



## PRESS RELEASE

### 2023 Krka Group Performance Estimate

Novo mesto, 25 January 2024 – The Management Board of Krka, d. d. held a press conference today presenting the Krka Group 2023 preliminary unaudited performance results, which the Krka Supervisory Board had discussed at its meeting yesterday. The Krka Group generated €1,806.4 million of revenue last year, up €88.9 million, or 5%, compared to 2022. Earnings before interest, tax, depreciation and amortisation (EBITDA) exceeded half a billion euro, the EBITDA margin was 27.8%. According to preliminary unaudited financial statement, the Krka Group’s net profit totalled €311.2 million. The 2023 unaudited financial statements for the Krka Group and Krka, d. d. will be released on Thursday, 14 March 2024.

*The President of the Management Board and Chief Executive Jože Colarič stated: “The business operations of the Krka Group in 2023 were successful. We tackled challenges due to our sound business model and by making constant adjustments in various areas of operation. We recorded the highest revenue since incorporation, and sales increased in most sales markets. Despite inflation pressures, our operating profit (EBIT) was the highest to date according to estimates, totalling €397.6 million, which is up 4% year-over-year. The expected net profit 2023 is down 14% on 2022 due FX losses, and amounted to an estimated €311.2 million. In 2023 we obtained marketing authorisations for 14 new products and completed 698 marketing authorisation procedures in various markets. Investments at Group level amounted to €131 million. This year we plan to increase the number to over €150 million.*

*In 2023 we updated the Krka Group Development Strategy for the 2024–2028 period and presented it to the Supervisory Board. The strategy’s focus had been disclosed in a public announcement back in November 2023. Our strategy pursues sustainability aspects and objectives of operations as we strive to preserve the economic, social, and environmental responsibility towards the environments in which we operate. The excellent EGS rating that we received last November is an encouragement and a commitment to further development of sustainability in the operations of the Krka Group. We are confident that our good performance will be recognised by shareholders.”*

#### Krka Group Key Performance Estimates

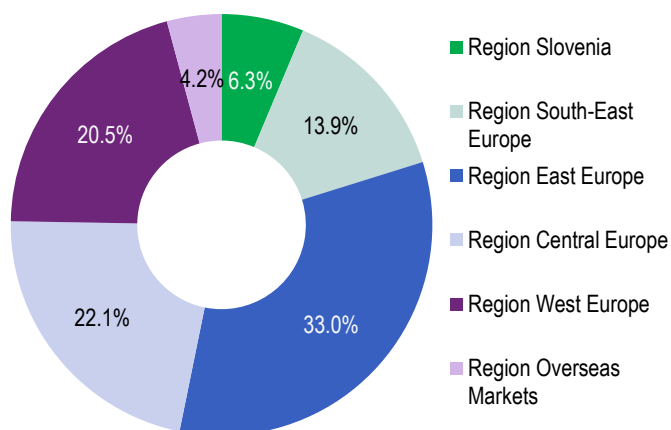
€ thousand	2023 Estimate	2022 Realised	Index
Revenue	1,806,391	1,717,453	105
– Of that revenue from contracts with customers (products and services)	1,798,969	1,708,542	105
Earnings before interest, tax, depreciation and amortisation (EBITDA)	502,322	488,895	103
Operating profit (EBIT)	397,625	381,211	104
Net financial result	-32,519	51,862	
Profit before tax (EBT)	365,106	433,073	84
Net profit	311,174	363,662	86
Earnings per share – EPS (in €)	10.05	11.69	86
<b>Ratios</b>			
EBITDA margin	27.8%	28.5%	
EBIT margin	22.0%	22.2%	
EBT margin	20.2%	25.2%	
Net profit margin	17.2%	21.2%	

## Sales

In 2023, the Krka Group generated €1,806.4 million of sales revenue. Of this, revenue from contracts with customers on sales of products and services amounted to €1,799.0 million. Revenue from contracts with customers on sales of materials, and other sales revenue constituted the difference. 2023 revenue exceeded the full-year 2022 revenue by €88.9 million or 5%.

### Product and Service Sales by Region

€ thousand	2023	2022	Index
Region Slovenia	113,777	103,047	110
Region South-East Europe	249,330	224,523	111
Region East Europe	593,951	623,377	95
Region Central Europe	397,079	364,154	109
Region West Europe	369,624	327,343	113
Region Overseas Markets	75,208	66,098	114
<b>Total</b>	<b>1,798,969</b>	<b>1,708,542</b>	<b>105</b>



Sales increased in most sales markets.

The largest region in terms of sales was Region East Europe. Sales there totalled €594.0 million, which is 33.0% of overall Krka Group sales. This is a decrease by 5% from 2022. Product sales in the Russian Federation amounted to €346.8 million, a decrease by 10% compared to 2022. Expressed in roubles, sales increased 15% over 2022 with a 7% volume growth. The discrepancy between the euro and rouble sales index is due to the significant depreciation of the rouble. It is currently not possible to hedge the rouble exchange rate with derivative financial instruments, so we hedge it naturally by

purchasing goods and services in roubles. Growth was also recorded in most other markets of the region, apart from Ukraine and Turkmenistan. Product sales in Ukraine amounted to €83.4 million, a decrease by 12% compared to 2022.

The second largest region in terms of sales was Region Central Europe, which includes the Visegrad Group and Baltic countries. Sales there totalled €397.1 million, accounting for 22.1% of overall Krka Group sales. This is an increase by 9% compared to 2022. The region's leading market was Poland, where product sales totalled €180.8 million, up 8%. Product sales in the Czech Republic were €60.9 million, up 9%, while in Hungary sales advanced by 11%, to €52.3 million. Sales also increased in all other countries in the region.

With €369.6 million worth of sales and a 20.5% share, Region West Europe was the third largest Krka Group sales region. Sales there increased 13% year-over-year. In Germany, Krka's largest market in the region, product sales amounted to €105.9 million, up 20% year-over-year. Scandinavian countries, Portugal and Italy followed suit. The highest absolute sales growth rates were recorded in Germany, the Scandinavian countries, Portugal, and the United Kingdom.

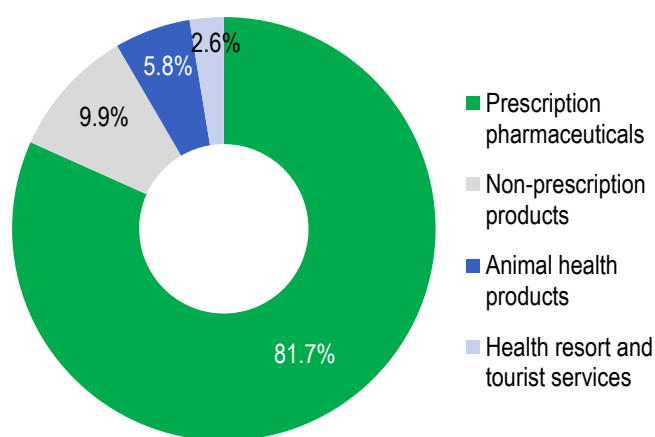
In Region South-East Europe product sales amounted to €249.3 million, up 11% year-over-year and representing 13.9% of overall Krka Group sales. Romania and Croatia have remained the leading markets, with the highest absolute growth rates recorded in Romania, Serbia, and Croatia. Sales in Romania and Croatia totalled €72.4 million and €46.0 million, respectively, which is up 15% and 12% year-over-year, respectively. Sales growth was recorded in all markets of the region.

In Region Slovenia Krka sold €113.8 million worth of products, which is 6.3% of total Krka Group sales and a 10% increase. The bulk came from product sales, which totalled €66.1 million and thus advanced 9% year-over-year. Health resort and tourist services contributed €47.7 million to the region's sales, up 12% from 2022.

Product sales in Region Overseas Markets amounted to €75.2 million last year, an increase by 14% compared to 2022. This region represents a 4.2% share in the overall Krka Group sales.

### Sales by Product and Service Group

€ thousand	2023	2022	Index
Human health products	1,646,633	1,572,949	105
– Prescription pharmaceuticals	1,469,381	1,390,972	106
– Non-prescription products	177,252	181,977	97
Animal health products	104,640	93,041	112
Health resort and tourist services	47,696	42,552	112
<b>Total</b>	<b>1,798,969</b>	<b>1,708,542</b>	<b>105</b>



The sales of prescription pharmaceuticals totalled €1,469.4 million, up 6% year-over-year. This accounts for 81.7% of total Krka Group sales of products and services. Sales increased in all sales regions apart from Region East Europe. In Region Overseas Markets and Region West Europe sales were up 14%, in Region South-East Europe 13%, and in Region Slovenia and Region Central Europe 8%. The largest increases in the sales of prescription pharmaceuticals in relative terms were recorded in Germany, Romania, and the Scandinavian countries among our ten largest single markets, and in the United Kingdom among the other markets. Krka's top-ranking

therapeutic classes of prescription pharmaceuticals included cardiovascular agents, central nervous system agents, products for the gastrointestinal tract, and analgesics.

The ten leading prescription pharmaceuticals in terms of sales were product groups containing the following APIs:

- Perindopril (Prelessa, Co-Prelessa, Amlessa, Co-Amlessa, Roxiper, Roxampex),
- Valsartan (Valsacor, Valsacombi, Vamloset, Co-Vamloset, Valarox),
- Rosuvastatin (Roswera, Co-Roswera),
- Losartan (Lorista, Lorista H, Lorista HD, Tenloris),
- Pantoprazole (Nolpaza),
- Atorvastatin (Atoris),
- Esomeprazole (Emanera),
- Tramadol (Doreta, Tadol),
- Candesartan (Kabis, Karbicombi, Kandoset), and
- Naproxen (Nalgesin).

Products are marketed under different brand names in individual markets.

For non-prescription products, sales value was down 3% to €177.3 million (9.9% of overall Krka Group sales), while the sales of animal health products increased by 12% and amounted to €104.6 million (5.8% of overall Krka Group sales). Health resort and tourist services contributed €47.7 million in sales, a 12% increase year-over-year (2.6% of total Krka Group sales).

### Research and Development

There were 14 new additions to Krka's portfolio in 2023, including 10 prescription pharmaceuticals, 2 animal health products, and 2 products in the group of self-medication products and food supplements.

Let us highlight

- Three combination agents treating high blood pressure,
- Several generic products treating diabetes and preventing blood clots,
- Marketing authorisations for new products in China,

- The completion of the first generic decentralised procedure (DCP) for an animal health product containing robenacoxib.

We finalized 698 marketing authorisation procedures in different markets, obtaining 497 approvals for prescription pharmaceuticals and 9 for non-prescription products. This has increased the accessibility of medications for patients in numerous markets. We completed 192 procedures for animal health products, supplementing our range of products, particularly those for companion animals.

Operating in over 70 markets Krka is a provider of a wide range of prescription pharmaceuticals from various therapeutic classes. All our products are subject to continual optimisations and harmonisations with new scientific guidelines. We continued with our sound strategy of variations in 2023, contributing to a speedy implementation of substantial improvements to several of our products. We received approvals for more than 23,000 regulatory variations in 2023.

In the past year we filed 11 patent applications for new technological solutions that we consider inventive on the global scale. Based on the so-called priority applications from 2022 we submitted 7 international and 2 European applications. We were granted 6 patents in various countries. Over 200 valid patents protect Krka's technological solutions.

We filed 72 applications for Krka trademarks in Slovenia while also submitting 48 international and 17 national applications for trademarks. Krka has more than 1,100 registered trademarks in various countries.

## Investments

In 2023 the Krka Group allocated €131.2 million to investments, of which the controlling company invested €111.8 million.

The following investment projects were completed in 2023:

- Systems and equipment were upgraded in the Šentjernej, Slovenia Beta plant, and production capacity for the preparation of dry granules was increased. The investment has decreased water-soluble organic solvent emissions.
- Development and Control Centres were refurbished, resulting in additional laboratory space and providing safe conditions for manipulating highly active ingredients.
- A new filling line was fitted in our Bršljin Powder and Liquid Products plant (Novo mesto, Slovenia), doubling the tube filling capacity.
- At our location in Ločna (Novo mesto, Slovenia) a firewater retention pond was constructed.

Several other investments remain ongoing:

- The renovation of the Notol plant washing room has continued, with packaging lines also being replaced and upgraded. Moreover, we are increasing the tableting and granulation capacity, and upgrading the logistic system.
- Fitting an additional container mixer in Notol 2 will contribute to the reliability of the production process, with the new high-performance tablet press increasing production capacity.
- In our OTO Department for Solid Dosage Forms we are increasing the capacity for mixture preparation and granulation in tableting, and upgrading logistics. The capsulation machine is being replaced, and a new filling and packaging line installed. Packaging lines will be fitted with additional robotic cells.
- We increased production capacities for granulation and packaging at the Ljutomer plant (Slovenia). A production area is being set up in the old section of the plant. Once installed, the inspection machine will increase the production capacity for uncoated lozenges, with the robotic cell optimizing packaging.
- In Novo mesto, Slovenia, construction works have entered the final stage on the six-storey multi-purpose building called Paviljon 3. It will house an extension for our microbiology laboratory and additional rooms for several organisational units.
- In the production and distribution centre in Jastrebarsko, Croatia we are installing a new secondary packaging line, which will increase production capacity for solid forms of animal health products by one quarter. Other facilities and systems are also subject to ongoing upgrades.
- Based on project documentation and an environmental impact assessment we have obtained the integral building permit at our location in Krško, Slovenia for the Sinteza 2 plant, laboratories for chemical analyses, a liquid raw materials warehouse, and a treatment plant. The permit is not yet final. The investment has been estimated at €163 million and is in line with our strategy of vertical integration, i.e. the business model where Krka manages the entire process from developing a product to its production. At the end of 2023 we launched

preparatory works for the construction of a state-of-the-art treatment plant using the latest technical solutions and technologies.

To facilitate Krka's long-term development we have purchased 23 hectares of property in the Cikava industrial zone in Novo mesto, Slovenia.

## Employees

At the end of 2023 the Krka Group employed 11,780 staff. 5,244 of those, which is 45% of the total Krka Group headcount, worked outside Slovenia. Of all Krka Group employees, 51% have at least university-level qualifications, and of that, 204 hold a doctoral degree. Together with agency workers, the Krka Group team is 12,753 strong.

## Investor and Share Information

Krka's share price increased by 19.6% in 2023, being traded at €110.00 as at 31 December 2023. Shareholders received dividends of €6.60 per share, up 17% year-over-year. Considering the 2023 end-of-year share price, this makes for a 6% annual dividend yield.

At the end of the year Krka had 47,172 shareholders, which is at the same level as at the end of 2022. Krka's shareholding structure is stable and mainly goes without major changes, with 41.1% of shareholders being domestic retail investors and 20.5% international.

In 2023 Krka repurchased 130,117 treasury shares. As at 31 December 2023 Krka held 1,915,966 treasury shares, which represents 5.843% of its share capital.

## Sustainability of Operations

In November 2023 the Krka Supervisory Board and Management Board adopted the revised Krka Group ESG Policy and strategic goals for the most important sustainability areas. Sustainability and sustainability goals have been for the first time fully incorporated into the Krka Group Development Strategy for the period 2024–2028. The ESG Policy is Krka Group's master sustainability governance document for the environmental (E), social (S) and governance (G) aspects of our operations. It stipulates the efforts invested into setting up sustainable operations and the fundamental principles that the Krka Group pursues in our business operations and relations with different groups of stakeholders within the entire value creation chain.

The fundamental objective of integrating the Krka Group ESG principles and ESG governance into management processes and business decisions is to increase awareness and improve management of sustainability-related impacts and risks, and to better spot opportunities that can affect our business operations in the long term. Moreover, our ESG Policy defines accountability, control and competencies levels for sustainability within our organisational structure, setting priority sustainability areas and the associated management approaches. The essential Krka Group sustainability areas are: Product quality and patient safety; Talent attraction and retention; Good leadership and governance practices; Accessible healthcare; Planet and climate change; and Compliance, integrity and transparency.

The adopted sustainability goals complement the Krka Group ESG Policy and contribute to our long-term business success. They outline concrete strategic directions and goals together with key performance indicators (KPIs) for the key sustainability areas. The EGS Policy and a summary of strategic goals are posted on the Krka website.

What is more, activities are currently ongoing to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), further upgrading sustainability reporting and management approaches in the most material sustainability areas. Sustainability reporting will be subject to external auditing in 2024.

On 24 November 2023, Krka received a 50/100 S&P Global CSA Score in the 2023 S&P Global Corporate Sustainability Assessment. This score ranked Krka a top 10% company in the pharmaceutical industry that day.

This independent ESG rating reaffirms the direction of Krka Group sustainable management practices and ESG governance, which prioritize our social corporate 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. In this process, we place significant emphasis on environmental protection and reducing our environmental impact. In the governance of the Krka Group, we adhere to the highest

standards of business ethics, integrity, and transparency of operations. The received EGS rating is an encouragement and a commitment to further upgrade the sustainability of operations in the Krka Group.

### **Krka Group Plans for 2024**

We are planning Krka Group sales to amount to €1.850 million and net profit to be somewhat more than €310 million. Investments will primarily be devoted to increasing and modernising production capacities and development infrastructure. Just over €150 million has been earmarked for that. The number of employees is planned to increase both in Slovenia and abroad, by a total of 3%.

The 2024 Krka Group Business Plan derives from the 2024–2028 Development Strategy of the Krka Group, as adopted by the Management Board and presented to the Supervisory Board last November. It has been based on expectations, estimates, forecasts, and other available data. The Management Board believe the projections are reasonable. In the event of major changes in the Krka business environment, e.g., selling price erosion, rising prices of raw materials, changes in exchange rates for certain currencies important for Krka, and lower demand for pharmaceutical products, the actual operating results could deviate from the plan.

### **Key Strategic Objectives up to 2028**

- For sales to increase at least 5% per annum on average in terms of volume/value and for sales growth rates to be above-average relative to market dynamics. To remain or become the leading generic pharmaceutical company in individual markets and selected therapeutic classes.
- To strengthen and optimise the vertically integrated business model, proven to be an effective strategic guideline and a comparative advantage. To ensure high standards of product quality, safety, and efficacy.
- To remain focused on maximising the long-term profitability of the products sold, from development and production to marketing and sales, including all other functions within the Krka Group, and to achieve an average EBITDA margin of at least 25%.
- To ensure that new products and vertically integrated products account for the largest possible proportion in total sales in addition to the existing range of products, where the core represents medicines from key therapeutic segments.
- Being an innovative generic pharmaceutical company, to develop complex products, including peptides, and enter new therapeutic classes. In key therapeutic classes introduce innovative products– combination products, innovative delivery systems and dosage forms.
- To increase outsourcing in the development and production of selected APIs and finished products, while assuring quality standards are met.
- To ensure growth through long-term partnerships and targeted acquisitions in addition to organic growth. The primary goal is to increase sales by entering new markets and adding new products.
- To allocate 10% of revenue to research and development.
- To pursue a stable dividend policy and consider the Krka Group financial requirements for investments and acquisitions when determining the net profit share for dividend payout each year, allocating at least 50% of the net profit of majority shareholders for dividends.
- To upgrade the Krka Group sustainability culture, integrating sustainability aspects into corporate governance and business decisions, and to maintain our economic, social and environmental responsibility to the environments in which we operate.
- To exploit digitalisation potentials in all business phases.
- To preserve independence.