

Krka Group Business Performance Webcast Presentation

FY 2023 Preliminary Results

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www.krka.biz

Krka Group Business Performance

Preliminary results 2023 highlights

- ✓ Record 2023 sales accounted to €1,806.4m; +5% yoy
- ✓ Record operating profit (EBIT): €397.6m; +4% yoy
- ✓ Net profit of €311.2m; -14% yoy
- ✓ Sales increased in all regions except EE and all products & service groups except OTC
- ✓ Strong sales increase in VET and health resorts & tourist services

- ✓ RUB volatility affecting operating and net financial result → **-€32.5m net financial result**
- ✓ **14 new MA** and 698 MA procedures finalised
- ✓ **2023 CAPEX: €131m; 2024 CAPEX est. €150m**
- ✓ **Establishing JV with Laurus Labs Ltd. in India**

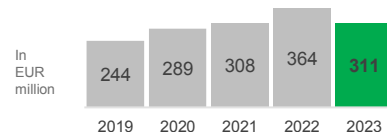
2024 guidance: sales €1,850m, net income ≈ €310m

Obtained S&P Global CSA Score (50) & ESG Score (52)
as of 24 November 2023 –
among TOP 10% Pharma
Companies

SALES 5Y CAGR: 6.4%



NET INCOME 5Y CAGR: 12.3%



Well-Diversified Activities

Providing access to high quality affordable medicines

Krka's presence on 70+ markets in 6 sales regions

49 subsidiaries outside Slovenia:
45% of all Krka Group workforce

Over 100 million people use Krka's
medicines worldwide

17 bn FDF produced annually in various
therapeutic groups

Operating in many low to middle income countries,
creating savings for patients & healthcare systems

Sales regions

- Region **Slovenia**
- Region **Central Europe**
- Region **East Europe**
- Region **South-East Europe**
- Region **West Europe**
- Region **Overseas markets**

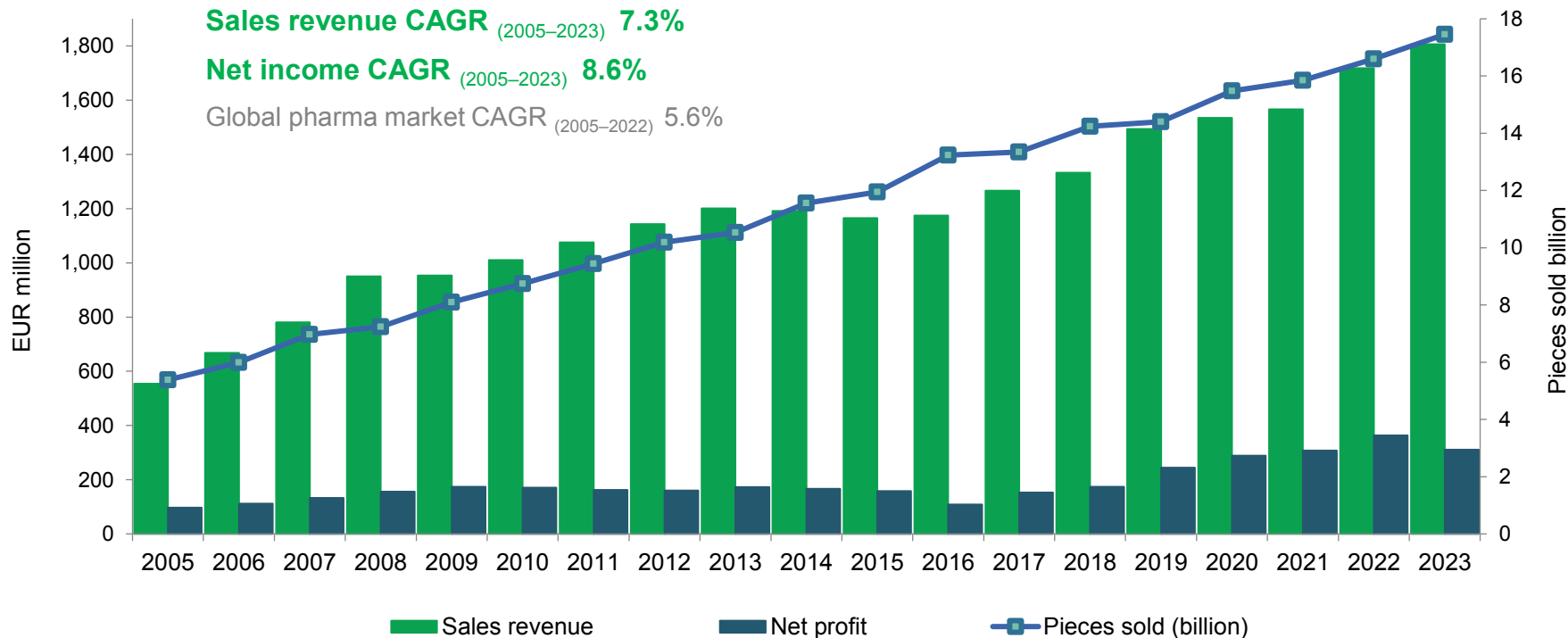


Manufacturing locations

Slovenia | Russian Federation
Poland | Germany | Croatia | China

Long-term Stable Operating Business Growth

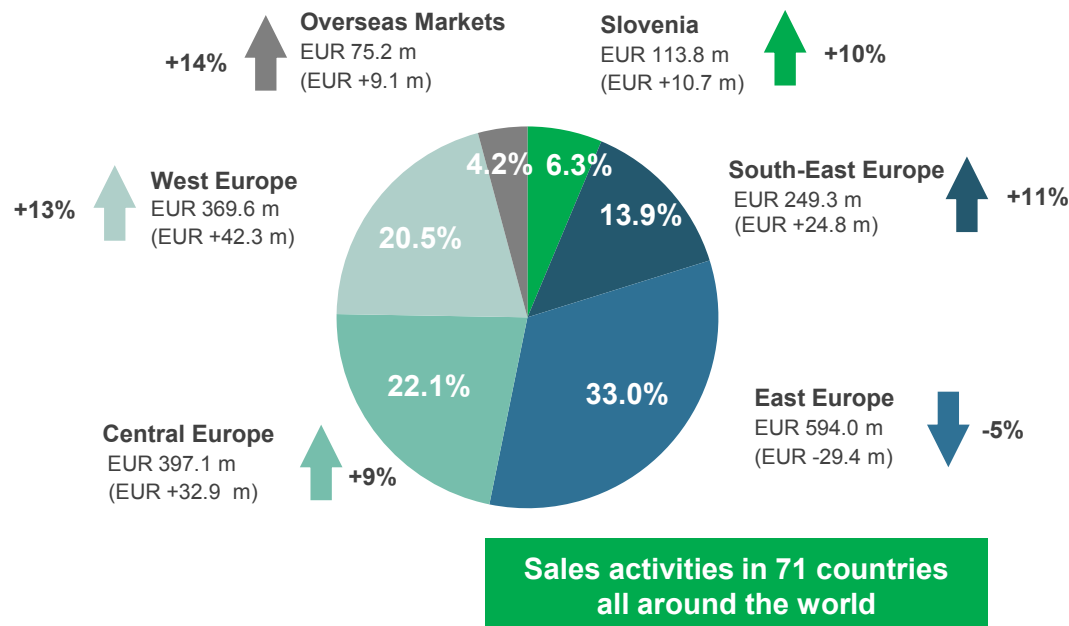
Growing faster than global pharmaceutical market



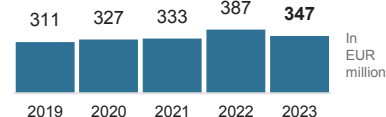
Krka Group Sales by Regions

Continuation of strong sales dynamics

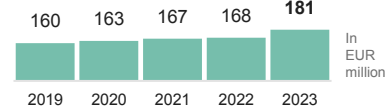
2023 sales: EUR 1,799 million of goods and services (+5% yoy; EUR +90,4 million)



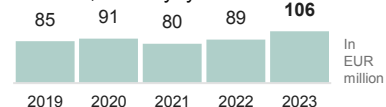
❖ **Largest market: Russian Federation** Sales: EUR 347m; -10% yoy



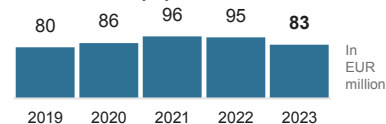
❖ **2nd market Poland**; Sales: EUR 181m; +8% yoy



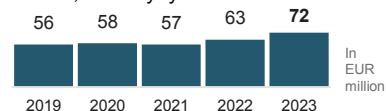
❖ **3rd market Germany**; Sales: EUR 106m; +20% yoy



❖ **4th market Ukraine**; Sales: EUR 106m; -12% yoy

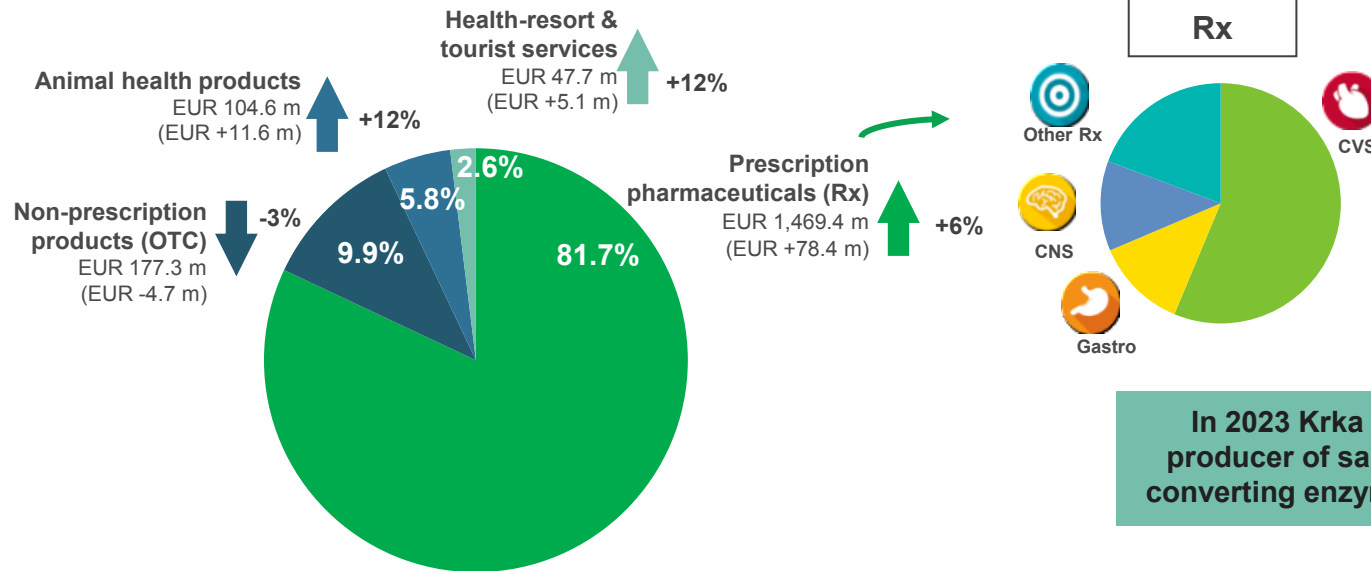


❖ **5th market Romania**; Sales: EUR 72m; +15% yoy



Broad Product Portfolio

Sales by products and service groups in 2023



In 2023 Krka was leading generic producer of sartans and angiotensin converting enzyme inhibitors in Europe

Leading manufacturer of sartans, statins and hypolipemic drugs, proton pump inhibitors and **Leading generic manufacturer of** angiotensin-converting enzyme inhibitors, antidepressants, antipsychotics in our traditional markets. **Innovative Generic Manufacturer:** Pioneers in Single pill combinations (SPC). We are expanding the range of innovative SPC and other cardio SPC, anticoagulants and products in the field of diabetes treatment

Research and Development

Committed to continuous development of innovative branded generic products

14 new MA for products in 2023

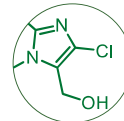
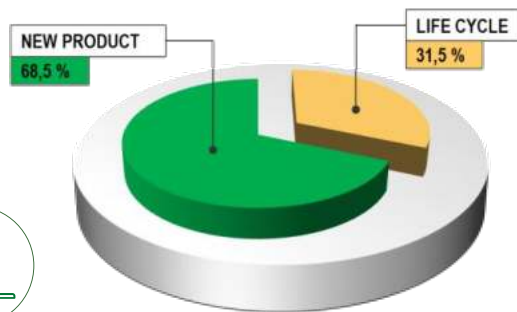
698 MA procedures finalised, obtaining approvals for 497 prescription pharmaceuticals and 9 non-prescription products, thus bringing medications closer to patients in numerous markets. Completed 192 procedures and thus supplemented the range of products mainly for pet animals.

✓ Highlighted MA:

- ✓ 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.

Successful experimental work on many projects in the research and development phase (products with the possibility of entering the market for the first time until 2035)

Competitive advantage - innovative approaches in development, patent applications (**11 European patent applications for new technological solutions in 2023**)



Strategic R&D target
≈ 10% of sales

800 experts engaged in
R&D

Over 170 products in our
pipeline

Krka's Innovative Medicines

Innovative branded generic producer with own R&D

STATE-OF-THE-ART EQUIPMENT

Delivering the most demanding projects in terms of techniques and technologies

ADVANCED PHARMACEUTICAL FORMULATIONS

Great possibility of differentiation to other generics and originator

UNIQUE STRENGTHS

Tailoring the treatment to patients needs

UNIQUE SINGLE PILL COMBINATIONS

Synergistic action & improved adherence for patients

150
SPCs

800 products based on **250 active ingredients** (Rx, OTC & VET products)



1st generic manufacturer in the global pharma market to offer the triple SPC of perindopril, indapamide and amlodipine.

PATENT-PROTECTED INNOVATIONS

350 Patent applications for over innovations

Investments

Increasing the resilience and flexibility of our business model

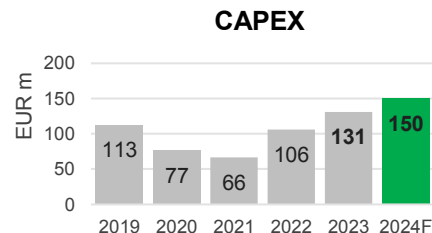
CAPEX 2023: €131.2m; FY 2024 plan: €150m

Aiming the investments predominantly for increasing and technologically upgrading production facilities and capacities for development and quality management.

- ✓ Systems and equipment were upgraded in the **Šentjernej, Slovenia Beta plant**, and production capacity for the preparation of dry granules was increased. **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.

UPCOMING INVESTMENT PROJECTS:

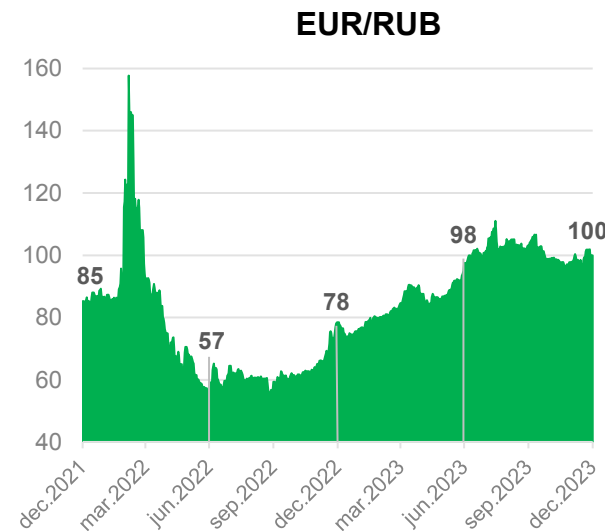
- ✓ The renovation of the **Notol plant** washing room has continued, with packaging lines also being replaced and upgraded. Moreover, we are increasing the tableting and granulation capacity, and upgrading the logistic system.
- ✓ We increased production capacities for granulation and packaging at the **Ljutomer plant (Slovenia)**.
- ✓ Six-storey multi-purpose building called **Paviljon 3**. It will house an extension for our microbiology laboratory. New packaging line, which will increase production capacity for solid forms of animal health products by 25%.
- ✓ Based on project documentation and an environmental impact assessment we have obtained the integral building permit for **Sinteza 2 plant** SI, 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. 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.



FX volatility impact

RUB rate negatively affecting net financial result

- ❖ Negative FX volatility impact in 2023.
- ❖ RUB decline that started in Q4 2022 continued in H1 2023, stabilized in H2 2023.
- ❖ **RUB declined by 21.5% in 2023, average RUB rate was 20.6% lower than in 2022.**
- ❖ RUB depreciation resulted in net FX losses recorded.
- ❖ USD volatility impact was neutralized by using financial instruments.
- ❖ Contribution of other currencies to net FX differences was positive, in which PLN appreciation in Q4 2023 contributed the most.
- ❖ **Net FX result of the Krka Group in 2023**, which includes FX differences, received and paid interest, the impact of financial instruments and other financial income and expenses, **amounted to minus € 32.5 m.**



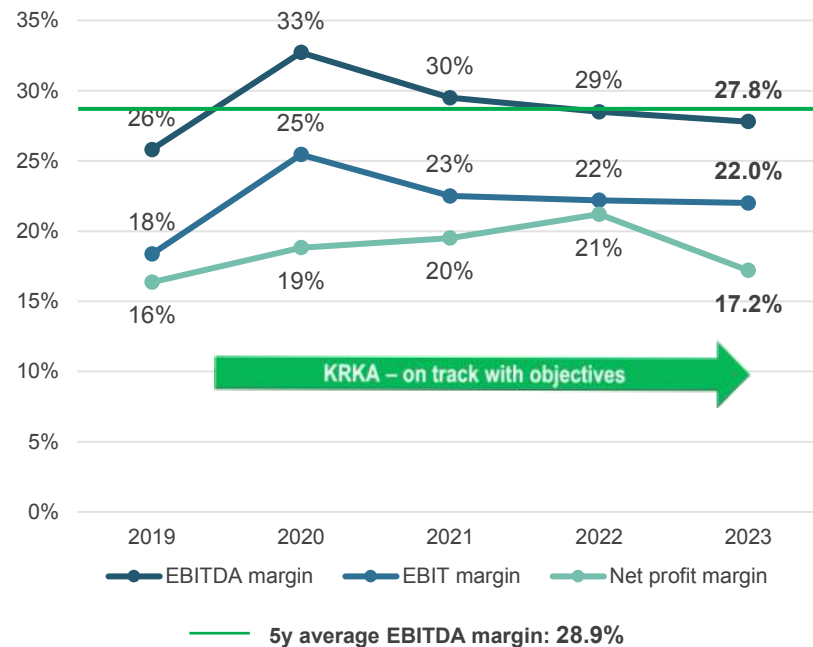
Krka Group Operating Results

Maintaining high profitability

Profitability

EUR thousand	2023	2022	yoy
EBITDA	502.3	488.2	3%
<i>EBITDA margin</i>	<i>27.8%</i>	<i>28.5%</i>	
EBIT	397.6	381.2	4%
<i>EBIT margin</i>	<i>22.0%</i>	<i>22.2%</i>	
Net profit	311.2	361.6	-14%
<i>Net profit margin</i>	<i>17.2%</i>	<i>21.2%</i>	

Margins development

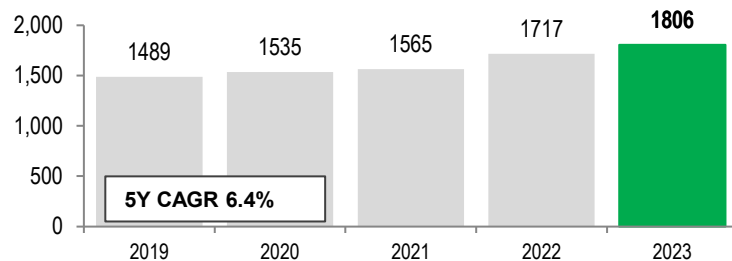


Performance Indicators

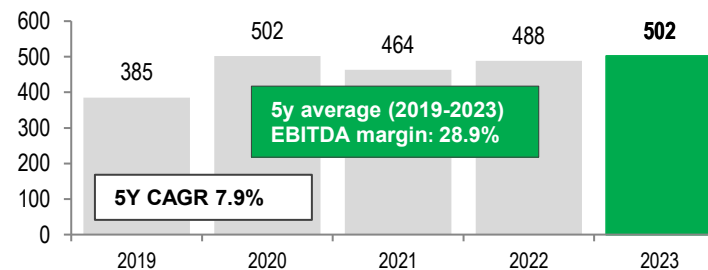
Maintaining long-term momentum



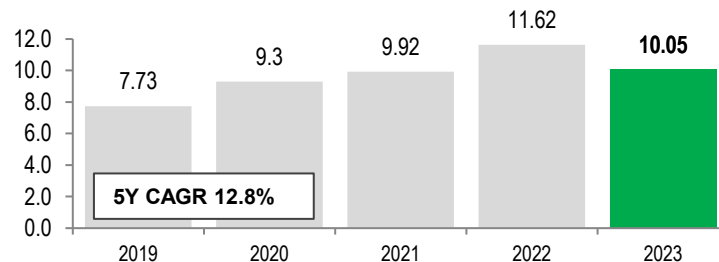
Revenue in € million



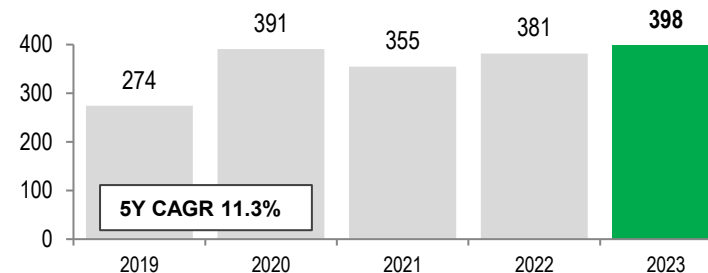
EBITDA in € million



EPS in €



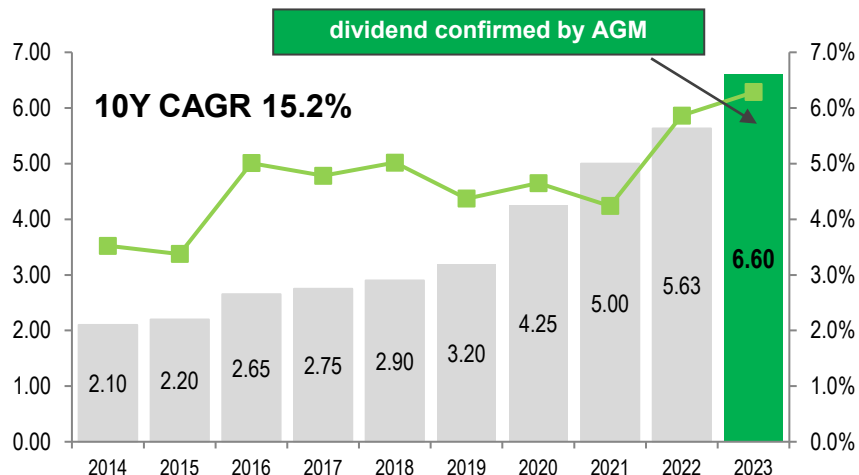
EBIT in € million



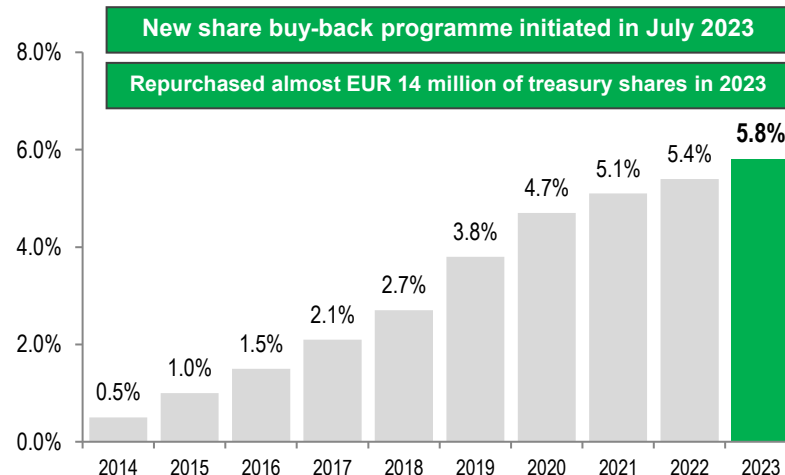
Dividend Policy and Share Buyback

Management committed to stable capital allocation

DPS and dividend yield* for the business year



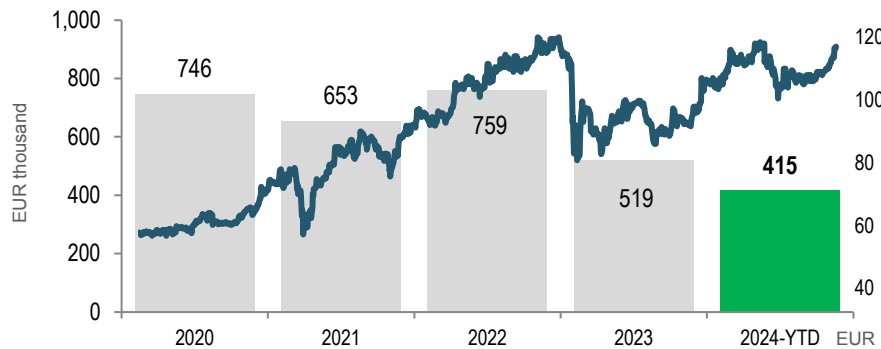
Treasury shares as of total



Share Information and Shareholder Structure

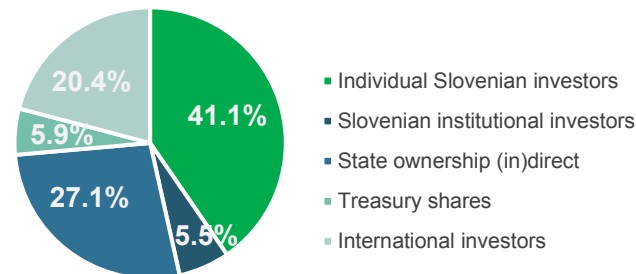
Stable shareholder structure (KRKG SV)

Average daily turnover and stock price YTD



- ✓ Market capitalization: EUR 3.8 billion
- ✓ P/E: 11.64
- ✓ No. of shareholders: 47.161
- ✓ Shares issued: 32,793,448
- ✓ Treasury shares: 1,925,296
- ✓ Market maker in place since FEB 2019

Largest shareholders as of 23 January 2024



Shareholder	(%)
State ownership (in)direct	27.10
OTP BANK, D.D.*	4.74
ERSTE GROUP BANK AG PBZ CROATIA OSIGURANJE*	4.06
CLEARSTREAM BANKING SA*	3.14
Luka Koper, d. d.	1.32
STATE STREET BANK AND TRUST.*	1.06
KDPW*	1.06
PRIVREDNA BANKA ZAGREB D.D.*	0.97
Total	43.45

* Fiduciary account

Key strategic objectives and guidelines 2024–2028

At least 5% average annual sales growth in terms of volume / value

To strengthen and optimise the vertically integrated business model

To keep focus on long-term profitability

To remain an innovative generic with a high degree of vertically integrated products

To allocate 10% of revenue to R&D

To allocate for investments on average €140 million annually

Maintain a stable dividend policy and ensure growth also through M&A and JV projects

Key strategic objectives and guidelines 2024–2028

Strengthen the presence in Krka's traditional markets and increase focus on Overseas markets

Maintain existing and introduce new therapeutic product groups and enter new markets

Increase the share of development and production of some active ingredients and finished products with strategic contractual partners

Maintain the largest possible share of new products in total sales

To launch products among the first generics on the market

To upgrade the culture of sustainability (ESG) and to remain independent

ESG Governance of Krka Group

Adopting ESG policy & ESG goals

Material ESG Topic Groups of the Krka Group

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

Key Activities:

- ✓ Renewal of the [ESG policy](#) and integration of sustainability into the Krka Group Development Strategy (2024-2028), including strategic [ESG goals](#).
- ✓ Building awareness of the importance of sustainability, education, promotion of a sustainable culture and responsible behaviour in all business areas of Krka.
- ✓ The first independent ESG- rating [S&P Global CSA Score](#) (ranked among the TOP 10% of pharmaceutical companies) received by the rating agency S&P Global
- ✓ The initiation of CSRD/ESRS requirements implementation project (European sustainability reporting standards)



2023 estimate and 2024 plan

In line with strategic goals

2023 estimates

Sales revenue:
EUR 1,806 million
+5% compared to 2022

Net income
EUR 311 million

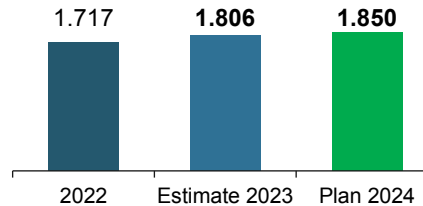


CapEx:
EUR 131 million
+23% compared to 2022

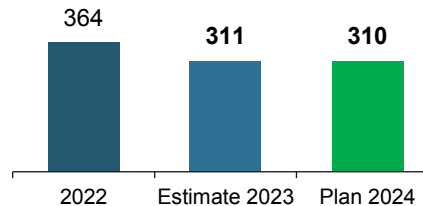


Number of employees: 11.916

Sales revenue



Net income



2024 plan

Sales revenue:
EUR 1.850 million
+2.4% compared to 2023

Net income:
good EUR 310 million



CapEx:
Good EUR 150 million
+15% compared to 2023



3% increase in number of employees

Strengthening Indian Ties

Establishing JV with long term Indian partner Laurus Labs Ltd

Krka & Laurus – JV rationale:

- Contractual partners for many years.
- **Opportunity to strengthen co-operation and create synergies by combining knowledge and resources.**
- Establishing a JV company Krka Pharma Pvt. Ltd. in Hyderabad, India.
- **Krka will hold 51% and Laurus 49% share.**
- Registration of the JV by the end of March 2024.
- Agreement on gradual development of the JV.
- Develop a plan to enter the Indian market and other non-EU markets where neither party is currently present with FDF → **Expand Krka's presence in the Indian market and other overseas markets.**
- Registered capital of the JV up to €50 m in INR.

Krka Pharma Pvt. Ltd.

About Laurus Labs Ltd:

- Founded in 2005, annual revenue of €669m in FY23.
- Research-driven pharmaceutical and biotechnology company.
- Global leader in select APIs including antiretrovirals, oncology drugs (incl. high potency APIs), cardiovascular, and gastro therapeutics.
- Provides contract development and manufacturing organisation (CDMO) services.
- Employs more than 6500 people, including more than 1250 scientists.
- 11 facilities approved by global agencies USFDA, WHO-Geneva, Japan-PDMA, UK-MHRA, EMA, TGA etc.
- Listed on the BSE in India.



Living a healthy life.

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