual General Meeting and reported in the statement of changes in equity by €50 thousand (2024: –€49 thousand).

Dividend per share

In 2025, the declared gross dividend per share was €8.25 (2024: €7.50).

Non-controlling interests

Krka holds 60%, and the Chinese partner, Ningbo Menovo, a 40% shareholding in Ningbo Krka Menovo Pharmaceutical Co. Ltd. The following table summarises information about the company before any intra-group spin-offs.

€ thousand	2025	2024
Non-controlling interest	**40.0%**	**40.0%**
Non-current assets	14,987	28,212
Current assets	35,291	26,134
Non-current liabilities	–404	–309
Current liabilities	–3,624	–5,034
Net assets	**46,250**	**49,003**
Net assets attributable to the non-controlling interest	**18,499**	**19,601**
Revenue	8,750	12,465
Net profit	1,091	–1,961
Total comprehensive income	**1,091**	**–1,961**
Net profit, attributable to the non-controlling interest	436	–784
Other comprehensive income, attributable to the non-controlling interest	–1,538	674

21. Earnings per share

Basic earnings per share amounted to €13.21 in 2025, up 14% on the previous year, when it amounted to €11.60. The calculation of earnings per share took into account the net profit for the period attributable to the controlling interests in the amount of €403,236 thousand (2024: €356,986 thousand). The weighted average number of shares was accounted for in the calculation for both years, i.e. 30,522,844 shares for 2025, and 30,783,449 shares for 2024. The average number of shares is calculated from the daily share balances during the year, less treasury shares.

Diluted earnings per share equal the basic earnings per share as the Krka Group has not issued any dilutive or contingently dilutive instruments.

22. Provisions

Movement of provisions in 2025

€ thousand	Balance at 31 Dec 2024	Formation	Utilisation	Reversal	Translation reserve	Balance at 31 Dec 2025
Non-current provisions	**136,895**	**8,099**	**–7,712**	**–2,103**	**9**	**135,188**
Provisions for lawsuits	7,598	685	–20	–18	0	8,245
Provisions for post-employment benefits	107,900	5,153	–5,974	–1,771	6	105,314
Provisions for other non-current employee benefits	20,865	1,822	–1,397	–283	3	21,010
Other provisions	532	439	–321	–31	0	619
Current provisions	**0**	**27,494**	**0**	**0**	**0**	**27,494**
Total provisions	**136,895**	**35,593**	**–7,712**	**–2,103**	**9**	**162,682**

Movement of provisions in 2024

€ thousand	Balance at 31 Dec 2023	Formation	Utilisation	Reversal	Translation reserve	Balance at 31 Dec 2024
Provisions for lawsuits	10,582	7,559	–10,150	–393	0	7,598
Provisions for post-employment benefits	94,282	21,398	–6,737	–1,050	7	107,900
Provisions for other non-current employee benefits	19,004	3,728	–1,559	–312	4	20,865
Other provisions	530	412	–410	0	0	532
Total provisions	**124,398**	**33,097**	**–18,856**	**–1,755**	**11**	**136,895**

Provisions for lawsuits referring to intellectual property are determined based on the noted amount of the indemnification claim or, if the claim has not yet been disclosed, on the estimated amount. Legal experts handling intellectual property disputes are engaged to determine the estimated amounts. Additionally, management reviews the calculated provisions for each unresolved claim annually.

In 2014, the European Commission found that Krka had infringed Article 101 of the *Treaty on the Functioning of the EU*, thereby distorting competition on the EU market for perindopril, and imposed a fine of €10,000 thousand on it. Krka paid the fine within the time limit set by the Commission. However, as it considered that its conduct did not infringe competition law rules, it brought an action against the decision before the EU General Court, which ruled in favour of Krka in December 2018.

In 2025, Krka reached an agreement with the EU Commission and ultimately settled the dispute.

The total amount of provisions recognised for lawsuits in 2025 amounted to €8,245 thousand, the most significant of which was a provision for a claim for damages in connection with the sale of perindopril in the amount of €6,000 thousand. The Krka Group, along with other generic pharmaceutical companies, is engaged in litigation concerning potential damages arising from an identified infringement of competition rules. In addition to this, the Krka Group formed provisions in the amount of €1,400 thousand in relation to the rivaroxaban in Slovakia for a short period in early 2021, when the patent situation in that country was unclear.

By the year-end of 2025, the Company and its subsidiaries were involved in one intellectual property dispute and 56 disputes in other areas of law (labour, compensation, administrative, etc.), of which the Company was involved in 12 disputes and its subsidiaries in total of 45 disputes. The total value of the IP claims was estimated at €1,400 thousand and €6,845 thousand in other legal areas.

Provisions for obligations to employees arising from post-employment and other non-current benefits are based on actuarial calculation using the following assumptions:

- A discount rate that depends on the average duration of the liability in each company – for the Company, an annual discount rate of 3.77% is used, i.e. the yield on 10-year Eurozone high-quality corporate bonds at the end of November 2025 (the discount rate of 3.34% was used in 2024); Bloomberg was used as information source;
- Applicable amounts of retirement benefits and anniversary bonuses as defined by bye-laws;
- Staff turnover depending primarily upon the employees' age (3.0% for up to 30 years; 2.0% for 31 to 40 years; 0.5% for 41 to 50 years; 0.2% for 51 to 60 years);
- Mortality rates calculated based on the most recent mortality tables available;
- Long-term increase in salaries by 2.5% (2024: 2.5%) for the Company, whereas for subsidiaries from 1.0% and 3.5% (2024: 1.0% to 3.5%).

Liabilities for post-employment benefits

€ thousand	2025	2024
Balance at 1 Jan	**107,900**	**94,282**
Current service costs (CSC)	6,370	9,204
Interest cost (IC)	3,611	3,772
Post-employment benefits paid	–5,974	–6,737
Staff departures (reversal)	–1,374	–1,047
Actuarial surplus/deficit, whereof:	–5,219	8,426
– Change in financial assumptions	–5,867	8,548
– Experience	648	–122
Balance at 31 Dec	**105,314**	**107,900**

Sensitivity analysis for post-employment and other benefits

	Discount rate		Increase in wages and salaries	
Change in	percentage points		percentage points	
Change by	0.5	–0.5	0.5	–0.5
Impact on liabilities (€ thousand)	**–7,187**	**7,916**	**7,979**	**–7,306**

In a tax control initiated in 2025, the Russian tax authority took the position that part of the services provided should be treated as services subject to VAT in the Russian Federation. The proceedings are still ongoing. Based on the available information and with the support of external tax advisors, the management has, in accordance with *IAS 37*, assessed the existence of present liability arising from past events and formed short-term provisions in the amount of €27,494 thousand, whereas exposures for which the conditions for recognition of provisions are not met are disclosed as contingent liabilities in the amount of €11,581 thousand. Provisions primarily relate to potential additional VAT, penalties, and default interest and are recognized under short-term provisions.

23. Deferred income

€ thousand	Balance at 31 Dec 2024	New deferred income received	Reversal of deferred income	Balance at 31 Dec 2025
Grants received from the European Regional Development Fund and the budget of the Republic of Slovenia intended for the production of pharmaceuticals in the new Notol 2 Plant	572	0	–52	520
Grants received from the budget for the Dolenjske and Šmarješke Toplice health resort and Golf Grad Otočec	3,059	334	–414	2,979
Grants received from the European Regional Development Fund (Farma GRS)	1,407	0	–164	1,243
Subsidy for acquisition of electric drive vehicles	1	0	–1	0
Property, plant and equipment received free of charge	17	10	–12	15
Emission coupons	10	10	–10	10
Subsidy for the purchase of joinery	88	0	–2	86
Subsidy for upgrading the trucks	6	35	–6	35
Subsidy for increased gas prices	0	3	–3	0
Subsidy for electricity production from renewable energy installations	494	0	–31	463
Total deferred income	**5,654**	**392**	**–695**	**5,351**

The production of pharmaceuticals in the new Notol 2 Plant and Farma GRS project were in part funded by the EU through the European Regional Development Fund. The Notol project was delivered within the framework of the Operational Programme 'Strengthening Regional Development Potentials' for the period 2007–2013, Priority axis 1: Competitiveness and Research Excellence: main type of activity 1.1.: Improvement of Competitiveness and Research Excellence. The Farma GRS project was eligible for co-financing of costs under R&D projects, including project management and investment in research and development, and production activities.

The amounts of deferred income are decreased by the proportionate share of depreciation of assets to which the grants refer and by any other types of realised expenses.

24. Trade payables

€ thousand	31 Dec 2025	31 Dec 2024
Current trade payables	**124,654**	**148,285**
Payables to domestic suppliers	46,763	50,266
Payables to foreign suppliers	77,891	98,019
Total trade payables	**124,654**	**148,285**

25. Current contract liabilities

€ thousand	31 Dec 2025	31 Dec 2024
Refund liabilities	**184,479**	**160,979**
– Bonuses and volume rebates	182,401	159,148
– Rights of return	2,078	1,831
Contract liabilities	**7,505**	**5,099**
– Contract liabilities – deferred income	1,212	1,187
– Contract liabilities – advances from other customers	6,293	3,912
Total current contract liabilities	**191,984**	**166,078**

Accrued bonuses and volume discounts include discounts to which the customers are entitled when the relevant terms and conditions are fulfilled; these discounts are not granted to customers in the year of the sale. Bonuses and volume rebates reduce revenue (generated sales) in the year to which they pertain to.

26. Other current liabilities

€ thousand	31 Dec 2025	31 Dec 2024
Payables to employees – gross salaries, other receipts and charges	105,656	92,318
Derivatives	247	0
Other	12,646	13,866
Total other current liabilities	**118,549**	**106,184**

The item 'Other' also includes current liabilities to the State arising from VAT payable in the amount of €6,883 thousand (2024: €6,068 thousand) and other current liabilities to the State totalling €4,244 thousand (2024: €4,759 thousand).

27. Contingent liabilities and commitments

The Krka Group discloses solely contingent liabilities recognised in connection with a tax inspection in the Russian Federation, which are disclosed in 'Note 22 – Provisions'. No contingent liabilities were recorded in 2024.

Based on signed contracts related to ongoing investments, the balance of commitments for acquiring property, plant and equipment amounted to €78,434 thousand (2024: €77,406 thousand) at year-end 2025.

28. Leases

The Krka Group concludes lease agreements for various assets such as parking spaces, offices, warehouses, land, apartments, cars, and equipment.

The lease terms are assessed according to the type of lease:

- Office premises, parking spaces and warehouses: up to 10 years;
- Land: 30 years;
- Apartments: up to 3 years;
- Cars: up to 5 years;
- Equipment: up to 10 years.

The Krka Group does not sub-lease the leased assets.

The Krka Group concluded lease contracts for various production and non-production equipment, temporary offices, and parking spaces, with lease terms shorter than one year. With respect to those leases, the Krka Group applied a practical expedient provided by the *Standard*.

The carrying amounts of lease liabilities included under interest-bearing loans and borrowings and movements during the period

€ thousand	Carrying amounts of lease liabilities under interest-bearing loans and borrowings and movements during the period
Balance at 1 Jan 2024	**11,999**
Increase/Decrease	5,043
Interest	481
Lease payments	–4,188
Translation reserve	–184
Balance at 31 Dec 2024	**13,151**
– Current lease liabilities	3,649
– Non-current lease liabilities	9,502
Balance at 1 Jan 2025	**13,151**
Increase/Decrease	9,531
Interest	666
Lease payments	–5,006
Translation reserve	16
Balance at 31 Dec 2025	**18,358**
– Current lease liabilities	4,347
– Non-current lease liabilities	14,011

The maturity analysis of lease liabilities is disclosed in 'Note 30 – Financial instruments and financial risks'.

Amounts recognised in the income statement

€ thousand	2025	2024
Depreciation of right-of-use assets	4,465	3,869
Interest expenses on lease liabilities	666	481
Expenses relating to current leases	1,511	1,205
Total amount recognised in income statement	**6,642**	**5,555**

29. Financial liabilities

Movement of financial liabilities in 2025

€ thousand	Balance at 31 Dec 2024	Monetary changes	Non-monetary changes		Balance at 31 Dec 2025
			Additions/ disposals	Other	
Dividends	1,351	–251,962	251,962	–1,351	0
Leases	13,151	–5,006	9,547	666	18,358
Total	**14,502**	**–256,968**	**261,509**	**–685**	**18,358**

Movement of financial liabilities in 2024

€ thousand	Balance at 31 Dec 2023	Monetary changes	Non-monetary changes		Balance at 31 Dec 2024
			Additions/ disposals	Other	
Dividends	1,302	–230,884	230,933	0	1,351
Leases	11,999	–4,188	4,859	481	13,151
Total	**13,301**	**–235,072**	**235,792**	**481**	**14,502**

30. Financial instruments and financial risks

Credit risk

The key credit risk of the Krka Group arises from trade receivables. This is the risk of customers failing to settle their liabilities by maturity dates.

The Krka Group introduced a centralised credit control process in 2004. The system includes all customers with credit limits exceeding €20,000. Numbering over 590 such customers at the end of 2025, they accounted for more than 95% of total trade receivables. Receivables due from small customers accounted for less than 5% of total trade receivables. Control over small customers is decentralised in the sales network and under the constant supervision of the controlling company.

Credit control is a two-step process. The first step involves assessing each customer's credit risk, determining security instruments, and assigning appropriate credit limits. We assess each new customer and review the credit ratings of all customers twice a year. Each credit rating includes many different financial and non-financial indicators, which fall into four categories (assessment of the profitability, payment habits and payment discipline of the customer, an assessment of the customer's financial statements, qualitative assessment of sales staff and country risk assessment), each of which carries a different weight in the final assessment.

Each customer is allocated a customised credit limit based on their credit rating, anticipated shipment, and payment patterns.

The second step in the credit-control process involves regular dynamic monitoring of a customer's payment discipline. The information systems of all Group subsidiaries engaged in sales monitor available limits and overdue receivables. Control is exercised for each shipment of Krka products to customers. A shipment is automatically blocked if a customer is in arrears or if receivables together with the new shipment exceed the approved credit limit. Sales personnel are required to initiate a payment collection procedure or arrange hedging for the outstanding settlements.

Krka's internal rules determine the process of credit control and authorisations for granting credit limits to customers. Credit control also avails of a system of regular reporting on trade receivables and the customer's payment discipline. The reporting system aids the early detection of customers at increased risk of defaulting on payments and facilitates effective credit risk management.

The credit control process employs uniform rules which apply to all customers. Due to the specifics of sales markets, additional national controls have been introduced in individual subsidiaries. Credit control processes are regularly adjusted to changes in the sales markets.

Credit control guarantees permanent control over the quality of the trade receivables portfolio. The result is a low share of receivable write-offs and impairments in view of Krka Group sales.

The amount of receivable write-offs and impairments remains low due to the broad distribution of receivables across many customers and sales markets. Additionally, the majority of outstanding receivables are from long-standing customers with whom Krka has been doing business for several years.

In 2025, we continued activities to manage trade receivables, with a particular focus on the management of receivables in challenging markets. The credit risk management result was favourable. At the end of the year, the value of trade receivables was by 10% higher than at the beginning of the year, while the amount of overdue and unpaid receivables remained within a range acceptable to Krka.

The impact of net impairments and write-offs of receivables on the Krka Group's final result in 2025 totalled less than 0.14% of sales.

Credit risk exposure

The carrying amount of financial assets represents the largest exposure to credit risk as illustrated below:

€ thousand	Notes	31 Dec 2025	31 Dec 2024
Loans	14	124,700	45,836
Investments at fair value through profit or loss	15	257,288	224,110
Investments at amortised cost (debt instruments)	15	0	20,231
Trade receivables	18	609,315	552,710
Cash and cash equivalents	19	347,819	344,895
Total		**1,339,122**	**1,187,782**

As for the financial assets exposed to credit risk, the loans, investments, trade receivables, and cash and cash equivalents are presented separately.

Loans granted included a deposit with a highly rated EU bank (Moody's P-1) with a maturity of more than 90 days, and a loan of €10,333 thousand for production facilities in China and housing loans for Krka employees representing a limited credit risk for the Krka Group.

Investments at fair value through profit or loss represent investments in treasury bills issued by Western European EU Member States and EU-issued treasury bills with a high credit rating (P-1 by Moody's).

The Company's cash and cash equivalents consist of bank balances and deposits with a maturity of less than 90 days, held at EU banks with a high credit rating (P-1 by Moody's).

Loans by region

€ thousand	31 Dec 2025	31 Dec 2024
Region Slovenia	16,534	14,069
Region South-East Europe	106	72
Region East Europe	351	246
Region Central Europe	312	257
Region West Europe	83,382	514
Region Overseas Markets	24,015	30,678
Total	**124,700**	**45,836**

Trade receivables by region

€ thousand	31 Dec 2025	31 Dec 2024
Region Slovenia	15,138	13,494
Region South-East Europe	121,376	103,948
Region East Europe	274,964	246,410
Region Central Europe	105,460	93,049
Region West Europe	85,790	88,122
Region Overseas Markets	6,587	7,687
Total	**609,315**	**552,710**

As at 31 December 2025, €10,394 thousand of receivables were outstanding from Ukrainian customers (2024: €3,889 thousand).

The value of receivables from Russian customers as at 31 December 2025 amounted to €231,771 thousand (2024: €205,857 thousand).

Age analysis of loans as at the reporting date

€ thousand	31 Dec 2025		31 Dec 2024	
	Gross value	Allowance	Gross value	Allowance
Not past due	124,694	0	45,830	0
Past due up to 20 days	0	0	0	0
Past due from 21 to 50 days	1	0	0	0
Past due from 51 to 180 days	1	0	1	0
Past due more than 180 days	4	0	5	0
Total	**124,700**	**0**	**45,836**	**0**

Age analysis of trade receivables as at the reporting date

€ thousand	31 Dec 2025			31 Dec 2024		
	Gross value	Allowance	Net value	Gross value	Allowance	Net value
Not past due	594,539	641	593,898	536,672	648	536,024
Past due up to 20 days	11,973	87	11,886	13,593	96	13,497
Past due from 21 to 50 days	1,891	32	1,859	1,518	57	1,461
Past due from 51 to 180 days	759	57	702	562	58	504
Past due more than 180 days	30,884	29,914	970	32,547	31,323	1,224
Total	**640,046**	**30,731**	**609,315**	**584,892**	**32,182**	**552,710**

The Krka Group is extending payment deadlines to some customers. If the payment terms were not extended, the receivable maturity structure would be as follows at the reporting date: not past due €534,792 thousand (2024: €450,472 thousand); past due up to 20 days €51,029 thousand (2024: €58,591 thousand); past due between 21 and 50 days €20,364 thousand (2024: €21,473 thousand); past due between 51 and 180 days €1,880 thousand (2024: €20,007 thousand); and past due more than 180 days €971 thousand (2024: €1,226 thousand).

Age analysis of receivables due from customers in the Russian Federation as at the reporting date

€ thousand	31 Dec 2025			31 Dec 2024		
	Gross value	Allowance	Net value	Gross value	Allowance	Net value
Not past due	231,995	224	231,771	206,131	274	205,857
Total	**231,995**	**224**	**231,771**	**206,131**	**274**	**205,857**

Secured receivables in the Russian Federation accounted for more than 95% (2024: also more than 95%).

Movement of allowances for trade receivables

€ thousand	2025	2024
Balance at 1 Jan	**32,182**	**35,637**
Formation of allowance	4,189	369
Write-off of receivables	–5,296	–1,274
Impairment reversal	–396	–2,495
Collected written-off receivables	–16	–12
Effect of exchange rate differences	68	–43
Balance at 31 Dec	**30,731**	**32,182**

Liquidity risk

Business partners value Krka for its excellent financial discipline and stable cash flows. We settled all financial liabilities regularly in 2025 as well. The Krka Group's exposure to liquidity risk was low.

The Krka Group has agreements with three banks for the allowed negative balance on transaction accounts for a total amount of €13,011 thousand (in 2024, the Krka Group had agreements with two banks for a total amount of

€11,125 thousand). There were no negative balances on transaction accounts at 31 December 2025, so the bank overdraft remained fully unused.

As at 31 December 2025, the Krka Group had an undrawn credit facility of €20,000 thousand (2024: €20,000 thousand).

No short-term borrowings were raised in 2025 or funds used from reserved credit lines with banks.

At the end of 2025, the Krka Group recorded cash and cash equivalents primarily as cash at bank or short-term deposits with maturities of up to 90 days with first-class commercial banks. Other current liquid assets were held in short-term treasury bills issued by Western European countries with first-class credit ratings.

The Krka Group oversees liquid assets in line with internal investment diversification rules, taking into account factors such as interest rate, liquidity, credit, and currency risks.

The controlling company manages liquidity risk centrally for the entire Krka Group. The controlling company finances subsidiaries through intra-group loans. Any potential excess cash is deposited with the controlling company. Excess cash from all Krka Group companies is transferred to the controlling company's master account either automatically daily (cash pooling) or manually through individual bank transfers. This allows for cash management optimisation, currency risk mitigation, an overview of the liquidity of all Krka Group companies, and enhanced security of money transactions.

The Krka Group reported favourable and stable liquidity ratios also at the end of 2025.

Maturity of liabilities

Liabilities in terms of maturity are outlined in the tables below.

Maturity of liabilities as at 31 December 2025

€ thousand	Carrying amount	Contractual cash flows					
		Total	Up to 6 months	6–12 months	1–2 years	2–5 years	5–10 years
Bank borrowings	3	3	3	0	0	0	0
Lease liabilities	18,358	20,515	2,596	2,411	4,155	7,609	3,744
Trade payables excluding advances	124,654	124,654	124,654	0	0	0	0
Contract liabilities excluding advances	182,401	182,401	182,401	0	0	0	0
Other liabilities excluding amounts owed to the State, to employees and advances	4,809	4,809	4,809	0	0	0	0
Total liabilities	**330,225**	**332,382**	**314,463**	**2,411**	**4,155**	**7,609**	**3,744**
Derivatives	247	247	247	0	0	0	0
Total derivative financial liabilities	**247**	**247**	**247**	**0**	**0**	**0**	**0**
Total	**330,472**	**332,629**	**314,710**	**2,411**	**4,155**	**7,609**	**3,744**

Maturity of liabilities as at 31 December 2024

€ thousand	Carrying amount	Contractual cash flows					
		Total	Up to 6 months	6–12 months	1–2 years	2–5 years	5–10 years
Lease liabilities	13,151	14,646	2,172	2,019	3,383	5,858	1,214
Trade payables excluding advances	148,285	148,285	148,285	0	0	0	0
Contract liabilities excluding advances	159,148	159,148	159,148	0	0	0	0
Other liabilities excluding amounts owed to the State, to employees and advances	6,056	6,056	6,056	0	0	0	0
Total liabilities	**326,640**	**328,135**	**315,661**	**2,019**	**3,383**	**5,858**	**1,214**

Foreign exchange risk

The Krka Group operates in diverse international environments and is exposed to foreign exchange risk in certain sales and purchase markets.

Currency exposure arises from the difference in the value of assets and liabilities in a particular currency in the financial position statement of the Krka Group and from differences between operating income and expenses generated in individual currencies.

The key categories composing a currency position are trade receivables, trade payables, liquid financial assets in foreign currencies, derivatives for currency risk hedging, financing of subsidiaries provided by the controlling company and recorded purchase orders.

At the end of 2025, the Russian rouble held the largest share of Krka's currency position at 47%. The position in roubles has increased over the beginning of 2025, which is attributable to receivables from customers on the Russian market.

The importance of the Russian market, the level of currency exposure, and the volatility of the Russian rouble are why we pay special attention to Russian rouble risk management. With reduced availability of financial instruments, we continued to prioritise natural risk mitigation methods in 2025.

Unlike with other currencies, exposure to the US dollar arises from a surplus of liabilities over assets from regular business operations, or in other words, the currency position is short. Exposure to the US dollar arises primarily from purchasing raw and other materials. Considering liquid financial assets in US dollars and dollar forward contracts that together offset the short financial position from operations, the 2025 year-end exposure to the US dollar accounted for 2% of total Krka Group currency exposure.

The exposure to the Romanian leu, accounting for 14% of the currency position at the end of 2025, arises from trade receivables accrued due to extended payment terms in Romania. Exposure to the Polish zloty resulted from trade receivables and manufacturing facilities held by the Krka Group in Poland and accounted for 16% of the currency position.

Other currencies, among them the Swedish krona, North Macedonian denar, Kazakh tenge, Serbian dinar, British pound, Czech koruna, Ukrainian hryvnia, and Hungarian forint, together accounted for 21% of the Krka Group currency position.

The currency markets were in 2025 marked by moderate volatility.

The value of the US dollar, expressed in euros, decreased by 11.6% from the beginning to the end of 2025 and was on average 4.2% lower than in the previous year. The Krka Group neutralised the impact of changes in the value of the US dollar with financial instruments.

The value of the rouble, expressed in euros, increased by 27.1% from the beginning to the end of 2025, and was on average by 6.4% higher than in 2024.

The value of the Ukrainian hryvnia gradually depreciated against the euro in 2025.

The Polish zloty was in 2025 more stable than in previous years. Its value in euros increased by 1.3% from the beginning to the end of the year and was on average by 1.6% higher than in 2024.

After a one-off decline in the first half of the year, the Romanian leu stabilised. The Czech koruna showed a slight but steady upward trend. The Hungarian forint also appreciated on an annual basis.

At the Krka Group, we generally eliminate currency risks using natural methods, primarily by increasing purchases and liabilities in the currencies in which we invoice our sales. When this is not possible, we use financial instruments or leave the risk unhedged. We generally use forward contracts for hedging.

In 2025, we also hedged against the US dollar risk with financial instruments. The Russian rouble risk was hedged solely by natural methods, as there were no suitable financial instruments on the banking market. The rouble's increase in value against the euro resulted in positive net exchange rate differences.

Currency exposure from operations and the interest rate differential between the euro and the US dollar, which is favourable for Krka, are the key reasons for hedging our exposure to the US dollar with financial instruments also in 2025. The impact of the instruments used for hedging the short US dollar position on Krka's net financial result was negative, because the US dollar depreciated against the euro.

The contribution of other currencies to the final net exchange rate differences was negative, but the amount was low. We did not hedge the risks of other currencies with financial instruments.

For the Ukrainian hryvnia, Kazakh tenge, Serbian dinar, and certain other currencies that are less significant in the structure of Krka Group's currency exposure, there are no financial instruments available to eliminate currency risks.

Exposure to the risk of foreign exchange rate fluctuations

€ thousand	31 Dec 2025				
	EUR[a]	RUB	PLN	USD	RON
Loans	88,200	60	312	11,915	30
Trade receivables	151,815	246,997	68,197	12,817	57,372
Cash and cash equivalents	286,120	12,498	4,667	14,494	1,897
Current borrowings	–3	0	0	0	0
Current trade payables	–108,421	–4,304	–2,026	–1,388	–494
Financial position exposure (net)	**417,711**	**255,251**	**71,150**	**37,839**	**58,805**

[a] € is the functional currency and does not represent exposure to foreign currency risk.

€ thousand	31 Dec 2024				
	EUR[a]	RUB	PLN	USD	RON
Loans	14,709	50	243	21	10
Trade receivables	136,779	217,755	61,023	18,025	59,066
Cash and cash equivalents	290,036	5,833	2,900	19,253	2,053
Current trade payables	–127,846	–2,635	–2,207	–8,030	–572
Financial position exposure (net)	**313,677**	**221,002**	**61,959**	**29,270**	**60,558**

[a] € is the functional currency and does not represent exposure to foreign currency risk.

Significant exchange rates

	Average exchange rate[a]		Final exchange rate[a]	
	2025	2024	2025	2024
RUB	94.35	100.44	92.85	118.01
PLN	4.24	4.31	4.22	4.28
USD	1.13	1.08	1.18	1.04
RON	5.04	4.97	5.10	4.97

[a] Number of national currency units for one euro.

The above-stated exchange rates were used to calculate items in the financial statements as at 31 December and equal the reference exchange rates of the ECB effective on the last day of the year. Since the end of March 2022, the Bloomberg exchange rate has been used to convert the Russian rouble.

Sensitivity analysis

A 1% change in the value of these currencies against the euro as at 31 December 2025 or 31 December 2024 would increase or decrease the profit by the amounts stated below. The analysis, prepared in the same manner for both years, assumes that all other remaining variables except the exchange rate, in particular interest rates, remain unchanged. The

calculation of the above-stated exchange rate volatility impact took into account the balance of receivables, liabilities, loans and cash and cash equivalents denominated in national currencies.

€ thousand	Impact on profit or loss before tax			
	2025		2024	
Currency fluctuations for	**+1%**	**–1%**	**+1%**	**–1%**
RUB	2,553	–2,553	2,210	–2,210
PLN	712	–712	620	–620
USD	378	–378	293	–293
RON	588	–588	606	–606

Any additional 1% increase/decrease in the euro exchange rate relative to the aforementioned currencies would result in a corresponding increase or decrease in the profit or loss before tax by the amounts stated above.

Interest rate risk

Interest rate risk is the risk of losses that result from a change in interest rates and is related to Krka's non-current borrowings and investments.

The interest rate risk with current borrowings and current investments is managed as part of the Krka Group's liquidity risk.

The Krka Group had no non-current borrowings in 2025.

Exposure to interest rate risk

€ thousand	31 Dec 2025	31 Dec 2024
Financial instruments at a fixed rate of interest	**409,173**	**326,248**
Financial assets	409,173	326,248
Financial instruments at a variable rate of interest	**–3**	**0**
Financial liabilities	–3	0

Cash flow sensitivity analysis for variable interest rate instruments

An increase or decrease in the variable interest rate by 100 basis points would have no impact on the profit or loss for 2025. As the Krka Group did not have any variable interest rate financial instruments at 31 December 2024, a change of 100 basis points in the 2024 variable interest rate would not change the profit or loss for 2024. The analysis, conducted consistently for both years, assumed that all variables, especially the exchange rate, remained unchanged.

Capital management

The primary objective of managing the Krka Group's capital is to ensure a high credit rating and adequate funding ratios so that the Krka Group can adequately develop its business and maximise value for its shareholders.

By managing and adjusting its equity structure, the Krka Group aims to keep pace with changes in the economic environment. Dividends are paid once a year in line with the strategic policy adopted. The Krka Group has no specific employee ownership targets or a share option plan.

The Krka Group's approach to capital management did not change in 2024 and 2025.

The Krka Group monitors capital using a gearing ratio, calculated as net debt divided by the sum of net debt and total equity. Within net debt, Krka includes interest-bearing borrowings, operating liabilities, current liabilities from contracts with customers and other current payables less cash and cash equivalents.

Financial leverage ratio

€ thousand	31 Dec 2025	31 Dec 2024
Borrowings	3	0
Operating and other current payables	435,187	420,547
Cash and cash equivalents	347,819	344,895
Net indebtedness	**87,371**	**75,652**
Equity	2,377,151	2,237,784
Equity and net indebtedness	**2,464,522**	**2,313,436**
Financial leverage (debt/equity) **ratio**	**3.5%**	**3.3%**

Fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. The table does not include disclosures about the fair values of financial assets and liabilities not measured at fair value, where the carrying amount is a reasonable approximation of fair value.

	31 Dec 2025		31 Dec 2024	
€ thousand	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	25,115		35,330	
Investments at fair value through OCI (equity instruments)	20,060	20,060	22,024	22,024
Current financial assets				
Loans	99,585		10,506	
Investments at fair value through profit or loss	257,288	257,288	224,110	224,110
Investments at amortised cost (debt instruments)	0		20,231	
Derivatives	0	0	5,453	5,453
Trade receivables	609,315		552,710	
Cash and cash equivalents	347,819		344,895	
Non-current financial liabilities				
Lease liabilities	–14,011		–9,502	
Current financial assets				
Borrowings	–3		0	
Derivatives	–247	–247	0	0
Lease liabilities	–4,347		–3,649	
Trade payables excluding advances	–124,654		–148,285	
Contract liabilities excluding advances	–182,401		–159,148	
Other liabilities excluding amounts owed to the State, to employees and advances	–4,809		–6,056	
Total	**1,028,710**	**277,101**	**888,619**	**251,587**

In terms of fair value, assets are classified into three levels:

- Level 1 – assets at market price;
- Level 2 – assets not classified within level 1 and the value of which is determined directly or indirectly based on observable market data;
- Level 3 – assets, the value of which cannot be determined using observable market data.

Fair value of assets

€ thousand	31 Dec 2025				31 Dec 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI (equity instruments)	18,673	0	1,387	20,060	20,637	0	1,387	22,024
Investments at fair value through profit or loss	257,288	0	0	257,288	224,110	0	0	224,110
Derivatives	0	0	0	0	0	0	5,453	5,453
Total assets at fair value	**275,961**	**0**	**1,387**	**277,348**	**244,747**	**0**	**6,840**	**251,587**

31. Related party transactions

Data on groups of persons

By the end of 2025, members of the Management Board of the Company held 37,040 Krka shares, i.e. 0.1129% of total equity and 0.1220% of voting rights.

Members of the Supervisory Board of the controlling company held 1,347 shares, i.e. 0.0041% of total equity and 0.0044% of voting rights. Directors of subsidiaries held 5,855 shares or 0.0179% of the total equity and 0.0193% of voting rights.

Equity stakes held by Management and the Supervisory Board members of the controlling company and their shares of voting rights

	31 Dec 2025			31 Dec 2024		
	No. of shares	Equity share (%)	Share in voting rights (%)	No. of shares	Equity share (%)	Share in voting rights (%)
Members of the Management Board						
Jože Colarič	22,500	0.0686	0.0741	22,500	0.0686	0.0733
Aleš Rotar	13,915	0.0424	0.0458	13,915	0.0424	0.0453
Vinko Zupančič	120	0.0004	0.0004	120	0.0004	0.0004
David Bratož	0	/	/	0	/	/
Milena Kastelic	505	0.0015	0.0017	505	0.0015	0.0016
Total Members of the Management Board	**37,040**	**0.1129**	**0.1220**	**37,040**	**0.1129**	**0.1207**
Members of the Supervisory Board, owner representatives						
Jože Mermal	0	/	/	0	/	/
Luka Cerar	0	/	/	0	/	/
Boštjan Furlan[a]	0	/	/	0	/	/
Matej Lahovnik[b]	/	/	/	1,000	0.0030	0.0033
Julijana Kristl	230	0.0007	0.0008	230	0.0007	0.0007
Mojca Osolnik Videmšek	617	0.0019	0.0020	617	0.0019	0.0020
Sanja Savič[c]	0	/	/	0	/	/
Boris Žnidarič[d]	0	/	/	0	/	/
Members of the Supervisory Board, employee representatives						
Mari Božič	0	/	/	0	/	/
Tomaž Sever	500	0.0015	0.0016	500	0.0015	0.0016
Mateja Vrečer	0	/	/	0	/	/
Total Members of the Supervisory Board	**1,347**	**0.0041**	**0.0044**	**2,347**	**0.0072**	**0.0076**
Total	**38,387**	**0.1171**	**0.1264**	**39,387**	**0.1201**	**0.1284**

[a] Supervisory Board member since 22 August 2025
[b] Supervisory Board member until 21 August 2025
[c] Supervisory Board member since 22 August 2025
[d] Supervisory Board member until 21 August 2025

Treasury shares were eliminated from the calculation of voting rights (2,434,827 treasury shares as at 31 December 2025 and 2,107,337 as at 31 December 2024).

Remuneration paid to groups of persons (gross)

€ thousand	31 Dec 2025	31 Dec 2024
Members of the Management Board in the controlling company	4,925	4,832
Managers of subsidiaries	2,596	2,618
Members of the Supervisory Board in the controlling company	385	381
Members of the Supervisory and Management Boards in subsidiaries	1	1
Total gross remuneration paid to groups of persons	**7,907**	**7,832**

Remuneration paid to members of the Management Board in the controlling company and directors of subsidiaries included wages and salaries, fringe benefits and any other earnings. For each year, they are shown on a cost basis and therefore differ from the remuneration detailed is in detail outlined in the Report on Remuneration of the Members of the Management Board and Supervisory Board of the Company for 2025, where they are shown by payments in each year.

Remuneration paid to members of the Supervisory Board in the controlling company represents earnings in connection with exercising the function within the Supervisory Board. Remuneration paid to Supervisory and Management Boards members in subsidiaries who simultaneously sit on the Management Board in the controlling company or are employed under individual employment contracts includes only earnings related to their roles within the Supervisory and Management Boards.

Gross earnings paid to persons employed under individual employment contracts in 2025 amounted to €15.991 thousand (2024: €15,732 thousand).

Remuneration paid to Management Board members in the controlling company in 2025

	Fixed remuneration			Variable remuneration		Total	
€ thousand	Gross	Net	Net fringe benefits and other earnings	Gross	Net	Gross	Net
Jože Colarič	589	177	79	1.011	391	1.600	647
Aleš Rotar	465	146	62	660	255	1.125	463
Vinko Zupančič	384	125	50	550	213	934	388
David Bratož	387	119	59	540	209	927	387
Milena Kastelic	226	81	29	113	44	339	154
Total remuneration paid to Members of the Management Board	**2,051**	**648**	**279**	**2,874**	**1,112**	**4,925**	**2,039**

	Net fringe benefits and other earnings						
€ thousand	Insurance (liability, collective optional pension)	Supplementary pension insurance	Anniversary bonuses	Other bonuses	Refund of work-related funds	Pay for annual leave[a]	Total
Jože Colarič	62.21	3.07	0.00	10.42	0.06	3.10	78.86
Aleš Rotar	47.40	3.07	3.91	3.31	1.18	3.10	61.97
Vinko Zupančič	39.80	3.07	0.00	3.41	0.97	3.10	50.35
David Bratož	39.31	3.07	0.00	12.24	1.22	3.10	58.94
Milena Kastelic	21.51	3.07	0.00	0.08	1.25	3.10	29.01
Total remuneration paid to Members of the Management Board	**210.23**	**15.35**	**3.91**	**29.46**	**4.68**	**15.50**	**279.13**

[a] inclusive of summer and winter annual pay

Remuneration paid to Management Board members in the controlling company in 2024

€ thousand	Fixed remuneration			Variable remuneration		Total	
	Gross	Net	Net fringe benefits and other earnings	Gross	Net	Gross	Net
Jože Colarič	582	194	55	996	387	1,578	636
Aleš Rotar	456	156	45	644	250	1,100	451
Vinko Zupančič	384	134	40	536	209	920	383
David Bratož	379	131	40	527	205	906	376
Milena Kastelic	229	84	25	99	39	328	148
Total remuneration paid to Members of the Management Board	**2,030**	**699**	**205**	**2,802**	**1,090**	**4,832**	**1,994**

€ thousand	Net fringe benefits and other earnings						
	Insurance (liability, collective optional pension)	Supplementary pension insurance	Anniversary bonuses	Other bonuses	Refund of work-related funds	Pay for annual leave	Total
Jože Colarič	45.31	2.92	0.00	4.31	0.05	2.32	54.90
Aleš Rotar	35.95	2.92	0.00	2.42	1.12	2.32	44.72
Vinko Zupančič	30.39	2.92	0.00	3.42	0.96	2.32	40.00
David Bratož	29.81	2.92	0.00	4.23	1.20	2.32	40.46
Milena Kastelic	18.59	2.92	0.00	0.06	1.20	2.32	25.08
Total remuneration paid to Members of the Management Board	**160.04**	**14.58**	**0.00**	**14.44**	**4.51**	**11.59**	**205.16**

Members of the Management Board do not receive attendance fees or any other income for exercising their functions in the Management and Supervisory Boards in subsidiaries.

Remuneration paid to Supervisory Board members in the controlling company in 2025

€ thousand	Basic pay for exercising the function		Fringe benefits and other earnings[a]	Attendance fees		Commuting allowances		Total	
	Gross	Net	Gross/net[b]	Gross	Net	Gross	Net	Gross	Net
Members of the Supervisory Board, owner representatives									
Jože Mermal	39.91	28.91	0.64	2.52	1.84	0.00	0.00	43.07	31.39
Luka Cerar	35.41	25.63	0.64	4.25	3.10	0.55	0.40	40.85	29.77
Boštjan Furlan[c]	12.11	8.66	0.45	1.01	0.73	0.12	0.09	13.69	9.93
Matej Lahovnik[d]	24.26	17.66	0.24	3.24	2.37	0.83	0.61	28.57	20.88
Julijana Kristl	36.40	26.39	0.49	3.38	2.47	0.64	0.47	40.91	29.82
Mojca Osolnik Videmšek	38.03	27.60	0.43	4.25	3.10	0.58	0.42	43.29	31.55
Sanja Savič[e]	13.63	9.76	0.45	1.01	0.73	0.19	0.14	15.28	11.08
Boris Žnidarič[f]	26.28	19.14	0.24	4.10	3.00	0.40	0.29	31.02	22.67
Members of the Supervisory Board, employee representatives									
Mari Božič	30.16	21.98	0.43	2.52	1.84	0.00	0.00	33.11	24.25
Tomaž Sever	40.66	29.63	0.43	5.11	3.73	0.58	0.42	46.78	34.21
Mateja Vrečer	42.76	31.16	0.43	5.11	3.73	0.00	0.00	48.30	35.32
Total remuneration paid to Members of the Supervisory Board	**339.61**	**246.52**	**4.87**	**36.50**	**26.64**	**3.89**	**2.84**	**384.87**	**280.87**

[a] Fringe benefits and other earnings include collective liability insurance
[b] Gross equals net; the benefit is not grossed up
[c] Supervisory Board member since 22 August 2025
[d] Supervisory Board member until 21 August 2025
[e] Supervisory Board member since 22 August 2025
[f] Supervisory Board member until 21 August 2025

Loans to groups of persons

€ thousand	Balance		Repayments	
	31 Dec 2025	31 Dec 2024	2025	2024
Members of the Management Board in the controlling company	0	0	0	0
Managers of subsidiaries	36	0	6	0
Members of the Supervisory Board in the controlling company	0	0	0	0
Members of the Supervisory and Management Boards in subsidiaries	0	0	0	0
Total loans to groups of persons	**36**	**0**	**6**	**0**

Loans to personnel employed under individual employment contracts amounted to €150 thousand at 31 December 2025 (2024: €187 thousand). In the reporting period, repayments of loans by personnel employed under individual employment contracts reached €37 thousand (2024: €33 thousand).

32. Profile of the Krka Group[24, 25]

	Ownership share	Value of share capital at 31 Dec 2025 (in thousand of local currency)	Local currency	Value of share capital at 31 Dec 2025 (€ thousand)	Headcount at 31 Dec 2025	Headcount at 31 Dec 2024
Controlling company						
KRKA, d. d., Novo mesto	100%	54,732	EUR	54,732	7,733	7,523
Subsidiaries						
TERME KRKA, d. o. o., Novo mesto, Slovenia*	100%	14,753	EUR	14,753	645	645
KRKA-FARMA d.o.o., Zagreb, Croatia	100%	18,983	EUR	18,983	240	217
KRKA ROMANIA S.R.L., Bucharest, Romania	100%	37	RON	7	173	168
KRKA-FARMA DOO BEOGRAD, Belgrade, Serbia	100%	65	RSD	1	106	96
KRKA-FARMA DOOEL Skopje, Skopje, North Macedonia	100%	49,021	MKD	796	49	47
KRKA Bulgaria EOOD, Sofia, Bulgaria	100%	20	BGN	10	84	78
KRKA HELLAS E.P.E., Athens, Greece	100%	10	EUR	10	18	17
KRKA FARMA, d.o.o. Sarajevo, Sarajevo, Bosnia and Herzegovina	100%	20	BAM	10	1	1
Krka-Rus LLC, Istra, Russian Federation	100%	5,361,375	RUB	57,741	560	537
KRKA FARMA LLC, Istra, Russian Federation	100%	753,875	RUB	8,119	1,471	1,333
KRKA UKRAINE LLC, Kiev, Ukraine	100%	100	UAH	2	397	385
LLC ´KRKA Kazakhstan´, Almaty, Kazakhstan	100%	2,000	USD	3	108	104
KRKA - POLSKA Sp. z.o.o., Warsaw, Poland	100%	17,490	PLN	4,144	637	656
KRKA ČR, s. r. o., Prague, Czechia	100%	100	CZK	4	154	139
KRKA Magyarország Kft., Budapest, Hungary	100%	44,880	HUF	117	155	159
KRKA Slovensko, s.r.o., Bratislava, Slovakia	100%	10	EUR	10	120	112
UAB KRKA Lietuva, Vilnius, Lithuania	100%	10	EUR	10	51	48
SIA KRKA Latvia, Riga, Latvia	100%	10	EUR	10	39	36
TAD Pharma GmbH, Cuxhaven, Germany	100%	6,650	EUR	6,650	199	210
KRKA Sverige AB, Stockholm, Sweden	100%	150	SEK	14	6	6
KRKA Pharma GmbH, Vienna, Austria	100%	37	EUR	37	19	18
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	100%	10	EUR	10	54	52
KRKA FARMACÉUTICA, S.L., Madrid, Spain	100%	10	EUR	10	62	66
KRKA Farmaceutici Milano s.r.l, Milan, Italy	100%	10	EUR	10	51	53
Krka France Eurl, Paris, France	100%	10	EUR	10	11	17
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	100%	1	EUR	1	6	7
KRKA Belgium, SA, Brussels, Belgium	100%	300	EUR	300	21	17
KRKA Finland Oy, Espoo, Finland	100%	3	EUR	3	18	17
KRKA UK LTD, London, United Kingdom	100%	1	GBP	1	17	18
123 Acurae Pharma GmbH, Cuxhaven, Germany	100%	25	EUR	25		0
KRKA Netherlands B.V., Breskens, Netherlands	100%	10	EUR	10	1	0
Ningbo Krka Menovo Pharmaceutical Co. Ltd, Ningbo, China	60%	480,673	CNY	58,432	29	27
KRKA USA LLC, Wilmington, USA	100%	10	USD	9		0
KRKA GCC L.L.C., Dubai, United Arab Emirates	100%	37	AED	9	1	1
Total					**13,236**	**12,810**

As at 31 December 2025, the subsidiary Terme Krka, d. o. o. held a 100-percent shareholding in Golf Grad Otočec, d. o. o. and the subsidiary KRKA France Eurl held a 100-percent shareholding in HCS bvba in Belgium. The Chinese company Ningbo Menovo Pharmaceutical Co. Ltd owns a 40-percent shareholding of the company Ningbo Krka Menovo Pharmaceutical Co. Ltd.

[24] Note for ESRS 2 SBM-1 – Strategy, business model and value chain
[25] Note for S1-6 – Characteristics of company's employees

33. Situation in Ukraine and the Russian Federation

The Krka Group's operations in Ukraine and the Russian Federation are running without disruption. We conduct our business activities through three subsidiaries and the controlling company Krka, d. d., Novo mesto.

In 2025, Ukraine was our third largest market ('Note 4 – Revenue from contracts with customers'). In terms of value, sales remained at the same level as in 2024. Krka's subsidiary in Ukraine is only involved in marketing, not sales and production, and thus had no trade receivables beyond the Group. However, it had €2,392 thousand worth other assets (2024: €1,983 thousand), the largest of which were property, plant and equipment (business premises and vehicles). Due to sales in euros, the Krka Group was not significantly exposed to credit risk ('Note 30 – Credit risk') or exchange rate risk ('Note 30 – Foreign exchange risk').

The Russian Federation was Krka's largest single market in 2024 and 2025 ('Note 4 – Revenue from contracts with customers'). In 2025, we increased product sales by 13% on 2024, while sales expressed in roubles increased by 9%. Exposure to foreign exchange risk is presented in 'Note 30 – Foreign exchange risk'. We have two subsidiaries in the Russian Federation. KRKA-RUS LLC is engaged in the manufacture of pharmaceuticals. It produces the vast majority of products sold on the Russian market. KRKA FARMA LLC is engaged in marketing and sales activities. Krka considers that the situation in Ukraine and the Russian Federation has not changed the conditions for control by the controlling company over the two Russian subsidiaries or that the controlling company retains influence over the voting rights and operations of these two Russian companies, including the influence on variable returns. Activities with the Russian subsidiaries continue in a similar manner as before February 2022, as EU Council Regulation 833/2014 permits a waiver of EU sanctions – subject to approval by the competent authority in the Member State – when pharmaceutical purposes are involved, and when the goods and services are used exclusively by legal entities in the Russian Federation that are owned or controlled exclusively by an EU-established legal entity. Payment transactions between the subsidiaries and the controlling company are carried out without any specificity, subject to the submission of the relevant documentation.

Krka's Russian subsidiaries hold various fixed assets such as business and production premises, equipment, vehicles, and inventories of raw materials, materials, finished products, and other assets. Krka Group's assets (excluding trade receivables) in both Krka's subsidiaries in the Russian Federation totalled €189,717 thousand as at 31 December 2025 and €142,940 thousand as at 31 December 2024. As established upon the impairment indicator analysis performed, no indicators existed at 31 December 2025 that would require impairment testing of the Krka Group's assets allocated to the cash-generating unit in the Russian Federation.

We are monitoring the situation and adjusting our operations to ensure production in our subsidiary in the Russian Federation and marketing and sales activities in the market. We have put in place additional receivables controls to closely monitor the liquidity of our business partners so that we can immediately adjust our activities in the event of any payment delays ('Note 30 – Credit risk'). The assets of our companies in the Russian Federation increased compared to 2024, mainly due to the favourable rate.

34. Educational structure of employees

	2025		2024	
	Average headcount	Share (%)	Average headcount	Share (%)
PhD	201	1.5	202	1.7
MSc	393	3.0	414	3.5
University education	5,565	42.8	5,354	44.7
Higher professional education	2,206	16.9	1,990	16.6
Vocational college education	374	2.9	323	2.7
Secondary school education	3,146	24.2	2,745	22.9
Skilled workers	983	7.6	833	6.9
Unskilled workers	148	1.1	123	1.0
Total (average for the year)	**13,016**	**100.0**	**11,984**	**100.0**

35. Transactions with the audit firm

€ thousand	2025	2024
Contract value of auditing the annual consolidated and separate financial statements performed by the audit firm KPMG Slovenija, d.o.o.	172	133
Contract value of auditing the subsidiaries' reporting for the purpose of preparing the consolidated financial statements, performed by companies within the KPMG network	154	57
Contract value of auditing the subsidiaries' local financial statements, performed by companies within the KPMG network	70	66
Total contract value of audit services	**396**	**256**
Contract value of the audit service relating to sustainability reporting	94	80
Contract value of non-audit services, rendered by the audit firm KPMG Slovenija, d.o.o.	13	13
Total contract value of the audit service relating to sustainability reporting and non-audit services	**107**	**93**
Total contract value of services	**503**	**349**

The contract value of audit services provided by other audit firms (outside the KPMG network) in relation to the audit of financial statements of subsidiaries for the purpose of compiling the consolidated financial statements amounted to €90 thousand (2024: €146 thousand).

36. Event after the reporting date

The 2025 financial statements were not impacted by the event after the end of the period.

Repurchase of treasury shares

The Company repurchased 49,807 treasury shares between 1 January 2026 and 16 March 2026, and thus held 2,484,634 treasury shares at the end of this period, accounting for 7.58% of total shares.

Independent Auditor's Report

This is an English translation of the Independent Auditor's Report on the consolidated financial statements originally issued in Slovenian. In the event of any differences, the Slovenian original prevails. This report should be read in conjunction with the complete set of consolidated financial statements issued in Slovenian to which it relates. The accompanying English financial statements are a convenience translation and are not the audited financial statements.

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of KRKA, tovarna zdravil, d. d., Novo mesto ("the Parent Company") and its subsidiaries ("the Group"), which comprise:

- the consolidated statement of financial position as at 31 December 2025;

and, for the year from 1 January 2025 to 31 December 2025:

- the consolidated income statement;
- the consolidated statement of other comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;

and

- notes, comprising material accounting policies and other explanatory information

("the consolidated financial statements").

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public–interest entities (OJ L 158, 27 May 2014, p. 77–112, Regulation (EU) No 537/2014). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Republic of Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

© 2026 KPMG SLOVENIJA, podjetje za revidiranje, d.o.o., slovenska družba z omejeno odgovornostjo in članica globalne organizacije neodvisnih članic, ki so povezane s KPMG International Limited, zasebno angleško družbo z omejeno odgovornostjo. Vse pravice pridržane.

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

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill

As at 31 December 2025, the Group carried goodwill at EUR 42,277 thousand (31 December 2024: EUR 42,277 thousand). The goodwill was allocated to two cash generating units (CGUs): controlling company Krka and TAD Pharma.

We refer to the consolidated financial statements: Note 12 – Intangible assets (disclosures).

The key audit matter	How the matter was addressed in our audit
The recoverable amount of the CGUs, which is based on the value in use, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future sales, operating costs, terminal value growth rates and the weighted – average cost of capital (discount rate). The annual impairment testing of goodwill has been considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount.	Our audit procedures in this area included, among others: - involving our own valuation specialist to assist us in evaluating the reasonableness of the discount rates applied, including comparing the weighted–average cost of capital to sector averages for the relevant markets in which the CGUs operate; - evaluating the reasonableness of key assumptions used in the models, including for future sales, operating costs and long – term growth rates, by comparing them with historical performance, approved and, available, externally derived data; - comparing prior-period forecasts with actual results to assess the historical accuracy of management's forecasting; - evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

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Revenue recognition

Revenue for the year ended 31 December 2025: EUR 2,041,025 thousand (31 December 2024: EUR 1,909,544 thousand).

We refer to the consolidated financial statements: Note 4 – Revenue from contracts with customers (disclosures), Note 25 – Current contract liabilities (disclosures).

The key audit matter	How the matter was addressed in our audit
Revenue is recognised as the Group satisfies a performance obligation by transferring a promised good or service to a customer. Revenue is measured taking account of discounts and rebates. Due to the multitude of contractual terms across the Group's markets, the calculation of discounts and rebates is considered to be complex. Revenue is one of the key performance indicators for the Group, which could create an incentive for revenue to be recognised before the point in time when control of the goods is transferred to the customer or at the amount that is not measured in accordance with contractual terms. For these reasons, we considered revenue recognition to be a key audit matter.	Our audit procedures in this area included, among others: - testing the design and implementation of Group's controls over recognition of revenue including controls over discounts and rebates; - selecting and testing a sample of sales transactions throughout the period with particular focus on sale transactions close to the turn of the year to assess whether revenue was allocated to appropriate period and measured in accordance with the contractual terms by reference to underlying contractual, invoicing and delivery documentation; - inspecting a sample of credit notes after year end to assess completeness of rebates by comparing selected credit notes to relevant entries in the financial statements - evaluating the adequacy of the financial statement disclosures.

Other information

Management is responsible for the other information. The other information comprises the "Introduction", the "Report of the Supervisory Board" and the "Business Report" included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Other information was obtained prior to the date of this auditor's report, except for the Report of the Supervisory Board, which will be available after that date.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

We have performed a limited assurance engagement on the Consolidated Sustainability Statement that forms part of the other information and provided a separate unmodified assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities Related to Other Information – Business Report

In addition, with respect to the Business Report, we are required to report on its consistency with the consolidated financial statements and on whether the Business Report includes the disclosures required by the Companies Act dated 4 May 2006 (Official Gazette of the Republic of Slovenia no. 42/2006 with amendments – hereafter referred to as "the applicable legal requirements"), excluding the requirements relevant for Sustainability Statement. Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements and the procedures above, in our opinion:

- the information given in the Business Report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Business Report has been prepared in accordance with the applicable legal requirements, excluding the requirements relevant for Sustainability Statement.

In addition, in light of the knowledge and understanding of the Group and its environment, obtained in the course of our audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and EU Regulation (EU) No. 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and EU Regulation (EU) No 537/2014, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Information Required by Regulation (EU) No. 537/2014 of the European Parliament and the Council

Appointment of Auditor and Period of Engagement

We have been appointed to audit the annual consolidated financial statements of the Group by resolution of shareholders dated 10 July 2025. Our period of total uninterrupted engagement is 4 years, covering the periods ended 31 December 2022 to 31 December 2025.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion is consistent with the additional report to the Audit Committee.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided and that we remained independent in conducting the audit.

Independent Auditor's Report on the Compliance of the Electronic Consolidated Financial Statements with the Delegated Regulation 2019/815 on a Single Electronic Reporting Format

We have conducted an engagement to provide reasonable assurance as to whether the audited consolidated financial statements of the Group for the financial year ended 31 December 2025 (the "Audited Consolidated Financial Statements") have been prepared in accordance with requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on supplementing the Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards for establishing a single electronic reporting format applicable for the financial year ended 31 December 2025 ("Delegated Regulation")

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and presentation of the Audited Consolidated Financial Statements in accordance with the Delegated Regulation, and for such internal control as management determines is necessary to enable the preparation of the Audited Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of the Audited Consolidated Financial Statements in compliance with requirements of the Delegated Regulation.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the Audited Consolidated Financial Statements are prepared in accordance with requirements of the Delegated Regulation. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the consolidated financial statements in the ESEF format are properly prepared and presented in accordance with the requirements of the Delegated Regulation, in all material respects.

We have acted in accordance with the independence and ethical requirements of the EU Regulation 537/2014 and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board of Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagements in Slovenia. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of the Work Performed

Within the scope of our work, we performed the following procedures:

- identified and assessed the risks of material non-compliance of the Audited Consolidated Financial Statements with the requirements of the Delegated Regulation, whether due to error or fraud;
- obtained an understanding of internal control relevant to the engagement in order to provide reasonable assurance for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;

- assessed whether the Audited Consolidated Financial Statements comply with the requirements of the Delegated Regulation applicable as of the reporting date;
- obtained reasonable assurance that the Audited Consolidated Financial Statements of the issuer are presented in an appropriate XHTML electronic format;
- obtained reasonable assurance that the values and disclosures in the Audited Consolidated Financial Statements in XHTML format are correctly marked and in Inline XBRL (iXBRL) technology and that their machine reading provides complete and accurate information contained in the Audited Consolidated Financial Statements; and
- obtained reasonable assurance that notes to the consolidated financial statements are appropriately block-tagged.

We believe that the evidence obtained provides a sufficient and appropriate basis for our opinion.

Opinion

Based on the procedures performed and the evidence obtained, the Audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2025 are in our opinion prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

On behalf on audit firm

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

KPMG Slovenija, d.o.o.

Matej Ušaj
Certified Auditor

Domagoj Vuković
Certified Auditor
Partner

Ljubljana, 23 March 2026

Separate financial statements of Krka, d. d., Novo mesto

Separate statement of financial position

€ thousand	Notes	31 Dec 2025	31 Dec 2024	Index
Assets				
Property, plant and equipment	10	611,845	609,628	100
Intangible assets	11	24,363	25,026	97
Investments in subsidiaries	12	355,265	355,265	100
Investments in joint ventures	13	16,574	2,492	665
Loans	14	25,504	23,401	109
Investments	15	20,059	22,023	91
Deferred tax assets	16	4,347	5,677	77
Other non-current assets		665	668	100
Total non-current assets		**1,058,622**	**1,044,180**	**101**
Assets held for sale		0	41	0
Inventories	17	539,860	548,188	98
Trade receivables	18	560,340	518,425	108
Other receivables	18	11,125	13,800	81
Loans	14	60,509	9,025	670
Investments	15	257,288	249,794	103
Cash and cash equivalents	19	273,658	238,183	115
Total current assets		**1,702,780**	**1,577,456**	**108**
Total assets		**2,761,402**	**2,621,636**	**105**
Equity				
Share capital	20	54,732	54,732	100
Treasury shares	20	–225,047	–163,491	138
Reserves	20	371,177	304,943	122
Retained earnings	20	2,071,722	1,990,167	104
Total equity		**2,272,584**	**2,186,351**	**104**
Liabilities				
Provisions	23	123,912	125,667	99
Deferred income	24	2,363	2,585	91
Lease liabilities	29	6,646	2,181	305
Total non-current liabilities		**132,921**	**130,433**	**102**
Provisions	23	18,671	0	
Trade payables	25	160,231	171,183	94
Borrowings	22	34,376	17,805	193
Lease liabilities	29	1,717	1,118	154
Income tax payables		26,872	17,524	153
Contract liabilities	26	23,772	18,112	131
Other current liabilities	27	90,258	79,110	114
Total current liabilities		**355,897**	**304,852**	**117**
Total liabilities		**488,818**	**435,285**	**112**
Total equity and liabilities		**2,761,402**	**2,621,636**	**105**

The accompanying 'Notes' form an integral part of the separate financial statements and should be read in conjunction with them.

Separate income statement

€ thousand	Notes	2025	2024	Index
Revenue		**1,859,391**	**1,766,021**	**105**
– Revenue from contracts with customers	3	1,850,327	1,755,248	105
– Other revenue		9,064	10,773	84
Cost of goods sold		–795,815	–782,253	102
Gross profit		**1,063,576**	**983,768**	**108**
Other operating income	4	3,372	3,155	107
Selling and distribution expenses		–361,571	–321,400	112
– Whereof net impairments and write-offs of receivables		–3,159	2,124	
R&D expenses		–184,812	–179,822	103
General and administrative expenses		–107,879	–99,704	108
Operating profit		**412,686**	**385,997**	**107**
Financial income	8	78,402	34,967	224
Financial expenses	8	–14,284	–39,996	36
Net financial result		**64,118**	**–5,029**	
Profit before tax		**476,804**	**380,968**	**125**
Income tax expense	9	–81,432	–59,776	136
Net profit		**395,372**	**321,192**	**123**
Basic earnings per share (€)	**21**	**12.95**	**10.43**	**124**
Diluted earnings per share (€)	**21**	**12.95**	**10.43**	**124**

The accompanying 'Notes' form an integral part of the separate financial statements and should be read in conjunction with them.

Separate statement of other comprehensive income

€ thousand	Notes	2025	2024	Index
Net profit		**395,372**	**321,192**	**123**
Other comprehensive income that will not be reclassified to profit or loss at a future date				
Change in fair value of financial assets	15	–1,964	–4,877	40
Restatement of post-employment benefits	23	5,123	–7,864	
Deferred tax effect	16	–131	577	
Net other comprehensive income that will not be reclassified to profit or loss at a future date		**3,028**	**–12,164**	
Total other comprehensive income for the year (net of tax)		**3,028**	**–12,164**	
Total comprehensive income for the year (net of tax)		**398,400**	**309,028**	**129**

The accompanying 'Notes' form an integral part of the separate financial statements and should be read in conjunction with them.

Separate statement of changes in equity

€ thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings from previous years	Profit for the year	
Balance at 1 Jan 2025	**54,732**	**–163,491**	**163,491**	**105,897**	**14,990**	**30,000**	**–9,435**	**1,620,098**	**73,879**	**296,190**	**2,186,351**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**395,372**	**395,372**
Total other comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**4,678**	**0**	**–1,650**	**0**	**3,028**
Total comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**4,678**	**0**	**–1,650**	**395,372**	**398,400**
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the AGM	0	0	0	0	0	0	0	59,053	–59,053	0	0
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	296,190	–296,190	0
Repurchase of treasury shares	0	–61,556	0	0	0	0	0	0	0	0	–61,556
Formation of reserves for treasury shares	0	0	61,556	0	0	0	0	0	0	–61,556	0
Dividends paid	0	0	0	0	0	0	0	0	–250,611	0	–250,611
Total transactions with owners, recognised in equity	**0**	**–61,556**	**61,556**	**0**	**0**	**0**	**0**	**59,053**	**–13,474**	**–357,746**	**–312,167**
Balance at 31 Dec 2025	**54,732**	**–225,047**	**225,047**	**105,897**	**14,990**	**30,000**	**–4,757**	**1,679,151**	**58,755**	**333,816**	**2,272,584**

The accompanying 'Notes' form an integral part of the separate financial statements and should be read in conjunction with them.

€ thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings from previous years	Profit for the year	
Balance at 1 Jan 2024	**54,732**	**–138,489**	**138,489**	**105,897**	**14,990**	**30,000**	**1,105**	**1,544,595**	**101,381**	**280,558**	**2,133,258**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**321,192**	**321,192**
Total other comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**–10,540**	**0**	**–1,624**	**0**	**–12,164**
Total comprehensive income for the year (net of tax)	**0**	**0**	**0**	**0**	**0**	**0**	**–10,540**	**0**	**–1,624**	**321,192**	**309,028**
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the AGM	0	0	0	0	0	0	0	75,503	–75,503	0	0
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	280,558	–280,558	0
Repurchase of treasury shares	0	–25,002	0	0	0	0	0	0	0	0	–25,002
Formation of reserves for treasury shares	0	0	25,002	0	0	0	0	0	0	–25,002	0
Dividends paid	0	0	0	0	0	0	0	0	–230,933	0	–230,933
Total transactions with owners, recognised in equity	**0**	**–25,002**	**25,002**	**0**	**0**	**0**	**0**	**75,503**	**–25,878**	**–305,560**	**–255,935**
Balance at 31 Dec 2024	**54,732**	**–163,491**	**163,491**	**105,897**	**14,990**	**30,000**	**–9,435**	**1,620,098**	**73,879**	**296,190**	**2,186,351**

The accompanying 'Notes' form an integral part of the separate financial statements and should be read in conjunction with them.

Separate statement of cash flows

€ thousand	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		**395,372**	**321,192**
Adjustments for:		**161,200**	**124,402**
– Amortisation/Depreciation	10, 11	69,347	71,153
– Net foreign exchange gains and losses		3,327	–606
– Net write-offs and allowances for inventories		10,944	17,311
– Net impairments and write-offs of receivables		3,159	–2,124
– Investment income		–28,626	–35,952
– Investment expenses		15,801	7,015
– Income on financing activities		–2	–6
– Interest expenses and other financial expenses		5,818	7,835
– Income tax expense	9	81,432	59,776
Operating profit before changes in net current assets		**556,572**	**445,594**
Change in trade receivables		–42,392	–52,006
Change in inventories	17	–2,616	–51,607
Change in trade payables	25	–2,848	–7,616
Change in provisions	23	–639	–410
Change in deferred income	24	–222	219
Change in other current liabilities		30,925	3,913
Income tax paid		–70,885	–17,568
Net cash flow from operating activities		**467,895**	**320,519**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		7,594	11,434
Dividends received		44	941
Proportionate profit of subsidiaries		14,865	14,216
Proceeds from sale of property, plant and equipment		487	361
Acquisition of property, plant and equipment	10	–67,792	–78,750
Acquisition of intangible assets	11	–6,047	–6,938
Refunds of subsequent contributions to subsidiaries		0	2,000
Acquisition of interest in joint ventures		–14,082	–2,492
Proceeds from non-current loans		2,644	31,954
Payments for non-current loans		–4,957	–3,184
Net payments for/proceeds from current loans		–53,655	45,270
Proceeds from sale of non-current investments		20,288	71,167
Payments for acquisition of non-current investments		–54	–56
Proceeds from sale of current investments		595,000	477,235
Payments for acquisition of current investments		–623,066	–455,480
Proceeds from derivatives		78	1,959
Payments for derivatives		–2,763	–1,696
Net cash flow from investing activities		**–131,416**	**107,941**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		–1,763	–3,704
Net proceeds from/payments for current borrowings		16,716	–70,109
Lease liabilities paid	29	–1,633	–1,165
Dividends and other profit shares paid	30	–251,962	–230,884
Repurchase of treasury shares	20	–61,556	–25,002
Net cash flow from financing activities		**–300,198**	**–330,864**
Net increase in cash and cash equivalents		**36,281**	**97,596**
Cash and cash equivalents at beginning of year		238,183	140,993
Effect of changes in foreign exchange rates on cash held		–806	–406
Closing balance of cash and cash equivalents		**273,658**	**238,183**

The accompanying 'Notes' form an integral part of the separate financial statements and should be read in conjunction with them.

Notes to the separate financial statements

Krka, d. d., Novo mesto is the controlling company in the Krka Group with its registered seat at Šmarješka cesta 6, 8501 Novo mesto, Slovenia. The Company was registered at the District Court of Novo mesto on 13 July 1989, registration number 1/00097/00. Company ID number: 5043611000.

The Company's financial statements refer to the year ended 31 December 2025.

The Company develops, produces, markets and sells human health products (prescription pharmaceuticals and non-prescription products), and animal health products.

1. Basis for compiling the separate financial statements

Statement of compliance

The financial statements of the Company have been prepared in accordance with the *International Financial Reporting Standards* ('*IFRS*') as adopted by the EU, interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ('IFRIC') adopted by the EU, and in compliance with additional provisions required by the *Companies Act* ('*ZGD-1*').

Krka's Management Board approved the separate financial statements on 23 March 2026.

Basis of measurement

The separate financial statements have been prepared on the historical cost basis, with the exception of derivatives, financial instruments at fair value through profit or loss and financial instruments at fair value through OCI for which fair value was used. Methods applied in the measurement of fair value are presented in 'Note 2 – Fair value'.

Functional and presentation currency

The separate financial statements are presented in the euro, the Company's functional currency. All financial information presented in the euro has been rounded to the nearest thousand.

Use of estimates and judgements

The preparation of separate financial statements requires the Management Board of the controlling company to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities of Krka as well as the reported income and expenses for the period.

These include, among other: determination of the useful life and residual value of property; plant and equipment; intangible assets; revenue from contracts with customers; allowances for inventories and receivables; investment impairment; assumptions material to the actuarial calculation of defined employee benefits; assumptions used in the calculation of provisions for lawsuits; an estimate of the lease term; and the interest rate used. Regardless of the fact that the Company's Management Board duly considers all factors that may impact the preparation of these assumptions, the actual consequences of business events may differ from those estimates. In making accounting estimates, management makes judgements while considering potential changes in the business environment, new business events, new and additional information that may be available, and experience.

Key estimates and assumptions as at the day of the statement of financial position that are associated with future operations, and which could result in significant adjustment of the book values of assets and liabilities are presented below.

Information on significant estimates about uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is presented in the following notes:

- *Note 3 – Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services while considering specific terms and conditions of an individual contract. In assessing variable compensation, the Company specifically addresses returns while considering specific terms and conditions of an individual contract for the sale of products and services to customers, statutory provisions, and business practices in a given environment. When assessing variable compensation, the Company must use either the expected value method or the most likely amount method, whichever better predicts the amount of consideration to which it will be entitled.

Given the large number of contracts with customers, the Company determined the expected value method as the most appropriate for estimating variable consideration for the sale of products with a right to return. To estimate the variable consideration for expected future volume rebates on the quantity of products purchased, the Company identified combination of the most likely amount method and the expected value method as the most appropriate. The method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contracts, legal provisions and business practices in various environments. The most likely amount method is best suited for contracts with a single-volume threshold, and the expected value method for contracts with more than one volume threshold.

Prior to including any variable consideration in the transaction price, the Company assesses whether there is a constraint on variable consideration. Based on experience, business forecasts and current economic conditions, the Company has determined that there are no constraints on variable consideration.

- *Note 10 – Testing the useful lives of property, plant and equipment*

The Company's annual review of the appropriateness of the annual depreciation rates or useful lives of plant and equipment established that the expectations equal previous assessments. Accordingly, the useful lives were not changed.

- *Note 12 – Impairment testing of investments in subsidiaries*

The controlling company checks whether there are any indicators of impairment of investments in subsidiaries at least once a year. The fair value of investments that may be impaired is determined as the present value of future cash flows, which is based on an estimate of expected cash flows from the cash-generating unit and on determination of the appropriate discount rate. Upon the impairment indicator analysis, the Company concluded that no indicators exist as at 31 December 2025 that would trigger impairment testing and therefore there was no need to impair the investments in subsidiaries.

- *Note 18 – Impairment testing of receivables*

On the financial statement preparation (quarterly and annually), the Company recognises allowances (impairment) of those receivables for which it is assumed they will not be settled in full or not at all. Allowances are recognised using a uniform methodology applicable to the Krka Group and taking into consideration the probability or assessed probability of receivable settlement by the debtors. The methodology includes quantitative and qualitative criteria grouped into the following four sets: an analysis of the existing business dealings with the customer, an analysis of the customer's financial statements, a qualitative assessment of the customer by the sales personnel, and an assessment of the customer's country risk. For all customers whose receivables are insured by an insurance company or other first-class insurance, the insurance is taken into account when assessing impairment amounts. Hence, allowances of receivables due from individual customers are calculated using an algorithm that includes all the above criteria.

- *Note 23 – Post-employment benefits*

Defined post-employment benefit obligations include the present value of termination benefits on retirement. They are recognised on the basis of the actuarial calculation using assumptions and estimates effective at the time of the calculation, and which may, as a result of future changes, differ from actual assumptions applicable at that future time. This applies primarily to the determination of a discount rate, assessment of employee turnover, mortality assessment, and assessment of an increase in salaries. Due to the complexity of the actuarial calculation and the long-term nature of the item, defined benefit obligations are sensitive to changes in the above estimates and assessments.

- *Note 23 – Provisions for lawsuits and contingent liabilities*

Lawsuits and claims may be brought against the Company for alleged breaches of intellectual property (patent rights or competition law) and those referring to other civil law areas. A provision is recognised when the Company has present obligations (legal or constructive) as a result of past events, a reliable estimate can be made of the amount of obligation, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised in the financial statements as their actual existence will be confirmed only upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. The Company's Management Board continually assess contingent liabilities to determine whether an outflow of resources embodying economic benefits has become probable. If this is the case, a provision is recognised in the financial statements of the period in which the change in probability occurs.

2. Significant accounting policies

The Company, as the controlling company, applied the same accounting policies in all periods presented in the accompanying financial statements.

The accounting policies and the calculation methods used are the same as for the last annual reporting, except for the newly adopted standards and interpretations which are noted below and were applied if relevant events occurred in the Company in the reporting period.

In its statement of financial position, the Company classifies liabilities and assets according to their maturity, i.e. as non-current and current.

The Company classifies an asset as current if:
- It expects to realise it or intends to sell or use it in the normal course of business (12 months);
- It is held primarily for trading purposes;
- It expects to realise it within 12 months after the reporting period;
- The asset is cash or a cash equivalent (pursuant to IAS 7) unless it is prohibited from being exchanged or used to settle a liability for a period of at least 12 months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current if:
- It expects to settle it within the normal course of business (12 months);
- It is held primarily for trading purposes;
- It is to be settled within 12 months after the reporting period;
- At the end of the reporting period, it does not have the right to defer settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Foreign currencies

Foreign currency transactions

Transactions and balances in foreign currencies are translated to the euro (the Company's functional currency) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated to the euro at the exchange rate applicable on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies and measured at the fair value are converted to the euro at the exchange rate at the date that the fair value was determined. Foreign currency differences are recognised in profit or loss, except for differences arising on the translation of equity instruments, which are recognised directly in other comprehensive income. Non-cash items measured at historical cost in foreign currency are translated to the functional currency by applying the exchange rate valid at the date of the transaction.

Fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the amount for which an asset could be sold or a liability exchanged in a regular transaction between market participants. All assets and liabilities measured and disclosed at their fair value in financial statements are classified in the fair value hierarchy based on the lowest level of input data significant for measurements of total fair value:

- Level 1 – market value (unadjusted) from the active market for similar assets and liabilities;
- Level 2 – valuation model for assets and liabilities, which is not classified in level 1, is valued directly or indirectly based on comparable market data;
- Level 3 – valuation model, which is not based on the market data.

The fair value of individual groups of assets has been determined for measurement and/or disclosure purposes based on the methods presented below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the 'Notes' specific to that asset or liability.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and at fair value through other comprehensive income (FVOCI) is determined by reference to their quoted closing bid price. For investments in debt securities at amortised cost, for reporting purposes, the fair value is calculated based on the closing rate, which is increased by accrued interest on the reporting date.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows discounted at the market rate of interest effective at the reporting date.

Financial liabilities

Fair value is determined based on the present value of future principal and interest payments discounted at the market rate of interest prevailing at the reporting date.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial assets

Financial assets of the Company include cash and cash equivalents, receivables, derivatives, loans, investments, and investments in subsidiaries (refer to the accounting policy 'Investments in subsidiaries').

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not have a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not have a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under *IFRS 15* (refer to the accounting policies in section 'Revenue from contracts with customers').

For financial assets to be classified and measured at amortised cost or fair value through other comprehensive income, they need to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Where the Company selects a business model that aims to collect contractual cash flows, it values its financial assets (debt instruments) at amortised cost. If the Company acquires financial assets (debt instruments) with the intend to collect contractual cash flows and for sale, then they are measured at fair value through other comprehensive income by recycling cumulative gains and losses. Where the Company does not choose any of these business models, it measures its financial assets (debt instruments) at fair value through profit or loss. Financial assets that have the characteristics of an equity instrument in accordance with *IAS 32 – Financial Instruments,* are classified as equity instruments at fair value through other comprehensive income without recycling cumulative gains and losses after derecognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to the contractual cash flows from the financial asset in a transaction that transfers all the risks and rewards of ownership of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Cash and cash equivalents comprise cash, bank deposits with maturities of up to three months, and other current, highly liquid investments with an original maturity of three months or less. These investments can be easily converted into known amounts of cash with an insignificant risk of value fluctuation. The cash flows derived from these assets consist solely of principal and interest payments, classifying them as financial assets at amortised cost.

According to the SSPI test, loans issued by the Company are classified as financial assets at amortised cost, since the cash flows derived from these assets are solely payments of the principal and interest on the principal amount outstanding.

The Company's investments in debt securities, which comprise only low-credit risk government bonds, are classified as

financial assets at amortised cost.

The Company's financial assets at amortised cost also include trade receivables.

After initial recognition, these investments are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

Subsequent to initial recognition, they are measured at fair value. Interest income, foreign exchange differences, and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Subsequent to initial recognition, they are measured at fair value. Changes in fair value are recognised directly in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity is not transferred to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets is described in the section 'Impairment – Financial assets'.

Financial liabilities

Financial liabilities consist primarily of loans, payables to suppliers and other liabilities. Lease liabilities and employee benefits are reported separately (refer to accounting policies in the 'Leases' and 'Employee benefits expense' sections'). All other financial liabilities are initially recognised on the trade date or when the Company becomes a contracting party in relation to the instrument. On initial recognition, the Company classifies non-derivative financial liabilities as subsequently measured at amortised cost and derivative financial liabilities as at fair value through profit or loss. After initial recognition, financial liabilities arising from loans are measured using the effective interest method. Gains and losses are recognised in profit or loss when these liabilities are discharged or modified. The Company derecognises a financial liability if the obligations set out in the contract are fulfilled, cancelled or expired.

Investments in subsidiaries

Non-current investments in equity of subsidiaries included in consolidated financial statements are valued at cost. Participation in the profit of a subsidiary is recognised in the profit or loss of the controlling company when a relevant resolution on profit distribution has been adopted. If the investment should be impaired due to a subsidiary's loss, the amount of loss due to impairment is measured as the difference between the carrying amount of the investment and the present value of the expected future cash flows.

Investments in joint ventures

Non-current investments in equity of joint ventures are accounted for at cost. The Company recognises its interest in a joint venture in the Company's profit or loss as soon as the joint venture acquires the right to participate in the profit.

The Company derecognises its interest in the losses of a joint venture when the proportion in the losses of the joint venture is equal to or greater than its interest in the joint venture (when the value of the investment is zero).

Property, plant and equipment

Property, plant and equipment items are measured at cost less accumulated depreciation and impairment losses (refer to the accounting policy 'Impairment of assets'). Property, plant and equipment that was revalued to its fair value on 1 January 2004 or on the date of transition to *IFRS* is measured at its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other directly attributable cost of making the asset ready for its intended use, and (if applicable) initially assessed costs of dismantling and removing the items and restoring the site on which they were located, as well as capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant and equipment items that have substantially different useful lives, but whose value is significant, are accounted for as individual assets.

Gains and losses on disposal of an item of property, plant and equipment are determined as the difference between proceeds from disposal and the carrying amount of property, plant and equipment and are recognised under other operating income or other operating expenses in profit or loss.

The Company includes borrowing costs directly attributable to the acquisition, construction or production of the asset under construction in the cost of property, plant and equipment. Borrowing costs related to the acquisition or construction of the relevant assets are capitalised if they relate to the acquisition of a significant asset, and if construction or preparation for use of the relevant assets takes more than six months.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment or its individual parts. Land and assets being acquired are not depreciated.

	Estimated useful lives in years
Buildings	
– Management and administrative facilities	60
– Production and warehouse facilities	40
– Other	15 to 20
Property, plant and equipment	
– Production equipment	3 to 15
– Laboratory equipment	7 to 15
– Other	5 to 20
Furniture	5 or 10
Computer equipment	4 to 6
Means of transportation	6 to 15

Leases

At contract inception, the Company assesses whether a contract is or contains a lease. The contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company determines the lease term as the period during which the lease cannot be terminated, inclusive of:

a) The period for which the option to extend the lease applies if it is reasonably certain that the lessee will exercise that option; and
b) The period for which the option to terminate the lease applies if it is reasonably certain that the lessee will not exercise that option.

The Company as a lessee

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by the Company under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised in profit or loss as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate based on estimated bond returns if it were to raise debt on the financial markets, while considering their maturity if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. change of future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

For short-term leases and leases where the leased asset is of low value, the Company applies the practical expedient allowed by the standard and recognises lease payments as an expense on a straight-line basis over the lease term. The practical expedient is applied to leases with a lease term of less than one year and leases where the cost of the new leased asset is less than €5,000.

The Company recognises a right-of-use property, plant and equipment asset and a lease liability at the inception of the lease (i.e. the date the leased asset is available for use).

Right-of-use assets

Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received, as well as estimated costs that will be incurred in dismantling or removing the leased asset, restoring the site to its original condition, or returning the asset to a condition as required in the lease terms.

The Company depreciates the right-of-use assets on a straight-line basis over the shorter of the estimated lease term or the estimated useful lives of the assets.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and

is included in revenue in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Intangible assets

Research and development

Development costs are not capitalised because the Company does not distinguish between the research and development phases. All costs relating to in-house research and development work at the Company are recognised in profit or loss as incurred.

Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (refer to the accounting policy 'Impairment of assets').

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset it pertains to. All other expenditure is recognised in profit or loss as incurred.

Emission coupons

The Company recognises emission coupons purchased or acquired free of charge in order to fulfil its obligation to the State to surrender emission coupons under the Environmental Protection Act as intangible assets. Emission coupons acquired free of charge are carried at €1 per emission coupon and those purchased are measured at cost on initial recognition. The first-in-first-out (FIFO) method is used for the transfer of coupons. Intangible assets relating to emission coupons are not amortised.

Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets from the date that they are made available for use.

The estimated useful lives for software, licences and other rights range from 3 to 10 years.

Inventories

In the statement of financial position, inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price at the reporting date less selling expenses and other potential administrative expenses, which are usually associated with the sale. The Company reviews the net realisable value of inventories once a year at the date of the statement of financial position. If the carrying amount of inventories exceeds their net realisable value, inventories are impaired through profit or loss.

As of the reporting date, the Company also reviews whether inventories need to be impaired. Thus, impaired are:

- All types of inventories that are known or expected to be unusable in the production of bulk and finished products or that cannot be sold for any reason;
- All types of inventories that have expired;
- Inventories that will expire in an amount to be determined by the person responsible for the inventories;
- All other inventories that for any other reason require impairment.

Possible impairments are reviewed and recorded by inventory type group through profit or loss.

An inventory unit of raw materials and materials, as well as auxiliary and packaging materials, is valued at cost, including all direct costs of purchase. Inventories of material are carried at weighted average cost. Inventories of finished products and work in progress are carried at standard cost, which, in addition to the direct cost of material, includes the cost of production such as direct labour cost, depreciation, cost of services, energy, maintenance, and quality. Fixed price variances are determined in accordance with the current valuation of inventories using production costs. A quantity unit of

merchandise is valued at cost, including cost of purchase, import duties, and all costs directly attributable to the acquisition decreased by discounts. Inventories of merchandise are carried at moving average prices.

Impairment of assets

Financial assets

The Company recognises an allowance for the expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since the initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Impairments of receivables and assets from contracts

The Company applies a simplified approach in calculating ECLs for trade receivables and contract assets. Trade receivables that do not have a significant financing component or for which the Company applies a practical expedient (contracts with a term of one year or less) are measured at the transaction price determined under *IFRS 15,* less any impairment losses.

The Company does not track changes in credit risk. Instead, it recognises a loss allowance based on a lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Allowances are recognised using a uniform methodology applicable to the Company and in consideration of the probability or assessed probability of receivable settlement by the debtors.

Impairment of investments

The Company measures expected credit losses annually for investments that include government bonds measured at amortised cost.

Except when a 12-month expected credit loss is recognised, the Company recognises an allowance for credit losses in an amount equal to the expected credit loss over the life of the financial instrument. A 12-month expected credit loss is recognised by:

- Debt securities with low credit risk at the reporting date, and debt securities that are determined to have a low credit risk at the reporting date; and
- Other debt securities and bank balances for which the credit risk (i.e. the risk of default in the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a debt security to have low credit risk if its credit risk rating is equivalent to the globally understood definition of 'investment grade' a rating of Baa2 or above by Moody's or BBB– or above by S&P Global Ratings.

The Company monitors changes in credit risk by tracking published external credit ratings. The probabilities of default (PD), both 12-month and over the financial instrument's life, are based on information from the external credit rating agency. The external credit rating agencies also report the loss given default (LGD) ratios, which reflect the assumed recovery rate.

Non-financial assets

The carrying amounts of the Company's non-financial assets, except for inventories and deferred tax assets, are reassessed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is assessed.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped into the smallest cash-generating units, which are the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment of an asset or a cash-generating unit is recognised when its carrying amount exceeds its recoverable amount. Impairment is recognised in the income statement. A loss recognised in a cash-generating unit as a result of impairment is allocated by first reducing the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the unit (group of units) in proportion to the carrying amount of each asset in the unit.

Impairment losses recognised in previous periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed upon the changed estimates used to determine the recoverable amount of the asset. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in the previous periods.

Share capital

Repurchase of treasury shares

When treasury shares recognised as a part of share equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Dividends

Dividends are recognised in the Company's financial statements in the period in which they are declared by the Annual General Meeting.

Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Non-current employee benefits

Provisions for post-employment benefits and other non-current employee benefits

Pursuant to national legislation, Krka is obligated to provide employees with anniversary bonuses and retirement benefits and. Provisions are set aside for these obligations. No other pension obligations exist.

Provisions are determined by discounting, at the reporting date, the estimated future benefits in respect of retirement benefits and anniversary bonuses paid to employees in those countries where this legal obligation exists. The obligation is calculated by estimating the costs of retirement benefits upon retirement and the costs of all expected anniversary bonuses until retirement. The calculation is performed using the projected unit credit method. Employee benefit costs, as well as cost of interest, are recognised in profit or loss, whereas restatement of post-employment benefits or unrealised actuarial profit or loss is recognised in other comprehensive income.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for lawsuits

The Company recognises provisions for lawsuits primarily related to alleged patent infringements. The adequacy of these provisions, based on the likelihood of a favourable or unfavourable outcome, is assessed annually. The provision amounts are determined either by the amount of the indemnification claim or, if no claim has been disclosed, by an estimated potential amount.

Revenue from contracts with customers

The Company develops, produces, markets and sells human health products (prescription pharmaceuticals, non-prescription products), animal health products, and material. Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services while considering specific terms and conditions of an individual contract.

Transfer of control over those goods and services depends on the terms and conditions of the contract. In general, control is transferred immediately once the goods are accepted by the customer or services are rendered. The standard credit term ranges from 30 to 120 days.

The Company assesses the performance obligations contained in each sales contract and determines whether additional promises in the contract constitute separate performance obligations requiring allocation of a portion of the transaction price. In determining the transaction price for the sale of products, the effects of variable consideration are considered, as well as the existence of significant financing components.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of products provide customers with a right of return, bonuses, and volume rebates. The rights of return, bonuses, and volume rebates give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return goods that are past the expiry date. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which it will be entitled. The requirements of *IFRS 15* on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that, based on experience and business practice in a given environment, are expected to be returned instead rather than generating revenue, the Company recognises a refund liability. A right-of-return asset (and corresponding adjustment to cost of products sold) is also recognised to account for the right to recover products from customers.

Bonuses and volume rebates

The Company provides retrospective bonuses and volume rebates to certain customers once the quantity or value of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company considers the terms and conditions of the contract, including criteria and elements that provide the basis for the recognition of bonuses and volume rebates.

For valuation, the Company uses the most probable value method or the expected value method. The method chosen, which best predicts the value of the rebates and volume discounts, is based on the number of thresholds in the contract.

Disclosures about the use of estimates and judgements in estimating variable consideration are provided in the ‘Basis of preparation of the financial statements’ section.

Significant financing component

In some cases, the Company receives current advances from its customers. Using the practical expedient in *IFRS 15.63*, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for those goods or services will be one year or less.

Contract balances

Contract assets

A contract asset is the right to an amount of consideration in exchange for goods or services transferred to the customer. If the Company transfers goods or services to a customer before receiving payment or before payment becomes due, a contract asset is recognised for the conditional earned consideration. Once the transaction is completed and the customer is confirmed, the contract assets are reclassified as trade receivables.

Trade receivables

A receivable is the Company's right to an amount of consideration that is unconditional, i.e. only the passage of time is required before payment of consideration is due (refer to the accounting policy 'Recognition of financial instruments').

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the goods or services are transferred to the customer, a contract liability is recognised when the payment is made, or the payment becomes due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Right-of-return assets

Right-of-return assets represent the Company's right to recover the goods expected to be returned by the customer.

The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Company regularly updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable from the customer). The refund liability arises from bonuses and volume discounts. It is measured at the amount the Company ultimately expects it will have to return to the customer.

The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. The described accounting policy applies also to the variable consideration.

It is irrelevant to the Company's assessment of the role it plays in individual customer contracts, as it usually acts as a principal.

The Company does not normally have long-term sales contracts with customers.

Government grants

Revenue referring to government grants is initially recognised when there is reasonable assurance that the grant will be received and that the Company will comply with the attached conditions. Income that compensates the realised expenses is recognised in profit or loss on a systematic basis in the same periods in which the costs are recognised. Income that compensates an entity for the cost of an asset is recognised in profit or loss on a systematic basis over the useful life of the asset.

The Company recognises emission coupons received free of charge from the State within government grants received. The emission coupons received free of charge are recorded as intangible assets at a value of €1 per emission coupon. Upon their transfer, the Company reduces intangible assets and recognises other operating income.

Financial income and expenses

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss using the effective interest method. Dividend income is recognised on the date that the shareholder's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Financial expenses comprise interest expense on borrowings, foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except those that are attributable to property, plant and equipment under construction.

Income tax expense

Income tax expense comprises current, top-up and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the balance sheet liability approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Also, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. The amount of deferred tax is based on the expected manner of settling the carrying amount of assets and liabilities using tax rates enacted at the reporting date. Deferred tax assets are offset against deferred tax liabilities when an entity has a legal right to offset current assets and liabilities, and deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In 2023, Slovenia adopted the *Minimum Tax Act*, incorporating a minimum tax into the Slovenian tax-law system to ensure that large international and domestic groups are subject to a global minimum taxation of profits at an effective tax rate of 15%. The *Act* was adopted based on EU Directive 2023/2523 on the provision of a global minimum tax rate for international and large domestic groups in the EU, which was drafted based on the *GLOBE Model Rules* prepared by the Organisation for Economic Co-operation and Development (OECD) in October 2021. The *Act's* minimum tax rules apply to the Company's financial years starting from 1 January 2024.

The Company is subject to the minimum tax rules for the financial year 2024 onwards. The Company for the first time calculated the Krka Group's top-up tax and the domestic top-up tax for Slovenia for the year 2024. In Slovenia, the Company can benefit from simplifications of applying the rules (transitional CbCR Safe Harbour), exempting it from calculating the domestic top-up tax.

Earnings per share

The Company presents basic earnings per share (EPS) data. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the average number of ordinary shares issued during the financial year,

whereby treasury shares are excluded. Diluted earnings per share is equal to basic earnings per share, because the Company has not issued any dilutive or potentially dilutive instruments.

Amendments to standards and interpretations not yet effective

The following new and amended standards have not come into effect by the date of the financial statements and will be applied in future periods. Both endorsed and unendorsed EU standards are presented. The Company will take them into account when they become effective. The Company did not adopt any of these standards, amendments, or interpretations prior to their effective date.

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Settlement of liabilities through electronic payment systems

There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they are settled using electronic payment system. The amendments to *IFRS 9* clarify when a financial asset or a financial liability is recognised and derecognised.

Under the amendments, a company generally derecognises its trade payable on the settlement date. Normally this is the date, on which payment is completed.

The amendments also provide an optional exception, which allows the company to derecognise its trade payable earlier than the settlement date, potentially on the date when payment is initiated and cannot be cancelled. The exception is available when the company uses an electronic payment system that meets all of the following criteria:

- No practical ability to withdraw, stop or cancel the payment instruction;
- No practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system is insignificant.

Companies can choose to apply the exception for electronic payments on a system-by-system basis.

Classification of financial assets with ESG-linked features

Under *IFRS 9*, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI, which is a condition for measurement at amortised cost. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Under the amendments, certain financial assets, including those with ESG-linked features, could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- Not related directly to a change in basic lending risks or costs; and
- Not measured at fair value through profit or loss.

Contractually linked instruments (CLIs) and non-recourse features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test).

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The management has assessed the impact of the amendments and believes they will have no significant impact on the Company's financial statements.

Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-Dependent Electricity

Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments enable nature-dependent electricity contracts, which are sometimes referred to as renewable power purchase agreements (PPAs), to be better reflected in the financial statements. The amendments:

- Clarify the application of the own use exemption to these contracts;
- Amend the hedge accounting requirements to allow contracts for electricity from nature-dependent renewable energy sources to be used as a hedging instrument if certain conditions are met;
- Introduce additional disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and future cash flow.

The management has assessed the impact of the amendments and believes they will have no significant impact on the Company's financial statements.

Annual Improvements to IFRS Standards – Volume 11

Effective for annual reporting periods on or after 1 January 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

In this volume of improvements, the IASB makes minor amendments to *IFRS 9 – Financial Instruments* and to a further four accounting standards (*IFRS 1 – First Application of the International Financial Reporting Standards, IFRS 7 – Financial Instruments, IFRS 10 – Consolidated Financial Instruments, IAS 7 – Statement of Cash Flows).*

The amendments to *IFRS 9* address:

- A conflict between *IFRS 9* and *IFRS 15 Revenue from Contracts with Customers* over the initial measurement of trade receivables; and
- How a lessee accounts for the derecognition of a lease liability under paragraph 23 of *IFRS 9*.

The amendments to *IFRS 9* require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying *IFRS 15*. They also clarify that when lease liabilities are derecognised under *IFRS 9*, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The management has assessed the impact of the amendments and believes they will have no significant impact on the Company's financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

IFRS 18 replaces *IAS 1 Presentation of Financial Statements*. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under *IFRS 18*, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- Nature;
- Function; or
- Using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management Performance Measures (MPMs), requiring them to be:

- A subtotal of income and expenses;
- Used in public communications outside the financial statements; and
- Reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under *IFRS*.

Greater disaggregation of information

The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a new line item on the balance sheet.

Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- The restated amounts presented applying *IFRS 18*; and
- The amounts previously presented applying *IAS 1*.

The management has assessed the impact of the amendments on the Company's financial statements and shall apply them upon enforcement.

IFRS 19 – Subsidiaries without Public Accountability

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

IFRS 19 allows eligible subsidiaries to apply *IFRS Accounting Standards* with the reduced disclosure requirements of *IFRS 19*.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- It does not have public accountability;
- Its parent produces consolidated financial statements under *IFRS* Accounting Standards.

A subsidiary applying *IFRS 19* is required to clearly state in its explicit and unreserved statement of compliance with *IFRS Accounting Standards* that *IFRS 19* has been adopted.

The management has assessed the impact of the amendments and believes they will have no significant impact on the Company's financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency

Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The amendments clarify that:

- A company with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its hyperinflationary presentation currency; and
- A company uses the closing rate at the latest reporting date when translating all amounts (excluding comparatives) of a foreign operation with a non-hyperinflationary functional currency into the company's hyperinflationary presentation currency and applies the change in the general price index to restate the comparatives.

The management has assessed the impact of the amendments and believes they will have no significant impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that the EU will endorse it in the foreseeable future.

The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- A full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- A partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The management has assessed the impact of the amendments and believes they will have no significant impact on the Company's financial statements.

3. Revenue from contracts with customers

Itemisation of revenue from contracts with customers

€ thousand	2025	2024
Revenue from contracts with customers (products)	1,624,786	1,538,576
Revenue from contracts with customers (materials)	225,541	216,672
Total revenue from contracts with customers	**1,850,327**	**1,755,248**

Revenue from contracts with customers by region

€ thousand	2025	2024
Region Slovenia	76,076	71,658
Region South-East Europe	283,991	263,169
Region East Europe	447,118	423,528
Region Central Europe	440,825	407,341
Region West Europe	313,338	308,895
Region Overseas Markets	63,438	63,985
Total	**1,624,786**	**1,538,576**

In 2025, products sales amounted to €96,282 thousand in Ukraine, (2024: €96,042 thousand), accounting for 5.9% of the Company's total sales.

In the Russian Federation, products sales amounted to €158,859 thousand in 2025 (2024: €147,358 thousand), accounting for 9.8% of the Company's total sales. The demand for our products was adequate.

Revenue from contracts with customers by product groups

€ thousand	2025	2024
Prescription pharmaceuticals	1,363,028	1,262,830
Non-prescription products	162,033	169,523
Animal health products	99,725	106,223
Total	**1,624,786**	**1,538,576**

Contract balances

Trade receivables are outlined in 'Note 18 – Trade and other receivables', and liabilities recognised from contracts with customers in 'Note 26 – Current contract liabilities'. The Company did not recognise assets from contracts with customers in 2024 and 2025, while liabilities from contracts were recognised in the amount of €4,399 thousand (2024: €2,950 thousand). Recognised assets and liabilities arising from contracts with customers are reported in the statement of financial position.

Right-of-return liabilities

The Company recognised right-of-return liabilities as accrued bonuses, volume rebates and discounts on products sold to other customers in the amount €19,373 thousand (2024: €15,162 thousand).

Performance obligations

The Company develops, produces, markets and sells human health products (prescription pharmaceuticals, non-prescription products), animal health products, and materials. Revenue from contracts with customers is recognised as soon as control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, while considering specific terms and conditions of an individual contract.

Transfer of control and rewards in the sale of products for human use, veterinary products and material depends on the terms and conditions of an individual contract. Generally, it occurs as soon as the customer accepts the goods in

accordance with the provisions of *Incoterms*. Payment terms vary from region to region (distribution channels), while the standard credit term ranges from 30 to 180 days.

At the year-end, the Company did not incur any costs related to acquiring or fulfilling contracts with customers that could be recognised as assets.

4. Other operating income

€ thousand	2025	2024
Reversal of non-current provisions	0	393
Reversal of deferred income	270	310
Gains on sale of property, plant and equipment and intangible assets	689	995
Revaluation operating income – leases	2	5
Other operating income	2,411	1,452
Total other operating income	**3,372**	**3,155**

Deferred income also includes income from emission coupons obtained free of charge from the State in 2024 and transferred to 2025. See 'Note 11 – Intangible assets'.

Deferred income relates to income from other government grants received that cover the depreciation charged on property, plant, and equipment in the proportion in which the funds were received.

5. Costs by nature

€ thousand	2025	2024
Cost of goods and materials	527,607	508,477
Cost of services	361,689	345,227
Employee benefits expense	455,012	408,296
Amortisation and depreciation	69,347	71,153
Net write-offs and allowances for inventories	10,944	17,311
Net impairments and write-offs of receivables	3,159	–2,124
Formation of provisions for lawsuits	0	7,400
Other operating expenses	32,144	32,444
Total costs	**1,459,902**	**1,388,184**
Change in the value of inventories of finished products and work in progress	–9,825	–5,005
Total	**1,450,077**	**1,383,179**

The largest costs of services items are related to marketing and transport services, intellectual and personal services, and maintenance of fixed assets.

More information on depreciation is outlined in 'Note 10 – Property, plant and equipment' and 'Note 11 – Intangible assets'.

Estimated useful lives are disclosed in 'Note 2 – Significant accounting policies' under 'Property, plant and equipment' and 'Intangible assets'.

6. Employee benefits

€ thousand	2025	2024
Gross wages and salaries and continued pay	347,668	314,141
Social security contributions	25,713	20,938
Pension insurance contributions	44,877	41,466
Post-employment benefits and other non-current employee benefits	5,708	10,331
Other employee benefits expense	31,046	21,420
Total employee benefits	**455,012**	**408,296**

Post-employment benefits and other non-current employee benefits are detailed in 'Note 23 – Provisions'. Other employee benefits include primarily vacation bonuses and commuting allowances.

In 2025, compulsory pension and disability insurance (comprising both the employee's and the employer's contribution) payable amounted to €84,346 thousand (2024: €78,171 thousand).

Supplementary pension insurance contributions amounted to €11,991 thousand (2024: €11,074 thousand).

7. Other operating expenses

€ thousand	2025	2024
Grants and assistance for humanitarian and other purposes	1,760	1,873
Environmental protection expenditures	4,077	5,827
Other taxes and levies	18,836	19,063
Loss on sale and write-offs of property, plant and equipment and intangible assets	4,400	2,925
Other operating expenses	3,071	2,756
Total other operating expenses	**32,144**	**32,444**

Other levies include €15,941 thousand (2024: €16,703 thousand) of various taxes and levies paid on pharmaceuticals and fees paid to associates in individual foreign countries for pursuing promotional activities.

8. Financial income and expenses

€ thousand	2025	2024
Net foreign exchange gains	50,457	0
Interest income	7,811	10,641
Derivative income	78	10,066
– Realised revenue	78	1,959
– Fair value change	0	8,107
Income from other financial instruments	5,111	8,983
– Income generated	7,598	9,683
– Fair value change	–2,487	–700
Income from dividends and other profit shares	14,936	5,268
– Dividends	44	760
– Profits of subsidiaries	14,892	4,508
Other financial income	9	9
Total financial income	**78,402**	**34,967**
Net foreign exchange losses	0	–30,463
Interest expenses	–1,656	–3,462
– Interest paid	–1,465	–3,381
– Interest expenses on lease liabilities	–191	–81
Derivative expenses	–8,463	–1,696
– Realised expenses	–2,763	–1,696
– Fair value change	–5,700	0
Other financial expenses	–4,165	–4,375
Total financial expenses	**–14,284**	**–39,996**
Net financial result	**64,118**	**–5,029**

The net financial result in 2025 was higher by €69,147 thousand, primarily due to an improved result from the net foreign exchange gains. The most significant impact came from the rouble exchange rate (closing rate 31 December 2025: €1 = RUB 92.8517; 31 December 2024: €1 = RUB 118.0092).

Most of the interest income was generated by interest received on deposits with maturities of more than 90 days and less than one year with banks in Slovenia.

In 2025, we continued our policy of partially hedging the US dollar risk with financial instruments.

The income from other financial instruments of €5,111 thousand (2024: €8,983 thousand) represents capital gains on investments in treasury bills.

The income from investments at amortised cost of €9 thousand (2024: €109 thousand) is income from bonds and is shown under interest income. For more information on these investments, see ‘Note 14 – Investments’.

For detailed information on the risk of changes in foreign exchange rates see ‘Note 31 – Financial instruments and financial risks’.

9. Income tax expense

Adjustment of the effective tax rate

€ thousand	2025	2024
Current income tax	80,031	56,896
Deferred tax	1,199	2,746
Other income tax	202	133
Top-up tax	0	1
Total income tax	**81,432**	**59,776**
Profit before tax	**476,804**	**380,968**
Income tax calculated at the rate of 19%		/
Income tax calculated at the rate of 22%	104,897	83,813
Tax on non-deductible income	–3,505	–933
Tax on non-deductible expenses	4,786	3,281
Income tax from tax incentives	–25,660	–24,902
Tax on expenses/income, which were non-deductible for taxable purposes in the previous years	712	–1,617
Other income tax expenses	201	133
Top–up tax	1	1
Total income tax expense	**81,432**	**59,776**
Effective tax rate	**17.1%**	**15.7%**

Investments in R&D and investment incentives accounted for the major share of tax incentives.

10. Property, plant and equipment

€ thousand	31 Dec 2025	31 Dec 2024
Land	53,092	52,540
Buildings	232,722	226,846
Equipment	260,804	259,721
Property, plant and equipment being acquired	56,922	67,316
Right–of–use assets	8,305	3,205
Total property, plant and equipment	**611,845**	**609,628**

In 2025, most of the controlling company's investments were earmarked for IT and telecommunications projects, totalling €8,875 thousand (2024: €12,422 thousand). Of which, €6,467 thousand (2024: €2,272 thousand) were allocated for a multi–purpose facility in Ločna (Novo mesto, Slovenia), €4,020 thousand (2024: €44 thousand) for increasing the packaging capacity for tablets for veterinary use and spot-on products, €3,288 thousand (2024: €754 thousand) for infrastructure and real estate purchases, and €3,235 thousand (2024: €8,359 thousand) for the Sinteza 2 project in Krško (Slovenia).

Most of the right-of-use asset referred to the right of using assets relating to buildings in the amount of €8,293 thousand (2024: €3,190 thousand).

Movement of property, plant and equipment (PPE)

€ thousand	Land	Buildings	Equipment	PPE being acquired	Right-of-use assets	Total
Purchase cost						
Balance at 1 Jan 2024	**51,786**	**658,548**	**1,104,490**	**57,273**	**7,468**	**1,879,565**
Additions	0	0	0	80,862	0	80,862
Capitalisations – transfer from PPE being acquired	754	4,823	63,996	–69,573	0	0
Capitalisations – *IFRS 16 Leases*	0	0	0	0	899	899
Disposals, impairments, deficit, surplus	0	–2,866	–34,505	–1,246	–497	–39,114
Transfers, reclassifications	0	0	–9	0	0	–9
Balance at 31 Dec 2024	**52,540**	**660,505**	**1,133,972**	**67,316**	**7,870**	**1,922,203**
Balance at 1 Jan 2025	**52,540**	**660,505**	**1,133,972**	**67,316**	**7,870**	**1,922,203**
Additions	0	0	0	63,996	0	63,996
Capitalisations – transfer from PPE being acquired	552	28,428	44,088	–73,068	0	0
Capitalisations – *IFRS 16 Leases*	0	0	0	0	6,697	6,697
Disposals, impairments, deficit, surplus	0	–3,904	–31,534	–1,322	–696	–37,456
Transfers, reclassifications	0	–23	10	0	0	–13
Balance at 31 Dec 2025	**53,092**	**685,006**	**1,146,536**	**56,922**	**13,871**	**1,955,427**
Accumulated depreciation						
Balance at 1 Jan 2024	**0**	**–415,737**	**–864,384**	**0**	**–3,919**	**–1,284,040**
Depreciation	0	–20,561	–43,882	0	–1,097	–65,540
Disposals, impairments, deficit, surplus	0	2,639	34,014	0	351	37,004
Transfers, reclassifications	0	0	1	0	0	1
Balance at 31 Dec 2024	**0**	**–433,659**	**–874,251**	**0**	**–4,665**	**–1,312,575**
Balance at 1 Jan 2025	**0**	**–433,659**	**–874,251**	**0**	**–4,665**	**–1,312,575**
Depreciation	0	–20,591	–42,260	0	–1,510	–64,361
Disposals, impairments, deficit, surplus	0	1,948	30,784	0	609	33,341
Transfers, reclassifications	0	18	–5	0	0	13
Balance at 31 Dec 2025	**0**	**–452,284**	**–885,732**	**0**	**–5,566**	**–1,343,582**
Carrying amount						
Balance at 1 Jan 2024	**51,786**	**242,811**	**240,106**	**57,273**	**3,549**	**595,525**
Balance at 31 Dec 2024	**52,540**	**226,846**	**259,721**	**67,316**	**3,205**	**609,628**
Balance at 1 Jan 2025	**52,540**	**226,846**	**259,721**	**67,316**	**3,205**	**609,628**
Balance at 31 Dec 2025	**53,092**	**232,722**	**260,804**	**56,922**	**8,305**	**611,845**

In 2024 and 2025, the Company did not carry out any investments that would meet the criteria for allocating borrowing costs.

All property, plant and equipment is free of encumbrances.

The movement and the balance of lease liabilities recognised in profit or loss are presented in ‘Notes 29 – Leases’ and ’Note 31 – Financial instruments and financial risks’.

11. Intangible assets

€ thousand	31 Dec 2025	31 Dec 2024
Software	15,740	15,377
Other intangible assets	6,672	7,706
– Long–term deferred operating costs	84	150
– Development-related projects	4,564	4,389
– Emission coupons	2,024	3,167
Intangible assets being acquired	1,951	1,943
Total intangible assets	**24,363**	**25,026**

The 'software' item refers primarily to property rights in computer software.

The Company recognises emission coupons acquired free of charge from the State and purchased on the market as other intangible assets. In 2025, the Company acquired 9,736 emission coupons, whereof 9,736 were free emission coupons (2024: 9,736) to be transferred to the State in 2026. In 2025, it transferred 24,228 emission coupons, whereof 9,736 were acquired free of charge and 14,492 were purchased on the market at a cost of €1,153 thousand. The transferred emission coupons were acquired in 2023, and their transfer was carried out using the FIFO method. As at 31 December 2025, the Company had 41,007 emission coupons totalling €2,024 thousand (55,499 emission coupons worth €3,167 thousand as at 31 December 2024). The Company transfers more emission coupons during the year than it receives free of charge from the State and is therefore considered a net contributor.

Movement of intangible assets (IA)

€ thousand	Concessions, trademarks and licences	Other IA	IA being acquired	Total
Purchase cost				
Balance at 1 Jan 2024	**92,795**	**30,889**	**3,349**	**127,033**
Additions	0	0	6,938	6,938
Transfer from IA being acquired	4,630	3,096	–7,726	0
Disposals, deficit, surplus	–26	–2,915	–618	–3,559
Transfers, reclassifications	9	0	0	9
Balance at 31 Dec 2024	**97,408**	**31,070**	**1,943**	**130,421**
Balance at 1 Jan 2025	**97,408**	**31,070**	**1,943**	**130,421**
Additions	0	0	6,047	6,047
Transfer from IA being acquired	4,264	1,428	–5,692	0
Disposals, deficit, surplus	–16	–1,698	–347	–2,061
Transfers, reclassifications	20	–3	0	17
Balance at 31 Dec 2025	**101,676**	**30,797**	**1,951**	**134,424**
Accumulated amortisation				
Balance at 1 Jan 2024	**–77,657**	**–23,333**	**0**	**–100,990**
Additions	–4,400	–1,213	0	–5,613
Transfer from IA being acquired	27	1,182	0	1,209
Disposals, deficit, surplus	–1	0	0	–1
Balance at 31 Dec 2024	**–82,031**	**–23,364**	**0**	**–105,395**
Balance at 1 Jan 2025	**–82,031**	**–23,364**	**0**	**–105,395**
Amortisation	–3,901	–1,085	0	–4,986
Disposals, deficit, surplus	16	321	0	337
Transfers, reclassifications	–20	3	0	–17
Balance at 31 Dec 2025	**–85,936**	**–24,125**	**0**	**–110,061**
Carrying amount				
Balance at 1 Jan 2024	**15,138**	**7,556**	**3,349**	**26,043**
Balance at 31 Dec 2024	**15,377**	**7,706**	**1,943**	**25,026**
Balance at 1 Jan 2025	**15,377**	**7,706**	**1,943**	**25,026**
Balance at 31 Dec 2025	**15,740**	**6,672**	**1,951**	**24,363**

12. Investments in subsidiaries

Movement of investments in subsidiaries

€ thousand	Investments in subsidiaries
Purchase cost	
Balance at 1 Jan 2024	**366,256**
Repayment of subsequent payments	–2,000
Balance at 31 Dec 2024	**364,256**
Balance at 1 Jan 2025	**364,256**
Balance at 31 Dec 2025	**364,256**
Accumulated depreciation	
Balance at 1 Jan 2024	**–8,991**
Balance at 31 Dec 2024	**–8,991**
Balance at 1 Jan 2025	**–8,991**
Balance at 31 Dec 2025	**–8,991**
Carrying amount	
Balance at 1 Jan 2024	**357,265**
Balance at 31 Dec 2024	**355,265**
Balance at 1 Jan 2025	**355,265**
Balance at 31 Dec 2025	**355,265**

At least once a year the Company reviews whether there are any indications for impairment of investments in subsidiaries. The fair value of an investment that may be impaired is determined by applying methods that are most appropriate for an individual investment. The Company concluded that there were no indicators for impairment of investments in subsidiaries.

Shareholdings in subsidiaries

€ thousand	Ownership share	Share capital	Value of shares in subsidiaries	
	31 Dec 2025	31 Dec 2025	31 Dec 2025	31 Dec 2024
KRKA–RUS LLC, Istra, Russian Federation	100%	57,741	118,916	118,916
TAD Pharma GmbH, Cuxhaven, Germany	100%	6,650	97,000	97,000
Ningbo Krka Menovo Pharmaceutical Co. Ltd., Ningbo, China	60%	58,432	37,624	37,624
TERME KRKA, d. o. o., Novo mesto, Slovenia	100%	14,753	36,416	36,416
KRKA–FARMA d.o.o., Zagreb, Croatia	100%	18,983	19,738	19,738
KRKA – POLSKA Sp. z.o.o., Warsaw, Poland	100%	4,143	18,697	18,697
KRKA FARMA LLC, Istra, Russian Federation	100%	8,119	15,170	15,170
Krka France Eurl, Paris, France	100%	10	3,162	3,162
KRKA Pharma GmbH, Vienna, Austria	100%	37	2,344	2,344
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	100%	10	2,266	2,266
KRKA Farmaceutici Milano S.r.l, Milan, Italy	100%	10	1,350	1,350
KRKA–FARMA DOO BELGRADE, Belgrade, Serbia	100%	1	1,042	1,042
KRKA–FARMA DOOEL Skopje, Skopje, North Macedonia	100%	796	802	802
KRKA Belgium, SA, Brussels, Belgium	100%	300	376	376
KRKA Magyarország Kft., Budapest, Hungary	100%	116	184	184
123 Acurae Pharma GmbH, Cuxhaven, Germany	100%	25	25	25
KRKA Sverige AB, Stockholm, Sweden	100%	14	16	16
LLC ´KRKA Kazakhstan´, Almaty, Kazakhstan	100%	3	11	11
KRKA Bulgaria EOOD, Sofia, Bulgaria	100%	10	10	10
KRKA FARMA d.o.o., Sarajevo, Sarajevo, Bosnia and Herzegovina	100%	10	10	10
KRKA FARMACÉUTICA, S.L., Madrid, Spain	100%	10	10	10
KRKA HELLAS E.P.E., Athens, Greece	100%	10	10	10
KRKA ROMANIA S.R.L., Bucharest, Romania	100%	7	10	10
KRKA Slovensko, s.r.o., Bratislava, Slovakia	100%	10	10	10
SIA KRKA Latvia, Riga, Latvia	100%	10	10	10
UAB KRKA Lietuva, Vilnius, Lithuania	100%	10	10	10
KRKA GCC L.L.C., Dubai, United Arab Emirates	100%	9	10	10
KRKA Netherlands B.V., Breskens, Netherlands	100%	10	10	10
TOV KRKA UKRAINE, Kiev, Ukraine	100%	2	9	9
KRKA USA LLC, Wilmington, USA	100%	9	8	8
KRKA Finland Oy, Espoo, Finland	100%	3	3	3
KRKA ČR, s. r. o., Prague, Czechia	100%	4	3	3
KRKA UK LTD, London, United Kingdom	100%	1	2	2
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	100%	1	1	1
Total			**355,265**	**355,265**

As at 31 December 2025, the subsidiary Terme Krka, d.o.o. had a 100–percent shareholding in Golf Grad Otočec, d.o.o. and the subsidiary KRKA France Eurl had a 100–percent shareholding in HCS bvba in Belgium. The Chinese company Ningbo Menovo Pharmaceutical Co. Ltd is the 40–percent owner of the company Ningbo Krka Menovo Pharmaceutical Co. Ltd.

13. Investments in joint ventures

€ thousand	Ownership share	Share capital	Value of shares in subsidiaries	
	31 Dec 2025	31 Dec 2025	31 Dec 2025	31 Dec 2024
Krka Pharma Private Limited	51%	29,830	16,574	2,492
Total	**51%**	**29,830**	**16,574**	**2,492**

The Company and Laurus Labs Ltd. from India founded Krka Pharma Private Limited in Hyderabad, India, which they jointly control under a contractual agreement. Based on an analysis of the contractual agreement, Krka does not control Krka Pharma Private Limited.

The Company accounts for its investment in the joint venture using the equity method. The reporting period of the joint venture is from 1 April to 31 March, which is why we have included financial statements adjusted to Krka's reporting period from 1 January to 31 December.

14. Loans

€ thousand	31 Dec 2025	31 Dec 2024
Non-current loans	**25,504**	**23,401**
– Loans to subsidiaries	11,100	11,100
– Loans to others	14,404	12,301
Current loans	**60,509**	**9,025**
– Portion of non-current loans maturing next year	2,108	1,897
– Loans to subsidiaries	4,734	6,850
– Loans to others	199	18
– Deposits granted to banks	53,000	0
– Current interest receivables	468	260
Total loans	**86,013**	**32,426**

As at 31 December 2025, the Company held deposits with a maturity of over 90 days and less than one year in the amount of €53,000 thousand (no such deposits were recorded as at 31 December 2024).

The annual interest rate of the Company was 0.855% in 2024 and 2025.

Non-current loans to other entities comprise loans that are extended to the employees in accordance with bye-laws of the Company. These loans are used for the purchase or renovation of housing. In 2025, the interest rate fluctuated between 2.825% and 3.258% (2024: between 3.211% and 4.554%). The maximum repayment period was 15 years.

Loans by maturity, region and currency are outlined in 'Note 31 – Financial instruments and financial risks'.

Loans to subsidiaries including related current interest receivables

€ thousand	31 Dec 2025	31 Dec 2024
Non-current loans to subsidiaries	**11,100**	**11,100**
TERME KRKA, d. o. o., Novo mesto	11,100	11,100
Current loans to subsidiaries inclusive of the non-current part of the loan maturing next year	**4,843**	**6,984**
TERME KRKA, d. o. o., Novo mesto	4,524	6,474
KRKA HELLAS E.P.E., Athens, Greece	100	100
HCS bvba[a], Edegem, Belgium	90	89
TAD Pharma GmbH, Cuxhaven, Germany	63	59
KRKA GCC L.L.C., Dubai, United Arab Emirates	39	37
KRKA Farmaceutici Milano S.r.l., Milano, Italy	11	7
KRKA Pharma GmbH, Vienna, Austria	6	1
KRKA Finland Oy, Espoo, Finland	3	4
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	3	0
KRKA Belgium, SA, Brussels, Belgium	1	3
Krka FARMACÉUTICA, S.L., Madrid, Spain	1	4
KRKA Netherlands B.V., Breskens, Netherlands	1	3
123 Acurae Pharma GmbH, Cuxhaven, Germany	1	0
UAB KRKA Lietuva, Vilnius, Lithuania	0	201
Krka France Eurl, Paris, France	0	2
Total	**15,943**	**18,084**

[a] HCS bvba is owned (100%) by the subsidiary Krka France Eurl.

As at the reporting period, the repayment period of the non-current loan to Terme Krka was three years and six months.

15. Investments

€ thousand	31 Dec 2025	31 Dec 2024
Non-current investments	**20,059**	**22,023**
– Investments at fair value through OCI (equity instruments)	20,059	22,023
Current investments including derivatives	**257,288**	**249,794**
– Investments at fair value through profit or loss	257,288	224,110
– Investments at amortised cost (debt instruments)	0	20,231
– Derivatives	0	5,453
Total investments	**277,347**	**271,817**

Non-current investments at fair value through other comprehensive income comprised €1,557 thousand of investments in shares and interests in companies in Slovenia (2024: €1,136 thousand) and €18,502 thousand of investments in shares of foreign operations, i.e. companies outside Slovenia (2024: €20,887 thousand).

Investments at fair value through profit or loss included investments in treasury bills of EU countries with the highest possible credit rating from major global credit rating agencies. The treasury bill portfolio is entirely classified as prime investments.

The decrease in investments at amortised cost amounting to €20,240 thousand is attributable to the maturity of short-term government bonds. The increase in investments at fair value through profit or loss amounting to €630,664 thousand includes acquisitions of treasury bills, and the decrease of €595,000 thousand includes disposals of treasury bills due to their maturity.

Movement of financial assets

€ thousand	Financial assets at fair value through OCI	Investments at amortised cost	Investments at fair value through profit or loss
Balance at 1 Jan 2024	**26,900**	**90,791**	**236,751**
Increase	0	1,811	465,295
Decrease	0	–71,136	–477,236
Foreign exchange differences	0	–1,235	0
Adjustment to market value	–4,877	/	–700
Balance at 31 Dec 2024	**22,023**	**20,231**	**224,110**
Balance at 1 Jan 2025	**22,023**	**20,231**	**224,110**
Increase	0	9	630,664
Decrease	0	–20,240	–595,000
Adjustment to market value	–1,964	/	–2,486
Balance at 31 Dec 2025	**20,059**	**0**	**257,288**

Increases in financial assets comprise new acquisitions and imputed interest, while decreases comprise coupons received, imputed negative interest and disposals due to the investments' maturity. Adjustments of non-current investments at fair value through OCI are recognised in other comprehensive income in the amount of –€1,964 thousand in the reporting period (2024: –€4,877 thousand). As the investments at amortised cost were expensed in euro, no foreign exchange differences occurred (in 2024 foreign exchange differences amounted to –€1,235 thousand and were recognised in financial expenses).

16. Deferred tax assets and deferred tax liabilities

€ thousand	Assets		Liabilities	
	2025	**2024**	**2025**	**2024**
Investments at fair value through OCI	1,978	1,978	3,779	4,211
Receivables	231	576	0	0
Provisions for post-employment benefits and other non-current employee benefits	5,917	7,334	0	0
Total	**8,126**	**9,888**	**3,779**	**4,211**
Offsetting	**–3,779**	**–4,211**	**–3,779**	**–4,211**
Net	**4,347**	**5,677**	**0**	**0**

€ thousand	Balance at 1 Jan 2024	Recognised in income statement	Recognised in OCI	Balance at 31 Dec 2024	Recognised in income statement	Recognised in OCI	Balance at 31 Dec 2025
Investments at fair value through OCI	**–3,306**	0	1,073	**–2,233**	0	432	**–1,801**
Receivables	**1,055**	–479	0	**576**	–345	0	**231**
Dividends	**1,800**	–1,800	0	**0**	0	0	**0**
Provisions for post-employment benefits and other non-current employee benefits	**8,297**	–467	–496	**7,334**	–854	–563	**5,917**
Total	**7,846**	**–2,746**	**577**	**5,677**	**–1,199**	**–131**	**4,347**

17. Inventories

€ thousand	31 Dec 2025	31 Dec 2024
Materials	237,386	252,100
Work in progress	108,427	111,987
Finished products	110,352	104,504
Merchandise	52,645	42,786
Advances for inventories	31,050	36,811
Total inventories	**539,860**	**548,188**

The decrease in inventories is the result of adapting to market conditions. By carefully planning our inventories and contingency stocks, we ensure we always have access to the intermediate goods we require to produce our finished products. The planning of inventories of intermediate goods is based on sales forecasts. We also ensure optimal and adequate stocks of finished products throughout the distribution chain.

The net write-offs and allowances for inventories recorded under operating expenses amounted to €10,944 thousand (2024: €17,311 thousand) in the reporting period.

The Company does not pledge inventories as a collateral.

18. Trade and other receivables

€ thousand	31 Dec 2025	31 Dec 2024
Current trade receivables	560,340	518,425
– Receivables due from subsidiaries	313,900	303,125
– Receivables due from customers other than Krka Group companies	246,440	215,300
Current receivables due from others	11,125	13,800
Total receivables	**571,465**	**532,225**

More than 95% of trade receivables from buyers other than Krka Group companies insured with a credit insurer, by taking into account more than 85% of the deductible (more than 95% of trade receivables from buyers other than Krka Group companies were also insured as at 31 December 2024, by taking into account more than 85% of the deductible).

Current trade receivables

Current trade receivables due from subsidiaries

€ thousand	31 Dec 2025	31 Dec 2024
OOO KRKA–RUS, Istra, Russian Federation	119,978	108,679
OOO KRKA FARMA, Istra, Russian Federation	78,609	84,773
KRKA Sverige AB, Stockholm, Sweden	20,095	21,744
KRKA – POLSKA, Sp. z o. o., Warsaw, Poland	19,395	14,139
KRKA–FARMA DOO BELGRADE, Belgrade, Serbia	15,788	12,393
KRKA–FARMA DOOEL, Skopje, North Macedonia	10,419	7,984
TOO KRKA Kazakhstan, Almati, Kazakhstan	9,756	10,505
KRKA UK LTD, London, United Kingdom	7,671	11,593
KRKA Farmaceutici Milano S.r.l., Milano, Italy	5,508	5,655
KRKA Finland Oy, Espoo, Finland	4,397	2,828
KRKA Belgium, SA, Brussels, Belgium	4,340	3,074
KRKA Netherlands B.V., Breskens, Netherlands	3,354	510
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	3,180	2,014
KRKA–FARMA d.o.o., Zagreb, Croatia	2,699	2,858
KRKA Pharma GmbH, Vienna, Austria	2,056	4,400
Krka France Eurl, Paris, France	1,842	1,465
TAD Pharma GmbH, Cuxhaven, Germany	1,621	4,405
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	1,551	197
Ningbo Krka Menovo Pharmaceutical Co. Ltd., Ningbo, China	353	1,023
Krka FARMACÉUTICA, S.L., Madrid, Spain	328	2,068
KRKA UKRAINE LLC, Kiev, Ukraine	308	219
KRKA ROMANIA S.R.L., Bucharest, Romania	216	16
Receivables due from other Krka Group companies	436	583
Total current trade receivables due from subsidiaries	**313,900**	**303,125**

Current trade receivables due from customers other than Krka Group companies

€ thousand	Gross value	Allowances for receivables	Net value at 31 Dec 2025	Net value at 31 Dec 2024
Trade receivables due from domestic customers beyond the Krka Group – Slovenia	12,326	14	12,312	10,961
Trade receivables due from foreign customers beyond the Krka Group companies – other than Slovenia	261,807	27,679	234,128	205,451
Deferred income from contracts with customers other than from Slovenia	0	0	0	–1,112
Total current trade receivables due from customers other than Krka Group companies	**274,133**	**27,693**	**246,440**	**215,300**

In 2025, the net amount of the receivable write-offs and impairment disclosed in operating expenses amounted to €3,159 thousand (2024: –€2,124 thousand).

Receivables due from customers and subsidiaries maturity, region and currency are outlined in 'Note 31 – Financial instruments and financial risks'.

Current receivables due from others

Most of current receivables due from others in the total amount of €11,125 thousand (2024: €13,800 thousand) included current deferred costs of €8,490 thousand (2024: €7,223 thousand). No VAT receivables were recorded in 2024 and 2025.

Advances for services were recorded at –€1,019 thousand (2024: €1,873 thousand) and primarily referred to services.

19. Cash and cash equivalents

€ thousand	31 Dec 2025	31 Dec 2024
Bank balances	273,658	238,183
Total cash and cash equivalents	**273,658**	**238,183**

Bank balances included a deposit of €246,915 thousand with a maturity of up to 90 days (2024: €204,438 thousand).

20. Equity

Share capital

The Company's share capital of €54,732 thousand is represented by 32,793,448 ordinary no–par value shares. There is solely one class of share. The share capital is fully paid in.

Treasury shares

At the 29th Annual General Meeting on 6 July 2023, the Company's Management Board was granted authorisation to purchase treasury shares. However, the total amount of treasury shares should not exceed 10% of the Company's share capital, i.e. 3,279,344 shares, whereby the total amount was inclusive of shares already held by the Company as at the date. The authorisation was valid for a period of 36 months from the date of the resolution's adoption.

Krka is allowed to acquire treasury shares on the regulated securities market at respective market prices at any time. It may also acquire treasury shares outside the regulated securities market. When purchasing treasury shares on the regulated market, the purchase price must not be lower than the book value based on the respective latest publicly published audited financial statements of the Krka Group. Furthermore, the purchase price of the shares must not exceed 25-fold the earnings per share held by the majority stakeholders as calculated based on the latest publicly published audited consolidated income statement of the Krka Group.

Pursuant to Paragraphs 3 and 4, Article 381 of the *Companies Act* (*ZGD-1*), an entity may reduce the share capital by withdrawing all treasury shares in a simplified procedure and recognising the amount against other profit reserves.

Repurchase of treasury shares

	No. of shares	Weighted average share price (€)	Value of treasury shares (€ thousand)
Balance at 31 Dec 2023	1,915,966		138,489
Repurchases in 2024	191,371	130.65	25,002
Balance at 31 Dec 2024	2,107,337		163,491
Repurchases in 2025	327,490	187.96	61,556
Balance at 31 Dec 2025	**2,434,827**		**225,047**

The repurchased treasury shares relate to repurchases that were recorded in individual years. A subscription fee is included in the weighted average price of shares. The amount paid, including commission, is deducted from the total capital as treasury shares until such shares are withdrawn, reissued or sold.

The repurchases of treasury shares in 2025 in terms of days are outlined in 'Note 36 – Repurchase of treasury shares'.

Reserves

The Company's reserves comprise reserves for treasury shares, the share premium, legal and statutory reserves, fair value reserves and translation reserves.

Reserves for treasury shares amounted as at the balance sheet date to €225,047 thousand and increased in 2025 by €61,556 thousand based on their formation as a result of additional repurchase of treasury shares.

The share premium is to be used under the terms and purposes as defined by the applicable act. The share premium was reported at €105,897 thousand as at 31 December 2025 and consisted of the general equity revaluation adjustment of €90,659 thousand that was included in share premium during the transition to IFRS; the share premium of €10,844 thousand formed pursuant to a special regulation applicable in the ownership transformation of the Company; and €4,394 thousand of share premium resulting from reduction in the share capital due to the withdrawal of treasury shares. The amount may be used solely to increase share capital. In 2025, the value of the share premium remained unchanged.

Legal reserves may be formed up to 30% of the share capital to cover possible future losses. They amounted to €14,990 thousand as at 31 December 2025 and remained unchanged compared to the previous period.

Statutory reserves amounted to €30,000 thousand as at the reporting date and remained unchanged over the previous period. The Company forms statutory reserves up to a total of €30,000 thousand. Statutory reserves can be used for loss coverage, formation of reserves for treasury shares, decreasing share capital by share withdrawal, and regulating the dividend policy. Statutory reserves are available for drawdown.

The fair value reserve includes the cumulative change in the fair value of financial assets and post-employment benefits. Compared to the previous period, the fair value reserve increased by €4,678 thousand and amounted to –€4,757 thousand as at 31 December 2025. The cumulative change was due to a €1,964 thousand decrease in the fair value of financial assets through OCI (equity instruments); an increase due to the restatement of post-employment benefits of €6,773 thousand; and a decrease resulting from the impact of deferred taxes in the amount of €131 thousand.

Retained earnings

Retained earnings grew based on the profit of €395,372 thousand and undistributed dividends from previous years in the amount of €1,301 thousand. On the other hand, they declined as a result of the allocation of accumulated profit to dividend payout in the amount of €251,912 thousand) as per the resolution adopted by the 31st Annual General Meeting of 10 July 2025; an additional formation of reserves for treasury shares in total of €61,556 thousand on the account of the treasury share repurchase and changes in provisions for termination benefits amounting to €1,650 thousand.

The dividend payout in 2025 reported in the statement of cash flows differs from the figure confirmed by the Annual General Meeting and reported in the statement of changes in equity by €50 thousand (2024: –€49 thousand).

Dividend per share

In 2025, the declared gross dividend per share was €8.25 (2024: €7.50).

Accumulated profit

The table below is presented in euro, unlike all other tables in the financial report hereof, where data is expressed in € thousand.

€	2025	2024
Compulsory appropriation of profit		
Net profit	**395,372,279.64**	**321,192,246.57**
– To cover the loss from previous periods	0.00	0.00
– Allocation to legal reserves	0.00	0.00
– Allocation to reserves for treasury shares	-61,555,947.60	-25,002,075.07
– Allocation to statutory reserves	0.00	0.00
Profit after compulsory appropriation	**333,816,332.04**	**296,190,171.50**
– Formation of other profit reserves under the resolution of the Management and Supervisory Boards	0.00	0.00
Surplus of profit	**333,816,332.04**	**296,190,171.50**
Identification of distributable profit		
– Surplus of profit	333,816,332.04	296,190,171.50
– Profit brought forward	58,755,115.03	73,878,644.98
Distributable profit	**392,571,447.07**	**370,068,816.48**

21. Earnings per share

Basic earnings per share amounted to €12.95 in 2025, up 24% on the previous year, when it amounted to €10.43. The calculation of earnings per share took into account the net profit in the amount of €395,372 thousand (2024: €321,192 thousand). The weighted average number of shares was accounted for in the calculation for both years, i.e. 30,522,844 shares for 2025 and 30,783,449 shares for 2024. The average number of shares is calculated from the daily share balances during the year, less treasury shares.

Diluted earnings per share equal the basic earnings per share as the Company has not issued any dilutive or contingently dilutive instruments.

22. Borrowings

€ thousand	31 Dec 2025	31 Dec 2024
Current borrowings	**34,376**	**17,805**
– Borrowings from subsidiaries	34,278	17,564
– Current interest payable	98	241
Total borrowings	**34,376**	**17,805**

Borrowings from subsidiaries, including current interest payable

€ thousand	31 Dec 2025	31 Dec 2024
Current borrowings from subsidiaries	**34,376**	**17,805**
TAD Pharma GmbH, Cuxhaven, Germany	17,962	5,530
KRKA Netherlands B.V., Breskens, Netherlands	6,202	2,214
KRKA Belgium, SA, Brussels, Belgium	3,204	2,338
KRKA Pharma GmbH, Vienna, Austria	2,929	6,129
Krka France Eurl, Paris, France	1,930	668
123 Acurae Pharma GmbH, Cuxhaven, Germany	1,143	1
KRKA FARMACÉUTICA, S.L., Madrid, Spain	510	898
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	479	4
KRKA Sverige AB, Stockholm, Sweden	6	8
TERME KRKA, d. o. o., Novo mesto	4	3
KRKA Finland Oy, Espoo, Finland	3	6
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	3	4
KRKA Farmaceutici Milano S.r.l., Milano, Italy	1	2
Total	**34,376**	**17,805**

Current loans received from subsidiaries represent daily automatic cash pooling.

23. Provisions

Movement of provisions in 2025

€ thousand	Balance at 31 Dec 2024	Formation	Utilisation	Reversal	Balance at 31 Dec 2025
Non-current provisions	**125,667**	**6,005**	**–6,346**	**–1,414**	**123,912**
Provisions for lawsuits	7,400	0	0	0	7,400
Provisions for post-employment benefits	98,515	4,305	–5,055	–1,177	96,588
Provisions for other non-current employee benefits	19,752	1,700	–1,291	–237	19,924
Current provisions	**0**	**18,671**	**0**	**0**	**18,671**
Total provisions	**125,667**	**24,676**	**–6,346**	**–1,414**	**142,583**

Movement of provisions in 2024

€ thousand	Balance at 31 Dec 2023	Formation	Utilisation	Reversal	Balance at 31 Dec 2024
Provisions for lawsuits	10,543	7,400	–10,150	–393	7,400
Provisions for post-employment benefits	85,564	19,957	–6,117	–889	98,515
Provisions for other non-current employee benefits	17,892	3,612	–1,481	–271	19,752
Total provisions	**113,999**	**30,969**	**–17,748**	**–1,553**	**125,667**

Provisions for lawsuits referring to intellectual property are determined based on the noted amount of the indemnification claim or, if the claim has not yet been disclosed, on the estimated amount. Legal experts handling intellectual property disputes are engaged to determine the estimated amounts. Additionally, management reviews the calculated provisions for each unresolved claim annually.

In 2014, the European Commission found that Krka had infringed Article 101 of the *Treaty on the Functioning of the EU*, thereby distorting competition on the EU market for perindopril, and imposed a fine of €10,000 thousand on it. Krka paid the fine within the time limit set by the Commission. However, as it considered that its conduct did not infringe competition law rules, it brought an action against the decision before the EU General Court, which ruled in favour of Krka in December 2018.

In 2025, Krka reached an agreement with the EU Commission and ultimately settled the dispute.

The total amount of provisions recognised for lawsuits in 2025 amounted to €7,400 thousand, the most significant of which was a provision for a claim for damages in connection with the sale of perindopril in the amount of €6,000 thousand. The Company was, along with other generic pharmaceutical companies, engaged in litigation concerning potential damages resulting from an identified infringement of competition rules. The Company was exposed for €1,400 thousand in relation to the sale of rivaroxaban in Slovakia for a short period in early 2021, when the patent situation in that country was unclear. The Company was exposed for €1,400 thousand in relation to the sale of rivaroxaban in Slovakia for a short period in early 2021 when the patent situation in that country was unclear.

Provisions for obligations to employees arising from post-employment and other non-current benefits are based on actuarial calculation using the following assumptions:

- A 3.77% annual discount rate – the yield on 10-year high-yield corporate bonds in the euro area at end of November 2025 (the discount rate of 3.34% was used in 2024); Bloomberg was used as data source;
- Applicable amounts of retirement benefits and anniversary bonuses as defined by bye-laws;
- Staff turnover depending primarily upon the employees' age (3.0% for up to 30 years; 2.0% for 31 to 40 years; 0.5% for 41 to 50 years; 0.2% for 51 to 60 years);
- Mortality rates calculated based on the most recent available mortality tables;
- The 2.5% increase in salaries (equally in 2024).

Liabilities for post-employment benefits

€ thousand	2025	2024
Balance at 1 Jan	**98,515**	**85,564**
Current service costs (CSC)	6,123	8,633
Interest costs (IC)	3,305	3,461
Post-employment benefits paid	–5,055	–6,117
Staff departures (reversal)	–1,177	–890
Actuarial surplus/deficit, whereof:	–5,123	7,864
– Change in financial assumptions	–5,454	8,044
– Experience	331	–180
Balance at 31 Dec	**96,588**	**98,515**

Sensitivity analysis for post-employment and other benefits

	Discount rate		Increase in wages and salaries	
Change in	percentage points		percentage points	
Change by	0.5	–0.5	0.5	–0.5
Impact on liabilities (€ thousand)	**–6,958**	**7,665**	**7,727**	**–7,074**

The Company formed provisions for a subsidiary based on the agreement on performed services by the relevant subsidiary. In a tax control initiated in 2025, the Russian tax authority took the position that part of the services provided should be treated as services subject to VAT in the Russian Federation. The proceedings are still ongoing. Based on the available information and with the support of external tax advisors, the management has, in accordance with *IAS 37*, assessed the existence of present liability arising from past events and formed short-term provisions in the amount of €18,671 thousand, whereas exposures for which the conditions for recognition of provisions are not met are disclosed as contingent liabilities in the amount of €7,858 thousand. Provisions primarily relate to potential additional VAT, penalties, and default interest and are recognized under short-term provisions.

24. Deferred income

€ thousand	Balance at 31 Dec 2024	New deferred income received	Reversal of deferred income	Balance at 31 Dec 2025
Grants received from the European Regional Development Fund and the budget of the Republic of Slovenia intended for the production of pharmaceuticals in the new Notol 2 Plant	572	0	–52	520
Subsidy for acquisition of electric drive vehicles	1	0	–1	0
Property, plant and equipment received free of charge	7	3	–4	6
Emission coupons	10	10	–10	10
Subsidy for the purchase of joinery	88	0	–2	86
Grants received from the European Regional Development Fund (Farma GRS)	1,407	0	–164	1,243
Subsidy for upgrading the trucks	6	35	–6	35
Subsidy for electricity production from renewable energy installations	494	0	–31	463
Total deferred income	**2,585**	**48**	**–270**	**2,363**

The production of pharmaceuticals in the new Notol 2 Plant and Farma GRS projects were in part funded by the EU through the European Regional Development Fund. The Notol project was delivered within the framework of the Operational Programme 'Strengthening Regional Development Potentials' for the period 2007–2013, Priority axis 1: Competitiveness and Research Excellence: main type of activity 1.1.: Improvement of Competitiveness and Research Excellence. The Farma GRS project was eligible for co–financing of costs under R&D projects, including project management and investments in R&D and production activities.

The amounts of deferred income are decreased by the proportionate share of depreciation of assets to which the grants refer and by any other types of realised expenses.

25. Trade payables

€ thousand	31 Dec 2025	31 Dec 2024
Current trade payables	**160,231**	**171,183**
Payables to subsidiaries	63,520	55,307
Payables to domestic suppliers	42,327	46,859
Payables to foreign suppliers	54,384	69,017
Total trade payables	**160,231**	**171,183**

Payables to subsidiaries

€ thousand	31 Dec 2025	31 Dec 2024
KRKA–FARMA d.o.o., Zagreb, Croatia	8,462	9,150
OOO KRKA FARMA, Istra, Russian Federation	17,421	8,601
KRKA – POLSKA, Sp. z o. o., Warsaw, Poland	7,703	6,047
KRKA ROMANIA S.R.L., Bucharest, Romania	4,233	5,301
OOO KRKA–RUS, Istra, Russian Federation	4,388	3,992
KRKA Magyarország Kft., Budapest, Hungary	3,838	3,881
TOV KRKA UKRAINE, Kiev, Ukraine	3,083	3,338
KRKA ČR, s. r. o., Prague, Czechia	2,518	2,798
KRKA Slovensko, s.r.o., Bratislava, Slovakia	1,843	2,638
TAD Pharma GmbH, Cuxhaven, Germany	925	1,253
KRKA Bulgaria EOOD, Sofia, Bulgaria	1,082	1,069
UAB KRKA Lietuva, Vilnius, Lithuania	816	846
KRKA–FARMA DOO BELGRADE, Belgrade, Serbia	1,392	806
SIA KRKA Latvia, Riga, Latvia	568	746
KRKA Farmaceutici Milano S.r.l., Milano, Italy	707	740
TOO KRKA Kazakhstan, Almati, Kazakhstan	649	609
KRKA Sverige AB, Stockholm, Sweden	625	600
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	569	459
KRKA HELLAS E.P.E., Athens, Greece	414	392
KRKA–FARMA DOOEL, Skopje, North Macedonia	591	357
Krka France Eurl, Paris, France	291	313
KRKA Belgium, SA, Brussels, Belgium	191	232
Krka FARMACÉUTICA, S.L., Madrid, Spain	274	219
KRKA Finland Oy, Espoo, Finland	239	214
KRKA UK LTD, London, United Kingdom	153	178
KRKA Pharma GmbH, Vienna, Austria	253	160
HCS bvba, Edegem, Belgium[a]	126	109
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	19	85
KRKA FARMA d.o.o., Sarajevo, Sarajevo, Bosnia and Herzegovina	34	61
TERME KRKA, d. o. o., Novo mesto	94	51
123 Acurae Pharma GmbH, Cuxhaven, Germany	14	43
Ningbo Krka Menovo Pharmaceutical Co. Ltd., Ningbo, China	0	10
KRKA GCC L.L.C., Dubai, United Arab Emirates	4	7
KRKA USA LLC, Wilmington, USA	1	2
Total payables to subsidiaries	**63,520**	**55,307**

[a] HCS bvba is owned (100%) by the subsidiary Krka France Eurl.

26. Current contract liabilities

€ thousand	31 Dec 2025	31 Dec 2024
Refund liabilities	**19,373**	**15,162**
– Bonuses and volume rebates	19,373	15,162
Contract liabilities	**4,399**	**2,950**
– Contract liabilities – advances from Krka Group customers	342	0
– Contract liabilities – advances from other customers	4,057	2,950
Total current contract liabilities	**23,772**	**18,112**

Accrued bonuses and volume discounts include discounts to which the customers are entitled when the relevant terms and conditions are fulfilled; these discounts are not granted to customers in the year of the sale. Bonuses and volume rebates reduce revenue (generated sales) in the year they pertain to.

27. Other current liabilities

€ thousand	31 Dec 2025	31 Dec 2024
Payables to employees – gross salaries, other receipts and charges	88,225	75,684
Derivatives	247	0
Other	1,786	3,426
Total other current liabilities	**90,258**	**79,110**

The item 'Other' also includes current liabilities to the State arising from VAT payable in the amount of €741 thousand (2024: €795 thousand).

28. Contingent liabilities and commitments

€ thousand	31 Dec 2025	31 Dec 2024
Guarantees issued	25,192	15,193
Contingent liabilities	7,858	0
Other	853	819
Total	**33,903**	**16,012**

Among the guarantees issued, the largest items were the performance guarantee for the supply of products awarded in tenders in Italy totalling €22,000 thousand; and the guarantee for the TAD Pharma credit line totalling €3,000 thousand. Both guarantees are valid until cancelled. According to management's assessment, it is unlikely that they would be called or enforced in the future.

The Company discloses solely contingent liabilities recognized in connection with a tax inspection in the Russian Federation, which are disclosed in 'Note 23 – Provisions'.

Based on signed contracts related to ongoing investments, the balance of the Company's commitments for acquiring property, plant and equipment amounted to €78,199 thousand (2024: €74,878 thousand) at year-end 2025.

29. Leases

The Company concludes lease agreements for various assets such as land, parking spaces, offices, apartments, warehouses, and equipment.

The lease terms are assessed according to the type of lease:

- Offices, parking spaces and warehouses: up to 10 years;
- Land: 30 years;
- Apartments: up to 2 years;
- Equipment: up to 10 years.

The Company does not sub–lease the leased assets.

The Company concluded lease contracts for various production and non-production equipment, temporary offices, and parking spaces, with lease terms shorter than one year. With respect to those leases, the Company applied the practical expedient provided by the *Standard*.

The carrying amounts of lease liabilities included under interest-bearing loans and borrowings and movements during the period

€ thousand	Carrying amounts of lease liabilities under interest–bearing loans and borrowings and movements during the period
Balance at 1 Jan 2024	**3,587**
Increase/Decrease	796
Interest	81
Lease payments	–1,165
Balance at 31 Dec 2024	**3,299**
– Current lease liabilities	1,118
– Non-current lease liabilities	2,181
Balance at 1 Jan 2025	**3,299**
Increase/Decrease	6,506
Interest	191
Lease payments	–1,633
Balance at 31 Dec 2025	**8,363**
– Current lease liabilities	1,717
– Non-current lease liabilities	6,646

The maturity analysis of lease liabilities is disclosed in 'Note 31 – Financial instruments and financial risks'.

Amounts recognised in the income statement

€ thousand	2025	2024
Depreciation of right-of-use assets	1,510	1,097
Interest expenses on lease liabilities	191	81
Expenses relating to current leases	100	74
Expenses relating to leases of low–value assets	1	2
Total amount recognised in income statement	**1,802**	**1,254**

30. Financial liabilities

Movement of financial liabilities in 2025

€ thousand	Balance at 31 Dec 2024	Monetary changes	Non-monetary changes		Balance at 31 Dec 2025
			Additions/ disposals	Other	
Borrowings	17,564	16,716	0	–2	34,278
Interest on borrowings	241	–1,763	1,620	0	98
Dividends	1,351	–251,962	251,962	–1,351	0
Leases	3,299	–1,633	6,506	191	8,363
Total	**22,455**	**–238,642**	**260,088**	**–1,162**	**42,739**

Movement of financial liabilities 2024

€ thousand	Balance at 31 Dec 2023	Monetary changes	Non-monetary changes		Balance at 31 Dec 2024
			Additions/ disposals	Other	
Borrowings	87,655	–70,109	0	18	17,564
Interest on borrowings	406	–3,704	3,539	0	241
Dividends	1,302	–230,884	230,933	0	1,351
Leases	3,587	–1,165	796	81	3,299
Total	**92,950**	**–305,862**	**235,268**	**99**	**22,455**

31. Financial instruments and financial risks

Credit risk

The Company's key credit risk arises from trade receivables. This is the risk of customers failing to settle their liabilities by maturity dates.

The Krka Group introduced a centralised credit control process in in 2004. The system includes all customers with credit limits exceeding €20,000. Receivables due from small customers accounted for less than 5% of total trade receivables. Control over small customers is decentralised in the sales network and under the constant supervision of the controlling company.

Credit control is a two-step process. The first step involves assessing each customer's credit risk, determining security instruments, and assigning appropriate credit limits. We assess each new customer and review the credit ratings of all customers twice a year. Each credit rating includes many different financial and non-financial indicators, which fall into four categories (an assessment of the profitability, payment habits and payment discipline, an assessment of the buyer's financial statements, a qualitative assessment of the sales staff, and country risk assessment), each of which carries a different weight in the final assessment).

Each customer is allocated a customised credit limit based on their credit rating, anticipated shipment, and payment patterns.

The second step in the credit-control process involves regular dynamic monitoring of a customer's payment discipline. The information systems of the Company and other subsidiaries engaged in sales monitor available limits and overdue receivables. Control is exercised for each shipment of products to customers. A shipment is automatically blocked if a customer is in arrears or if receivables together with the new shipment exceed the approved credit limit. Sales personnel are required to initiate a payment collection procedure or arrange hedging for the outstanding settlements.

Internal rules determine the process of credit control and authorisations for granting credit limits to customers. Credit control also avails of a system of regular reporting on trade receivables and the customer's payment discipline. The reporting system aids the early detection of customers at increased risk of defaulting on payments and facilitates effective credit risk management.

The credit control process employs uniform rules which apply to all customers. Additional local controls have been introduced in individual subsidiaries due to the specific nature of the sales markets. We regularly adjust our credit control processes to changes on the sales markets.

Credit control guarantees permanent control over the quality of the trade receivables portfolio. The result is a low share of receivable write-offs and impairments in view of the Company's sales.

The amount of receivable write-offs and impairments remains low due to the broad distribution of receivables across many customers and sales markets. Additionally, most outstanding receivables are from long-standing customers with whom Krka has been doing business for several years.

In 2025, we continued activities to manage trade receivables, with a particular focus on the management of receivables in challenging markets. The credit risk management result was favourable. At the end of the year, the value of trade receivables due from other customers was by 14% higher than at the beginning of the year, while the amount of overdue and unpaid receivables remained within a range acceptable to Krka.

Credit risk exposure

The carrying amount of financial assets, which were mostly exposed to credit risk, was as follows at the reporting date:

€ thousand	Notes	31 Dec 2025	31 Dec 2024
Loans	14	86,013	32,426
Investments at fair value through profit or loss	15	257,288	224,110
Investments at amortised cost (debt instruments)	15	0	20,231
Trade receivables including those due from subsidiaries	18	560,340	518,425
Cash and cash equivalents	19	273,658	238,183
Total		**1,177,299**	**1,033,375**

As for the financial assets exposed to credit risk, the loans, investments, trade receivables and receivables due from subsidiaries, as well as cash and cash equivalents are presented separately.

Loans granted include loans to subsidiaries, a deposit with a highly rated EU bank (Moody's P-1) with a maturity of more than 90 days, and housing loans granted to employees.

Investments at fair value through profit or loss represent investments in treasury bills issued by Western European EU Member States and EU-issued treasury bills with a high credit rating (Moody's P-1).

The Company's cash and cash equivalents consist of bank balances and deposits with a maturity of less than 90 days, held at EU banks with a high credit rating (Moody's P-1).

Loans by region

€ thousand	31 Dec 2025	31 Dec 2024
Region Slovenia	32,158	31,643
Region South–East Europe	100	100
Region East Europe	199	147
Region Central Europe	0	201
Region West Europe	53,517	298
Region Overseas Markets	39	37
Total	**86,013**	**32,426**

Receivables to customers and subsidiaries by region

€ thousand	31 Dec 2025	31 Dec 2024
Region Slovenia	12,379	11,020
Region South–East Europe	121,660	104,761
Region East Europe	245,572	238,905
Region Central Europe	108,347	90,247
Region West Europe	65,534	64,934
Region Overseas Markets	6,848	8,558
Total	**560,340**	**518,425**

Age analysis of loans as at the reporting date

	31 Dec 2025		31 Dec 2024	
€ thousand	Gross value	Allowance	Gross value	allowance
Not past due	85,925	0	32,388	0
Past due up to 20 days	0	0	24	0
Past due from 21 to 50 days	2	0	1	0
Past due from 51 to 180 days	5	0	7	0
Past due more than 180 days	81	0	6	0
Total	**86,013**	**0**	**32,426**	**0**

Age analysis of trade receivables as at the reporting date

€ thousand	31 Dec 2025			31 Dec 2024		
	Gross value	Allowance	Net value	Gross value	Allowance	Net value
Not past due	533,627	283	533,344	492,541	238	492,303
Past due up to 20 days	15,205	68	15,137	13,087	29	13,058
Past due from 21 to 50 days	7,736	28	7,708	9,359	44	9,315
Past due from 51 to 180 days	3,377	13	3,364	3,047	41	3,006
Past due more than 180 days	28,088	27,301	787	29,250	28,507	743
Total	**588,033**	**27,693**	**560,340**	**547,284**	**28,859**	**518,425**

The Company is extending payment deadlines to certain customers. If the payment terms were not extended, the receivable maturity structure would be as follows as at 31 December 2025: not past due €528,596 thousand (2024: €489,513 thousand); past due up to 20 days €14,627 thousand (2024: €12,383 thousand); past due between 21 and 50 days €12,913 thousand (2024: €12,780 thousand); past due between 51 and 180 days €3,417 thousand (2024: €3,007 thousand); and past due more than 180 days €787 thousand (2024: €743 thousand).

Age analysis of receivables due from customers outside the Krka Group in the Russian Federation as at the reporting date

€ thousand	31 Dec 2025			31 Dec 2024		
	Gross value	Allowance	Net value	Gross value	Allowance	Net value
Not past due	0	0	0	14	0	14
Total	**0**	**0**	**0**	**14**	**0**	**14**

Movement of allowances for trade receivables

€ thousand	2025	2024
Balance at 1 Jan	**28,859**	**31,012**
Formation of allowances	4,036	99
Write-off of receivables	–5,184	–94
Impairment reversal	–2	–2,146
Collected write-off receivables	–16	–12
Balance at 31 Dec	**27,693**	**28,859**

Liquidity risk

Business partners value Krka for its excellent financial discipline and stable cash flows. In 2025 as well, we settled all financial liabilities regularly, and the Company's exposure to liquidity risk was low.

The Company has agreements with three banks for the allowed negative balance on transaction accounts for a total amount of €13,011 thousand (in 2024, the Company had agreements with two banks for a total amount of €11,125 thousand). As there were no negative balances on transaction accounts at 31 December 2025, the bank overdraft remained fully unused.

As at 31 December 2025, the Company had an undrawn credit facility of €20,000 thousand (2024: €20,000 thousand as well).

At the end of 2025, Krka recorded cash and cash equivalents primarily as cash at bank or short-term deposits with maturities of up to 90 days with first-class commercial banks. Other current liquid assets were held in short-term treasury bills issued by Western European countries with first-class credit ratings.

The Company oversees liquid assets in line with internal investment diversification rules, considering factors such as interest rate, liquidity, credit, and currency risks.

The Company manages liquidity risk centrally for the entire Krka Group. Subsidiaries are financed through intra–group loans and any potential cash surpluses are deposited with the controlling company. Excess cash from all Krka Group

companies is transferred to the controlling company's master account either automatically daily (cash pooling) or manually through individual bank transfers. This allows for cash management optimisation, currency risk mitigation, an overview of the liquidity of all Krka Group companies, and enhanced security of cash transactions.

The Company reported favourable and stable liquidity ratios also at the end of 2025.

Maturity of liabilities

Liabilities in terms of maturity are outlined in the tables below.

Maturity of liabilities as at 31 December 2025

€ thousand	Carrying amount	Contractual cash flows					
		Total	Up to 6 months	6–12 months	1–2 years	2–5 years	5–10 years
Current borrowings	34,376	34,376	24,138	10,238	0	0	0
Lease liabilities	8,363	9,471	992	969	1,542	2,910	3,058
Trade payables excluding advances	160,231	160,231	160,231	0	0	0	0
Contract liabilities excluding advances	19,373	19,373	19,373	0	0	0	0
Other liabilities excluding amounts owed to the State, to employees and advances	1,046	1,046	1,046	0	0	0	0
Total liabilities	**223,389**	**224,497**	**205,780**	**11,207**	**1,542**	**2,910**	**3,058**
Derivatives	247	247	247	0	0	0	0
Total derivative financial liabilities	**247**	**247**	**247**	**0**	**0**	**0**	**0**
Total	**223,636**	**224,744**	**206,027**	**11,207**	**1,542**	**2,910**	**3,058**

Maturity of liabilities as at 31 December 2024

€ thousand	Carrying amount	Contractual cash flows					
		Total	Up to 6 months	6–12 months	1–2 years	2–5 years	5–10 years
Current borrowings	17,805	17,805	17,805	0	0	0	0
Lease liabilities	3,299	3,469	610	589	1,037	1,173	60
Trade payables excluding advances	171,183	171,183	171,183	0	0	0	0
Contract liabilities excluding advances	15,162	15,162	15,162	0	0	0	0
Other liabilities excluding amounts owed to the State, to employees and advances	2,631	2,631	2,631	0	0	0	0
Total liabilities	**210,080**	**210,250**	**207,391**	**589**	**1,037**	**1,173**	**60**

Foreign exchange risk

The Company operates in diverse international environments and is exposed to foreign exchange risk in certain sales and purchase markets.

Currency exposure arises from the difference in the value of assets and liabilities in a particular currency in the Company's financial position statement and from differences between operating income and expenses generated in individual currencies.

The key categories composing a currency position are trade receivables, trade payables, liquid financial assets in foreign currencies, derivatives for currency risk hedging, financing of subsidiaries provided by the Company and recorded purchase orders.

In the year 2025, currency markets were marked by moderate volatility.

The value of the US dollar, expressed in euros, decreased by 11.6% from the beginning to the end of 2025 and was on average 4.2% lower than in the previous year. The Company neutralised the impact of changes in the value of the US dollar with financial instruments.

The value of the rouble, expressed in euros, increased by 27.1% from the beginning to the end of 2025, and was on average by 6.4% higher than in 2024.

The value of the Ukrainian hryvnia gradually depreciated against the euro in 2025.

The Polish zloty was in 2025 more stable than in previous years. Its value in euros increased by 1.3% from the beginning to the end of the year and was on average by 1.6% higher than in 2024.

After a one-off decline in the first half of the year, the Romanian leu stabilised. The Czech koruna showed a slight but steady upward trend. The Hungarian forint also appreciated on an annual basis.

At Krka, we manage currency risks using natural hedging, primarily by increasing purchases and liabilities in the currencies in which we invoice our sales. When this is not possible, we use financial instruments or leave the risk unhedged. Only forward contracts are used for hedging.

In 2025, we again hedged against the US dollar risk with financial instruments. The Russian rouble risk was hedged solely by natural methods, as there were no suitable financial instruments on the banking market. The rouble's increase in value against the euro resulted in positive net exchange rate differences.

Currency exposure from operations and the interest rate differential between the euro and the US dollar, which is favourable for Krka, are the key reasons for hedging our exposure to the US dollar with financial instruments also in 2025. The impact of instruments used for hedging short dollar positions on Krka's net financial result was negative, because the US dollar depreciated against the euro.

Exposure to the risk of foreign exchange rate fluctuations

	31 Dec 2025				
€ thousand	EUR[a]	RUB	PLN	USD	RON
Loans	74,098	0	0	11,915	0
Trade receivables	178,829	213,497	70,725	12,115	57,372
Cash and cash equivalents	252,211	59	2,458	14,478	1,506
Borrowings	–34,375	0	0	–1	0
Current trade payables	–136,129	–3,650	–7,815	–1,155	–4,233
Financial position exposure (net)	**334,634**	**209,906**	**65,369**	**37,352**	**54,645**

[a] € is the functional currency and does not represent exposure to foreign currency.

	31 Dec 2024				
€ thousand	EUR[a]	RUB	PLN	USD	RON
Loans	32,405	0	0	21	0
Trade receivables	153,223	205,290	58,127	16,430	59,066
Cash and cash equivalents	211,413	29	1,879	19,236	2,003
Borrowings	–16,516	0	0	–1,289	0
Current trade payables	–140,456	–3,479	–6,219	–7,839	–5,301
Financial position exposure (net)	**240,069**	**201,840**	**53,787**	**26,559**	**55,769**

[a] € is the functional currency and does not represent exposure to foreign currency.

Significant exchange rates

	Average exchange rate[a]		Final exchange rate [a]	
	2025	2024	2025	2024
RUB	94.35	100.44	92.85	118.01
PLN	4.24	4.31	4.22	4.28
USD	1.13	1.08	1.18	1.04
RON	5.04	4.97	5.10	4.97

[a] number of national currency units for one euro

The above-stated exchange rates were used to calculate items in the financial statements as at 31 December and equal the reference exchange rates of the ECB effective on the last day of the year. Since the end of March 2022, the Bloomberg exchange rate has been used to convert the Russian rouble.

Sensitivity analysis

A 1% change in the value of these currencies against the euro as at 31 December 2025 or 31 December 2024 would increase or decrease the profit by the amounts stated below. The analysis, prepared in the same manner for both years, assumes that all other remaining variables except the exchange rate, in particular interest rates, remain unchanged. The calculation of the above-stated exchange rate volatility impact considered the balance of receivables, liabilities, loans and cash and cash equivalents denominated in national currencies.

€ thousand	Impact on profit or loss before tax			
	2025		2024	
Currency fluctuations for	**+1%**	**–1%**	**+1%**	**–1%**
RUB	2,099	–2,099	2,018	–2,018
PLN	654	–654	538	–538
USD	374	–374	266	–266
RON	546	–546	558	–558

Any additional 1% increase/decrease in the euro exchange rate relative to the aforementioned currencies would result in a corresponding increase or decrease in the profit or loss before tax by the amounts stated above.

Interest rate risk

Interest rate risk is defined as the risk that the Company will experience an increase in the cost of long–term funding or a decrease in income from non-current investments as a result of changes in reference market interest rates.

The interest rate risk with current borrowings and current investments is managed as part of the Krka Group's liquidity risk.

In 2025, the Company raised non-current borrowings only from subsidiaries.

Exposure to interest rate risk

€ thousand	31 Dec 2025	31 Dec 2024
Financial instruments at a fixed rate of interest	**327,951**	**230,177**
Financial assets	327,951	230,177
Financial liabilities	0	0
Financial instruments at a variable rate of interest	**–29,769**	**–11,137**
Financial assets	4,509	6,427
Financial liabilities	–34,278	–17,564

Cash flow sensitivity analysis for variable interest rate instruments

A 100 basis-point increase in the variable interest rate for 2025 would decrease the profit or loss by €298 thousand (a decrease in the interest rate by 100 basis points would increase the profit or loss by €298 thousand). An increase of 100 basis points in the variable interest rate for 2024 would decrease the 2024 profit or loss by €111 thousand (a decrease

of the interest rate by 100 basis points would increase the profit or loss by €111 thousand). The analysis, conducted consistently for both years, assumed that all variables, especially the exchange rate, remain unchanged.

A detailed schedule of current borrowings is presented below.

Current borrowings

€ thousand	31 Dec 2025	31 Dec 2024
Current borrowings inclusive of current portion of non-current borrowings	34,278	17,564
– Other borrowings	34,278	17,564
Interest paid in the financial year	1,462	3,379
Currency structure of current borrowings		
– EUR	100%	93%
– USD	0%	7%
Structure of current borrowings in terms of interest rates		
– Variable	100%	100%

Capital management

The primary objective of managing the Company's capital is to ensure a high credit rating and adequate funding ratios so that the Krka Group can adequately develop its business and maximise value for its shareholders.

By managing and adjusting its equity structure, the Company aims to keep pace with changes in the economic environment. Dividends are paid once a year in line with the strategic policy adopted. The Company has no specific employee ownership targets or a share option plan.

The Company's approach to capital management did not change in 2024 and 2025.

The Company monitors capital using a gearing ratio, calculated as net debt divided by the sum of net debt and total equity. Within net debt, the Company includes interest-bearing borrowings, operating liabilities, current liabilities from contracts with customers and other current payables less cash and cash equivalents.

Financial leverage ratio

€ thousand	31 Dec 2025	31 Dec 2024
Current borrowings	34,376	17,805
Operating liabilities	160,231	171,183
Current liabilities from contracts with customers	23,772	18,112
Other current payables	90,258	79,110
Cash and cash equivalents	273,658	238,183
Net indebtedness	**34,979**	**48,027**
Equity	2,272,584	2,186,351
Equity and net indebtedness	**2,307,563**	**2,234,378**
Financial leverage (debt/equity) **ratio**	**1.5%**	**2.1%**

Fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. The table does not include disclosures about the fair values of financial assets and liabilities not measured at fair value, where the carrying amount is a reasonable approximation of fair value.

€ thousand	31 Dec 2025		31 Dec 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	25,504		23,401	
Investments at fair value through OCI (equity instruments)	20,059	20,059	22,023	22,023
Current financial assets				
Loans	60,509		9,025	
Investments at fair value through profit or loss	257,288	257,288	224,110	224,110
Investments at amortised cost (debt instruments)	0		20,231	
Derivatives	0	0	5,453	5,453
Trade receivables	560,340		518,425	
Cash and cash equivalents	273,658		238,183	
Non-current financial liabilities				
Lease liabilities	–6,646		–2,181	
Current financial liabilities				
Borrowings	–34,376		–17,805	
Derivatives	–247	–247	0	0
Lease liabilities	–1,717		–1,118	
Trade payables excluding advances	–160,231		–171,183	
Contract liabilities excluding advances	–19,373		–15,162	
Other liabilities excluding amounts owed to the State, to employees and advances	–1,046		–2,631	
Total	**973,722**	**277,100**	**850,771**	**251,586**

In terms of their fair value calculation, assets are classified into three levels:

- Level 1 – assets at market price;
- Level 2 – assets not classified within level 1 and the value of which is determined directly or indirectly based on observable market data;
- Level 3 – assets, the value of which cannot be determined using observable market data.

There were no transfers between fair value levels in 2025.

Fair value of assets

€ thousand	31 Dec 2025				31 Dec 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI (equity instruments)	18,673	0	1,386	20,059	20,637	0	1,386	22,023
Investments at fair value through profit or loss	257,288	0	0	257,288	224,110	0	0	224,110
Derivatives	0	0	0	0	0	0	5,453	5,453
Total assets at fair value	**275,961**	**0**	**1,386**	**277,347**	**244,747**	**0**	**6,839**	**251,586**

32. Related party transactions

Intra–group transactions

Transactions (turnover) with subsidiaries in 2025 are presented below.

€ thousand	Sales	Purchases	Borrowings	Loans
TERME KRKA, d. o. o., Novo mesto[a]	398	934	0	0
KRKA–FARMA d.o.o., Zagreb, Croatia	8,552	32,170	0	0
KRKA ROMANIA S.R.L., Bucharest, Romania	305	23,083	0	0
KRKA–FARMA DOO BELGRADE, Belgrade, Serbia	38,412	6,055	0	0
KRKA–FARMA DOOEL, Skopje, North Macedonia	29,993	2,369	0	0
KRKA Bulgaria EOOD, Sofia, Bulgaria	88	4,606	0	0
KRKA HELLAS E.P.E., Athens, Greece	30	1,836	0	0
KRKA FARMA d.o.o., Sarajevo, Sarajevo, Bosnia and Herzegovina	4	387	0	0
OOO KRKA–RUS, Istra, Russian Federation	199,634	22,561	0	0
OOO KRKA FARMA, Istra, Russian Federation	159,444	57,470	0	0
TOV KRKA UKRAINE, Kiev, Ukraine	290	14,950	0	0
TOO KRKA Kazakhstan, Almati, Kazakhstan	18,421	3,911	0	0
KRKA – POLSKA, Sp. z o. o., Warsaw, Poland	40,943	37,555	0	0
KRKA ČR, s. r. o., Prague, Czechia	143	12,763	0	0
KRKA Magyarország Kft., Budapest, Hungary	104	13,042	0	0
KRKA Slovensko, s.r.o., Bratislava, Slovakia	345	8,773	0	0
UAB KRKA Lietuva, Vilnius, Lithuania	44	4,627	0	0
SIA KRKA Latvia, Riga, Latvia	24	3,328	0	0
KRKA Finland Oy, Espoo, Finland	20,916	2,109	0	0
TAD Pharma GmbH, Cuxhaven, Germany	70,591	8,932	0	0
KRKA Sverige AB, Stockholm, Sweden	45,100	2,131	0	0
KRKA Pharma GmbH, Vienna, Austria	10,355	1,798	0	0
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	26,738	3,215	0	0
Krka FARMACÉUTICA, S.L., Madrid, Spain	10,273	2,460	0	0
KRKA Farmaceutici Milano S.r.l., Milano, Italy	12,793	6,391	0	0
Krka France Eurl, Paris, France[b]	6,134	2,136	0	30
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	10,792	129	0	0
KRKA Belgium, SA, Brussels, Belgium	12,069	748	0	0
KRKA UK LTD, London, United Kingdom	17,372	1,484	0	0
123 Acurae Pharma GmbH, Cuxhaven, Germany	1,396	117	0	0
KRKA Netherlands B.V., Breskens, Netherlands	9,976	0	0	0
Ningbo Krka Menovo Pharmaceutical Co. Ltd., Ningbo, China	1,075	145	0	0
KRKA USA, LLC, Wilmington, ZDA	0	7	0	0
KRKA GCC L.L.C., Dubai, United Arab Emirates	0	57	0	0
Total	**752,754**	**282,279**	**0**	**30**

[a] Including the subsidiary Golf Grad Otočec, d. o. o.
[b] Including the subsidiary HCS bvba

The transactions between the Company and the subsidiaries mentioned above were based on signed contracts, which included rendering products and services at market prices.

Loans received and granted do not include turnover from daily automatic cash pooling.

The balance of loans to subsidiaries is presented in 'Note 14 – Loans', the balance of borrowings from subsidiaries is presented in 'Note 22 – Borrowings', the balance of receivables due from subsidiaries is presented in 'Note 18 – Trade and other receivables' and the balance of current trade payables to subsidiaries is presented in 'Note 25 – Trade and other payables'.

Data on groups of persons

By the end of 2025, members of the Management Board of the Company held 37,040 Krka shares i.e. 0.1129% of total equity or 0.1220% of voting rights.

Members of the Supervisory Board of the Company held 1,347 shares i.e. 0.0041% of total equity and 0.0044% of voting rights at the end of 2025.

Equity stakes held by Management and the Supervisory Board members of the controlling company and their shares of voting rights

	31 Dec 2025			31 Dec 2024		
	No. of shares	Equity share (%)	Share in voting rights (%)	No. of shares	Equity share (%)	Share in voting rights (%)
Members of the Management Board						
Jože Colarič	22,500	0.0686	0.0741	22,500	0.0686	0.0733
Aleš Rotar	13,915	0.0424	0.0458	13,915	0.0424	0.0453
Vinko Zupančič	120	0.0004	0.0004	120	0.0004	0.0004
David Bratož	0	/	/	0	/	/
Milena Kastelic	505	0.0015	0.0017	505	0.0015	0.0016
Total Members of the Management Board	**37,040**	**0.1129**	**0.1220**	**37,040**	**0.1129**	**0.1207**
Members of the Supervisory Board, owner representatives						
Jože Mermal	0	/	/	0	/	/
Luka Cerar	0	/	/	0	/	/
Boštjan Furlan[a]	0	/	/	0	/	/
Matej Lahovnik[b]	/	/	/	1,000	0.0030	0.0033
Julijana Kristl	230	0.0007	0.0008	230	0.0007	0.0007
Mojca Osolnik Videmšek	617	0.0019	0.0020	617	0.0019	0.0020
Sanja Savič[c]	0	/	/	0	/	/
Boris Žnidarič[d]	0	/	/	0	/	/
Members of the Supervisory Board, employee representatives						
Mari Božič	0	/	/	0	/	/
Tomaž Sever	500	0.0015	0.0016	500	0.0015	0.0016
Mateja Vrečer	0	/	/	0	/	/
Total Members of the Supervisory Board	**1,347**	**0.0041**	**0.0044**	**2,347**	**0.0072**	**0.0076**
Total	**38,387**	**0.1171**	**0.1264**	**39,387**	**0.1201**	**0.1284**

[a] Supervisory Board member since 22 August 2025
[b] Supervisory Board member until 21 August 2025
[c] Supervisory Board member since 22 August 2025
[d] Supervisory Board member until 21 August 2025

Treasury shares were eliminated from the calculation of voting rights (2,434,827 treasury shares as at 31 December 2025 and 2,107,337 as at 31 December 2024).

Remuneration paid to groups of persons (gross)

€ thousand	31 Dec 2025	31 Dec 2024
Members of the Management Board	4,925	4,832
Members of the Supervisory Board	385	381
Total gross remuneration paid to groups of persons	**5,310**	**5,213**

Remuneration paid to members of the Company's Management Board included wages and salaries, fringe benefits and any other earnings. For each year, they are shown on a cost basis and, therefore, differ from the remuneration, which is detailed in the Report on Remuneration of the Members of the Management Board and Supervisory Board of the Company for 2025, where they are shown by payments in each year.

Gross earnings paid to persons employed under individual employment contracts in 2025 amounted to €14,633 thousand (2024: €14,447 thousand).

Remuneration paid to Management Board members in 2025

	Fixed remuneration			Variable remuneration		Total	
€ thousand	Gross	Net	Net fringe benefits and other earnings	Gross	Net	Gross	Net
Jože Colarič	589	177	79	1,011	391	1,600	647
Aleš Rotar	465	146	62	660	255	1,125	463
Vinko Zupančič	384	125	50	550	213	934	388
David Bratož	387	119	59	540	209	927	387
Milena Kastelic	226	81	29	113	44	339	154
Total remuneration paid to Members of the Management Board	**2,051**	**648**	**279**	**2,874**	**1,112**	**4,925**	**2,039**

	Net fringe benefits and other earnings						
€ thousand	Insurance (liability, collective optional pension)	Supplementary pension insurance	Anniversary bonuses	Other bonuses	Refund of work–related funds	Pay for annual leave	Total
Jože Colarič	62.21	3.07	0.00	10.42	0.06	3.10	78.86
Aleš Rotar	47.40	3.07	3.91	3.31	1.18	3.10	61.97
Vinko Zupančič	39.80	3.07	0.00	3.41	0.97	3.10	50.35
David Bratož	39.31	3.07	0.00	12.24	1.22	3.10	58.94
Milena Kastelic	21.51	3.07	0.00	0.08	1.25	3.10	29.01
Total remuneration paid to Members of the Management Board	**210.23**	**15.35**	**3.91**	**29.46**	**4.68**	**15.50**	**279.13**

Remuneration paid to Management Board members in 2024

	Fixed remuneration			Variable remuneration		Total	
€ thousand	Gross	Net	Net fringe benefits and other earnings	Gross	Net	Gross	Net
Jože Colarič	582	194	55	996	387	1,578	636
Aleš Rotar	456	156	45	644	250	1,100	451
Vinko Zupančič	384	134	40	536	209	920	383
David Bratož	379	131	40	527	205	906	376
Milena Kastelic	229	84	25	99	39	328	148
Total remuneration paid to Members of the Management Board	**2,030**	**699**	**205**	**2,802**	**1,090**	**4,832**	**1,994**

€ thousand	Net fringe benefits and other earnings						
	Insurance (liability, collective optional pension)	Supplementay pension insurance	Anniversary bonuses	Other bonuses	Refund of work–related funds	Pay for annual leave	Total
Jože Colarič	45.31	2.92	0.00	4.31	0.05	2.32	54.90
Aleš Rotar	35.95	2.92	0.00	2.42	1.12	2.32	44.72
Vinko Zupančič	30.39	2.92	0.00	3.42	0.96	2.32	40.00
David Bratož	29.81	2.92	0.00	4.23	1.20	2.32	40.46
Milena Kastelic	18.59	2.92	0.00	0.06	1.20	2.32	25.08
Total remuneration paid to Members of the Management Board	**160.04**	**14.58**	**0.00**	**14.44**	**4.51**	**11.59**	**205.16**

Remuneration paid to Supervisory Board members in 2025

€ thousand	Basic pay for exercising the function		Fringe benefits and other earnings[a]	Attendance fees		Commuting allowances		Total	
	Gross	Net	Gross/net[b]	Gross	Net	Gross	Net	Gross	Net
Members of the Supervisory Board, owner representatives									
Jože Mermal	39.91	28.91	0.64	2.52	1.84	0.00	0.00	43.07	31.39
Luka Cerar	35.41	25.63	0.64	4.25	3.10	0.55	0.40	40.85	29.77
Boštjan Furlan[b]	12.11	8.66	0.45	1.01	0.73	0.12	0.09	13.69	9.93
Matej Lahovnik[c]	24.26	17.66	0.24	3.24	2.37	0.83	0.61	28.57	20.88
Julijana Kristl	36.40	26.39	0.49	3.38	2.47	0.64	0.47	40.91	29.82
Mojca Osolnik Videmšek	38.03	27.60	0.43	4.25	3.10	0.58	0.42	43.29	31.55
Sanja Savič[d]	13.63	9.76	0.45	1.01	0.73	0.19	0.14	15.28	11.08
Boris Žnidarič[e]	26.28	19.14	0.24	4.10	3.00	0.40	0.29	31.02	22.67
Members of the Supervisory Board, employee representatives									
Mari Božič[e]	30.16	21.98	0.43	2.52	1.84	0.00	0.00	33.11	24.25
Tomaž Sever	40.66	29.63	0.43	5.11	3.73	0.58	0.42	46.78	34.21
Mateja Vrečer	42.76	31.16	0.43	5.11	3.73	0.00	0.00	48.30	35.32
Total remuneration paid to Members of the Supervisory Board	**339.61**	**246.52**	**4.87**	**36.50**	**26.64**	**3.89**	**2.84**	**384.87**	**280.87**

[a] Fringe benefits and other earnings include collective liability insurance.
[b] Gross equals net; the benefit is not grossed up
[c] Supervisory Board member since 22 August 2025
[d] Supervisory Board member until 21 August 2025
[e] Supervisory Board member since 22 August 2025
[f] Supervisory Board member until 21 August 2025

Loans to groups of persons

In 2024 and 2025, members of the Management Board and the Supervisory Board, the employee representatives, did not receive any loans from the Company.

Loans to personnel employed under individual employment contracts amounted to €150 thousand at 31 December 2025 (2024: €187 thousand). In the reporting period, repayments of loans by personnel employed under individual employment contracts reached €37 thousand (2024: €33 thousand).

33. Situation in Ukraine and the Russian Federation

Krka's operations in Ukraine and the Russian Federation are running without disruption. We conduct our business activities through three subsidiaries and the controlling company Krka, d. d., Novo mesto.

Krka's subsidiary in Ukraine is only involved in marketing, not sales and production, and thus had no trade receivables beyond the Group. However, it had €2,392 thousand worth other assets (2024: €1,983 thousand), the largest of which were property, plant and equipment (business premises and vehicles). Due to sales in euros, the Krka Group was not significantly exposed to credit risk ('Note 31 – Credit risk') or exchange rate risk ('Note 31 – Foreign exchange risk').

We have two subsidiaries in the Russian Federation. KRKA-RUS LLC is engaged in the manufacture of pharmaceuticals. It produces the vast majority of products sold on the Russian market. KRKA FARMA LLC is engaged in marketing and sales activities. In the Russian Federation, the largest increase relative to 2024 was in trade receivables due from customers beyond the Krka Group and inventories. Exposure to foreign exchange risk is presented in 'Note 31 – Foreign exchange risk'. The Russian Federation is Krka's largest individual market ('Note 3 – Revenue from contracts with customers').

As at 31 December 2025, the Company's investment in its subsidiary in Ukraine amounted to €9 thousand, while investments in its subsidiaries in the Russian Federation totalled to €134,086 thousand. In 2025, the Company did not increase its investments in its subsidiaries in Ukraine and the Russian Federation. An analysis of impairment indicators showed that as at 31 December 2025 there were no indicators that would require impairment testing of Company's investments in subsidiaries in the Russian Federation.

As at 31 December 2025, the Company recorded €10,702 thousand in trade receivables in Ukraine (2024: €4,108 thousand), of which €308 thousand were receivables due from the subsidiary (2024: €219 thousand a) and €10,394 thousand were receivables due from customers other than the Krka Group companies (2024: €3,889 thousand). In the Russian Federation, the Company recorded as at the reporting date €198,587 thousand (2024: €193,465 thousand) in trade receivables from subsidiaries, of which €198,587 thousand (2024: €193,452 thousand) were receivables due from subsidiaries and none were receivables from customers beyond the Krka Group (2024: €12 thousand) ('Note 31– Credit risk'). In 2025, all payments between subsidiaries in the Russian Federation and the Company were processed without any particular issues. Exposure to foreign exchange risk is presented in 'Note 31 – Foreign exchange risk'.

34. Educational structure of employees

	2025		2024	
	Average headcount	Share (%)	Average headcount	Share (%)
PhD	170	2.2	171	2.6
MSc	259	3.4	268	4.0
University education	2,324	30.5	2,206	32.8
Higher professional education	1,176	15.4	1,015	15.1
Vocational college education	321	4.2	270	4.0
Secondary school education	2,462	32.3	2,039	30.3
Skilled workers	857	11.2	701	10.4
Unskilled workers	58	0.8	54	0.8
Total (average for the year)	**7,627**	**100.0**	**6,724**	**100.0**

35. Transactions with the audit firm

€ thousand	2025	2024
Contract value of auditing the annual consolidated and separate financial statements performed by the audit firm KPMG Slovenija, d.o.o.	172	133
Contract value of auditing the subsidiaries' reporting for the purpose of preparing the consolidated financial statements, performed by companies within the KPMG network	154	57
Contract value of auditing the subsidiaries' local financial statements, performed by companies within the KPMG network	70	66
Total contract value of audit services	**396**	**256**
Contract value of the audit service relating to sustainability reporting	94	80
Contract value of non-audit services, rendered by the audit firm KPMG Slovenija, d.o.o.	13	13
Total contract value of the audit service relating to sustainability reporting and non-audit services	**107**	**93**
Total contract value of services	**503**	**349**

36. Repurchase of treasury shares

Repurchase of Krka treasury shares in 2025 by date

Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)	Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)	Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)
6 Jan 2025	1,328	139.35	185	13 Feb 2025	2,060	164.03	338	25 Mar 2025	1,617	170.08	275
7 Jan 2025	1,000	139.50	140	14 Feb 2025	2,088	164.26	343	26 Mar 2025	1,584	170.53	270
8 Jan 2025	1,324	139.69	185	17 Feb 2025	2,039	164.26	335	27 Mar 2025	1,235	170.77	211
9 Jan 2025	966	139.89	135	18 Feb 2025	2,024	164.15	332	28 Mar 2025	1,484	170.61	253
10 Jan 2025	1,299	140.34	182	19 Feb 2025	1,899	164.14	312	31 Mar 2025	1,482	171.66	254
13 Jan 2025	1,309	140.49	184	20 Feb 2025	1,995	163.76	327	1 Apr 2025	1,484	172.31	256
14 Jan 2025	1,306	143.23	187	21 Feb 2025	2,085	164.08	342	2 Apr 2025	1,487	172.78	257
15 Jan 2025	1,449	145.71	211	24 Feb 2025	1,687	165.56	279	3 Apr 2025	1,128	170.28	192
16 Jan 2025	1,321	148.24	196	25 Feb 2025	2,046	165.23	338	4 Apr 2025	1,376	168.24	232
17 Jan 2025	1,347	148.74	200	26 Feb 2025	2,077	167.23	347	7 Apr 2025	1,585	155.04	246
20 Jan 2025	1,381	150.19	207	27 Feb 2025	2,149	170.28	366	8 Apr 2025	419	160.77	67
21 Jan 2025	1,467	155.25	228	28 Feb 2025	2,158	169.52	366	9 Apr 2025	1,864	165.34	308
22 Jan 2025	1,670	157.60	263	3 Mar 2025	1,975	169.36	334	10 Apr 2025	1,976	168.27	332
23 Jan 2025	1,638	156.44	256	4 Mar 2025	2,037	167.99	342	11 Apr 2025	2,031	170.02	345
24 Jan 2025	1,683	156.25	263	5 Mar 2025	2,027	168.17	341	14 Apr 2025	2,044	170.19	348
27 Jan 2025	1,668	156.25	261	6 Mar 2025	1,982	168.60	334	15 Apr 2025	1,970	170.39	336
28 Jan 2025	1,716	156.34	268	7 Mar 2025	2,018	168.44	340	16 Apr 2025	1,911	172.01	329
29 Jan 2025	1,706	157.44	269	10 Mar 2025	1,998	167.93	336	17 Apr 2025	1,461	173.04	253
30 Jan 2025	1,703	160.65	274	11 Mar 2025	2,038	168.43	343	22 Apr 2025	1,904	174.28	332
31 Jan 2025	1,713	161.60	277	12 Mar 2025	2,006	168.27	338	23 Apr 2025	1,919	174.12	334
3 Feb 2025	1,789	160.12	286	13 Mar 2025	1,831	168.36	308	24 Apr 2025	1,092	174.28	190
4 Feb 2025	1,419	162.42	230	14 Mar 2025	1,809	168.66	305	25 Apr 2025	1,962	174.28	342
5 Feb 2025	1,927	166.66	321	17 Mar 2025	1,777	169.37	301	28 Apr 2025	1,501	174.44	262
6 Feb 2025	1,962	165.50	325	18 Mar 2025	1,774	170.03	302	29 Apr 2025	1,997	174.66	349
7 Feb 2025	1,970	164.94	325	19 Mar 2025	1,510	170.70	258	5 May 2025	1,913	174.88	335
10 Feb 2025	1,948	164.51	320	20 Mar 2025	1,717	169.43	291	6 May 2025	1,899	175.40	333
11 Feb 2025	1,985	164.12	326	21 Mar 2025	1,609	170.03	274	7 May 2025	1,466	176.06	258
12 Feb 2025	1,906	163.89	312	24 Mar 2025	1,597	169.75	271	8 May 2025	1,820	177.21	323

Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)	Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)	Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)
9 May 2025	1,709	178.46	305	12 Sep 2025	1,929	220.18	425	22 Oct 2025	3,003	211.34	635
22 Jul 2025	1,488	193.28	288	15 Sep 2025	1,961	220.12	432	23 Oct 2025	3,051	206.55	630
23 Jul 2025	1,577	196.45	310	16 Sep 2025	1,902	217.58	414	24 Oct 2025	2,106	207.35	437
24 Jul 2025	1,589	194.95	310	17 Sep 2025	1,349	220.54	298	27 Oct 2025	3,057	204.33	625
25 Jul 2025	1,528	195.90	299	18 Sep 2025	1,924	221.13	425	28 Oct 2025	3,025	208.22	630
28 Jul 2025	1,538	199.36	307	19 Sep 2025	2,074	219.76	456	29 Oct 2025	2,017	207.63	419
29 Jul 2025	1,564	199.74	312	22 Sep 2025	2,100	218.44	459	30 Oct 2025	2,895	207.63	601
30 Jul 2025	1,584	199.85	317	23 Sep 2025	2,135	217.55	464	3 Nov 2025	2,736	207.33	567
31 Jul 2025	1,607	199.82	321	24 Sep 2025	1,661	220.22	366	4 Nov 2025	2,374	205.68	488
18 Aug 2025	2,298	200.05	460	25 Sep 2025	2,163	220.36	477	5 Nov 2025	2,625	204.41	537
19 Aug 2025	2,350	200.53	471	26 Sep 2025	2,127	220.62	469	6 Nov 2025	2,475	207.03	512
20 Aug 2025	2,380	200.32	477	29 Sep 2025	2,162	220.34	476	7 Nov 2025	2,242	208.05	466
21 Aug 2025	2,477	199.80	495	30 Sep 2025	2,183	219.46	479	10 Nov 2025	1,906	205.07	391
22 Aug 2025	2,512	199.81	502	1 Oct 2025	2,234	216.48	484	11 Nov 2025	1,030	205.73	212
25 Aug 2025	2,500	199.32	498	2 Oct 2025	2,253	216.59	488	13 Nov 2025	1,318	206.87	273
26 Aug 2025	2,465	199.06	491	3 Oct 2025	2,272	214.81	488	14 Nov 2025	1,208	207.06	250
27 Aug 2025	2,412	199.07	480	6 Oct 2025	2,226	211.07	470	17 Nov 2025	950	206.68	196
28 Aug 2025	2,410	200.05	482	7 Oct 2025	2,316	199.55	462	18 Nov 2025	1,163	205.96	240
29 Aug 2025	700	199.92	140	8 Oct 2025	2,474	197.95	490	19 Nov 2025	552	206.34	114
1 Sep 2025	2,137	201.03	430	9 Oct 2025	2,602	196.31	511	20 Nov 2025	1,091	206.34	225
2 Sep 2025	2,339	203.21	475	10 Oct 2025	2,895	182.76	529	21 Nov 2025	1,055	204.16	215
3 Sep 2025	2,300	208.98	481	13 Oct 2025	3,219	197.52	636	24 Nov 2025	1,089	205.03	223
4 Sep 2025	2,258	209.74	474	14 Oct 2025	3,334	197.85	660	25 Nov 2025	900	205.22	185
5 Sep 2025	2,322	210.34	488	15 Oct 2025	3,083	203.66	628	26 Nov 2025	1,080	206.33	223
8 Sep 2025	2,102	212.64	447	16 Oct 2025	3,206	200.19	642	27 Nov 2025	1,070	205.03	219
9 Sep 2025	2,305	218.58	504	17 Oct 2025	3,015	201.62	608	28 Nov 2025	1,054	204.68	216
10 Sep 2025	2,277	222.35	506	20 Oct 2025	3,035	202.44	614	1 Dec 2025	1,034	204.33	211
11 Sep 2025	2,080	219.93	457	21 Oct 2025	2,126	207.94	442	2 Dec 2025	1,012	204.67	207

Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)	Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)	Date	No. of shares	Average share price (€)	Value of treasury shares (€ thousand)
3 Dec 2025	991	204.43	203	10 Dec 2025	989	200.29	198	17 Dec 2025	997	193.05	192
4 Dec 2025	929	203.32	189	11 Dec 2025	917	200.03	183	18 Dec 2025	999	197.07	197
5 Dec 2025	939	202.39	190	12 Dec 2025	942	199.82	188	19 Dec 2025	670	199.07	133
8 Dec 2025	847	201.78	171	15 Dec 2025	942	197.30	186				
9 Dec 2025	954	203.58	194	16 Dec 2025	965	194.30	188				
								Total purchases in 2025	**327.490**	**187.96**	**61.556**

The average share price also includes the commission paid.

37. Event after the reporting date

The 2025 financial statements were not impacted by the event after the end of the period.

Repurchase of treasury shares

The Company repurchased 49,807 treasury shares between 1 January 2026 and 16 March 2026, and thus held 2,484,634 treasury shares at the end of this period, accounting for 7.58% of total shares.

Independent Auditor's Report

This is an English translation of the Independent Auditor's Report on the separate financial statements originally issued in Slovenian. In the event of any differences, the Slovenian original prevails. This report should be read in conjunction with the complete set of separate financial statements issued in Slovenian to which it relates. The accompanying English financial statements are a convenience translation and are not the audited financial statements.

Independent Auditor's Report

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

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of KRKA, tovarna zdravil, d. d., Novo mesto ("the Company"), which comprise:

- the separate statement of financial position as at 31 December 2025;

and, for the year from 1 January 2025 to 31 December 2025:

- the separate income statement;
- the separate statement of other comprehensive income;
- the separate statement of changes in equity;
- the separate statement of cash flows;

and

- notes, comprising material accounting policies and other explanatory information

("the separate financial statements").

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2025, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public–interest entities (OJ L 158, 27 May 2014, p. 77–112, Regulation (EU) No 537/2014). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report.

We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of the separate financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the separate financial statements of public interest entities in the Republic of Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

© 2026 KPMG SLOVENIJA, podjetje za revidiranje, d.o.o., slovenska družba z omejeno odgovornostjo in članica globalne organizacije neodvisnih članic, ki so povezane s KPMG International Limited, zasebno angleško družbo z omejeno odgovornostjo. Vse pravice pridržane.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue for the year ended 31 December 2025: EUR 1,859,391 thousand (31 December 2024: EUR 1,766,021 thousand).

We refer to the separate financial statements: Note 3 – Revenue from contracts with customers (disclosures); Note 26 – Current contract liabilities (disclosures).

The key audit matter	How the matter was addressed in our audit
Revenue is recognised as the Company satisfies a performance obligation by transferring a promised good or service to a customer. Revenue is measured taking account of discounts and rebates. Due to the multitude of contractual terms, calculation of discounts and rebates is considered to be complex. Revenue is one of the key performance indicators for the Company, which could create an incentive for revenue to be recognised before the point in time when control of the goods is transferred to the customer or at the amount that is not measured in accordance with contractual terms. For these reasons, we considered revenue recognition to be a key audit matter.	Our audit procedures in this area included, among others: - testing the design and implementation of Company's controls over recognition of revenue including controls over discounts and rebates; - selecting and testing a sample of sales transactions throughout the period with particular focus on sale transactions close to the turn of the year to assess whether revenue was allocated to appropriate period and measured in accordance with the contractual terms by reference to underlying contractual, invoicing and delivery documentation; - inspecting a sample of credit notes after year end to assess completeness of rebates by comparing selected credit notes to relevant entries in the financial statements; and - evaluating the adequacy of the financial statement disclosures.

Other Information

Management is responsible for the other information. The other information comprises the "Introduction", the "Report of the Supervisory Board" and the "Business Report" included in the Annual Report, but does not include the separate financial statements and our auditor's report thereon. Other information was obtained prior to the date of this auditor's report, except for the Report of the Supervisory Board, which will be available after that date.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon as part of our engagement to audit the separate financial statements.

We have performed a limited assurance engagement on the Consolidated Sustainability Statement that forms part of the other information and provided a separate unmodified assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities Related to Other Information – Business Report

In addition, with respect to the Business Report, we are required to report on its consistency with the separate financial statements and on whether the Business Report includes the disclosures required by the Companies Act dated 4 May 2006 (Official Gazette of the Republic of Slovenia no. 42/2006 with amendments - hereafter referred to as "the applicable legal requirements"), excluding the requirements relevant for Sustainability Statement. Based solely on the work required to be undertaken in the course of the audit of the separate financial statements and the procedures above, in our opinion:

- the information given in the Business Report for the financial year for which the separate financial statements are prepared is consistent, in all material respects, with the separate financial statements; and
- the Business Report has been prepared in accordance with the applicable legal requirements, excluding the requirements relevant for Sustainability Statement.

In addition, in light of the knowledge and understanding of the Company and its environment, obtained in the course of our audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and EU Regulation (EU) No 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs and EU Regulation (EU) No 537/2014, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Information Required by Regulation (EU) No. 537/2014 of the European Parliament and the Council

Appointment of Auditor and Period of Engagement

We have been appointed to audit the annual separate financial statements of the Company by resolution of shareholder dated 10 July 2025. Our period of total uninterrupted engagement is 4 years, covering the periods ended 31 December 2022 to 31 December 2025.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion is consistent with the additional report to the Audit Committee.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided and that we remained independent in conducting the audit.

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Independent Auditor's Report on the Compliance of the Electronic Separate Financial Statements with the Delegated Regulation 2019/815 on a Single Electronic Reporting Format

We have conducted an engagement to provide reasonable assurance as to whether the audited separate financial statements of the Company for the financial year ended 31 December 2025 (the "Audited Separate Financial Statements") have been prepared in accordance with requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 on supplementing the Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards for establishing a single electronic reporting format applicable for the financial year ended 31 December 2025 ("Delegated Regulation")

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and presentation of the Audited Separate Financial Statements in accordance with the Delegated Regulation, and for such internal control as management determines is necessary to enable the preparation of the Audited Separate Financial Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of the Audited Separate Financial Statements in compliance with requirements of the Delegated Regulation.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the Audited Separate Financial Statements are prepared in accordance with requirements of the Delegated Regulation. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board.

That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the separate financial statements in the ESEF format are properly prepared and presented in accordance with the requirements of the Delegated Regulation, in all material respects.

We have acted in accordance with the independence and ethical requirements of the EU Regulation 537/2014 and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board of Accountants (IESBA Code), together with the ethical requirements that are relevant to our assurance engagements in Slovenia. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of the Work Performed

Within the scope of our work, we performed the following procedures:

- identified and assessed the risks of material non-compliance of the Audited Separate Financial Statements with the requirements of the Delegated Regulation, whether due to error or fraud;
- obtained an understanding of internal control relevant to the engagement in order to provide reasonable assurance for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control; and
- assessed whether the Audited Separate Financial Statements are prepared in an appropriate XHTML format.

We believe that the evidence obtained provides a sufficient and appropriate basis for our opinion.

Opinion

Based on the procedures performed and the evidence obtained, the Audited Separate Financial Statements of the Company for the financial year ended 31 December 2025 are in our opinion prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

On behalf on audit firm

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

Matej Ušaj
Certified Auditor

KPMG Slovenija, d.o.o.

Domagoj Vuković
Certified Auditor
Partner

Ljubljana, 23 March 2026

SIGNING OF THE 2025 ANNUAL REPORT AND ITS CONSTITUENT PARTS

President and members of Krka's Management Board are aware of the content of the integral parts of the *2025 Annual Report* of Krka and the Krka Group, and hence the *2025 Annual Report* in its entirety. We hereby acknowledge the *Report* by our signatures.



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