

PRESS RELEASE

Krka Releases 2023 Unaudited Financial Statements

Novo mesto, 14 March 2024 – Krka released the 2023 unaudited financial statements of the Krka Group and the controlling company Krka, d. d., Novo mesto today. The report was published on the Ljubljana Stock Exchange website after being discussed by the Company's Supervisory Board at their meeting yesterday. The Krka Group generated €1,806.4 million in revenue last year, up €88.9 million or 5% on 2022. The unaudited net profit of the Krka Group totalled €313.7 million. The 2023 annual report will be released on Thursday, 11 April 2024.

The President of the Management Board and Chief Executive Jože Colarič explained: 'As reported in January, the Krka Group performed successfully in 2023 and in line with expectations. We recorded the highest sales and record EBITDA of €504 million. Set side by side with the 2023 preliminary unaudited performance estimate for the Krka Group published in January, sales remained the same, while operating profit and net profit exceeded our estimations by €2.0 million and €2.6 million, respectively. Over the past five years, average annual net profit growth was 12.5%. We are satisfied that we recognised many opportunities and delivered on them owing to our responsiveness and flexibility. Despite all demanding challenges, we continued our long-term stable business and sustainable growth. Over 100 million people in more than 70 countries around the world take Krka's products. We are confident in our performance going forward as well.'

Financial highlights

€ thousand	Krka Group			Company		
	2023*	2022	Index	2023*	2022	Index
Revenue	1,806,391	1,717,453	105	1,674,572	1,553,514	108
– Of that revenue from contracts with customers (products and services)	1,798,969	1,708,542	105	1,449,739	1,356,075	107
Gross profit	1,026,709	974,393	105	888,427	890,182	100
Earnings before interest, tax, depreciation and amortisation (EBITDA)	504,215	488,895	103	402,547	440,086	91
Operating profit (EBIT)	399,621	381,211	105	322,308	357,870	90
Profit before tax (EBT)	367,126	433,073	85	329,049	412,258	80
Net profit	313,732	363,662	86	294,481	348,215	85
R&D expenses	178,582	162,580	110	173,783	158,292	110
Investments	131,932	105,974	124	111,751	79,540	140

Performance ratios

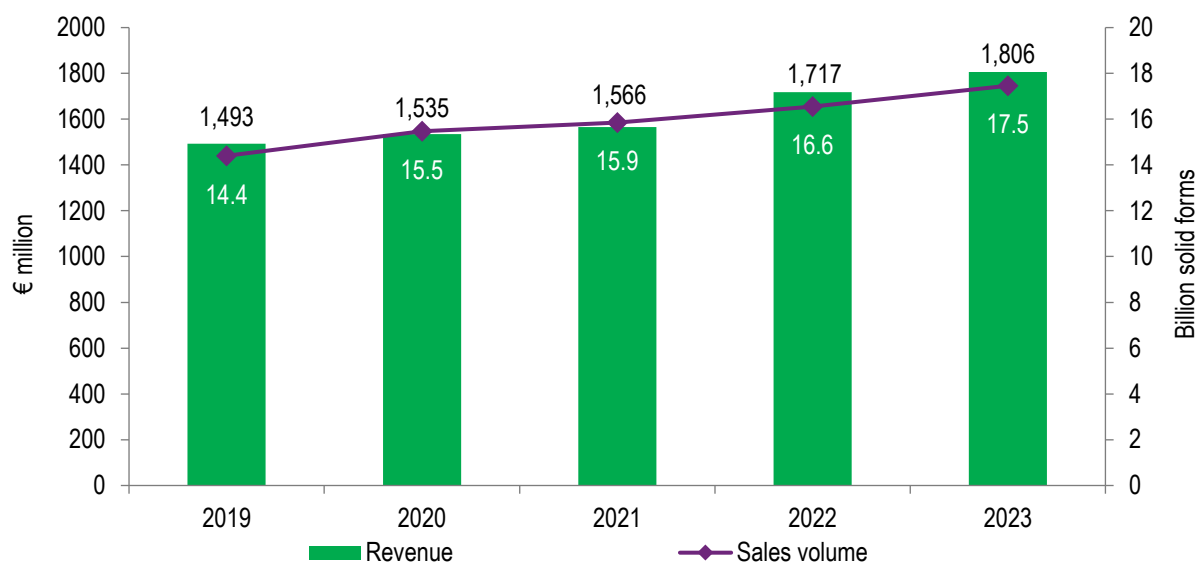
	Krka Group		Company	
	2023*	2022	2023*	2022
Gross profit margin	56.8%	56.7%	53.1%	57.3%
EBITDA margin	27.9%	28.5%	24.0%	28.3%
EBIT margin	22.1%	22.2%	19.2%	23.0%
EBT margin	20.3%	25.2%	19.6%	26.5%
Net profit margin (ROS)	17.4%	21.2%	17.6%	22.4%
Return on equity (ROE)	14.5%	17.9%	14.0%	17.7%
Return on assets (ROA)	11.5%	13.9%	11.5%	14.1%
Liabilities/Equity	0.267	0.257	0.225	0.221
R&D expenses/Revenue	9.9%	9.5%	10.4%	10.2%

* The 2023 data are unaudited.

Krka Group performance analysis

Operating income

Sales



In 2023, the Krka Group generated revenue of €1,806.4 million, an €88.9 million or 5% increase on 2022, of which revenue from contracts with customers on sales of products and services reached €1,799.0 million and revenue from contracts with customers on sales of materials and other sales revenue constituted the difference. Over the past five years, average annual sales grew by 4.2% in volume and 6.3% in value.

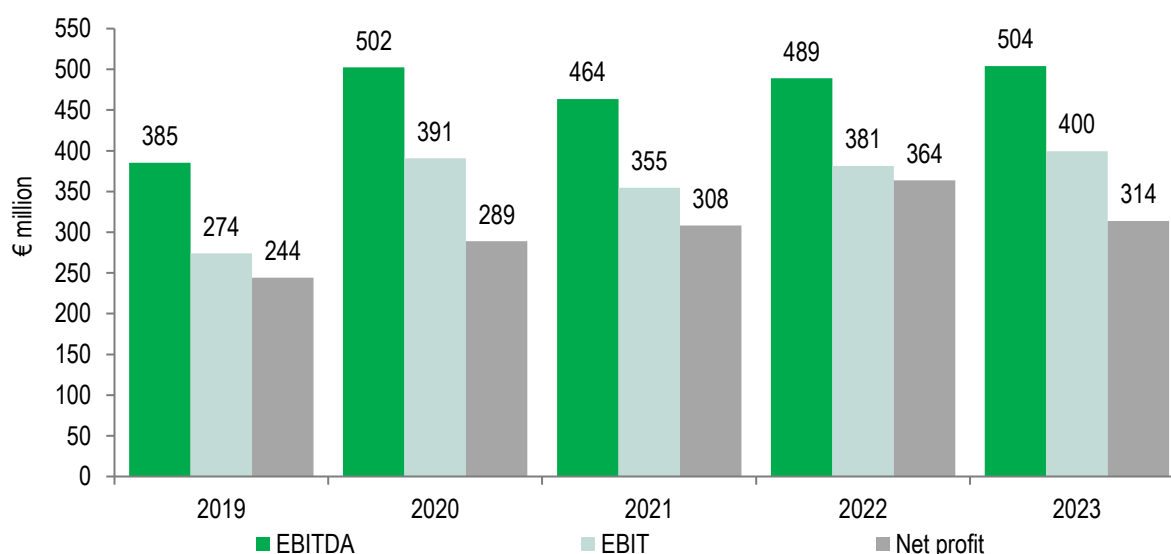
Operating expenses

The Krka Group posted operating expenses totalling €1,412.9 million, up €67.5 million or 5% on 2022.

Krka Group operating expenses comprised: cost of goods sold totalling €779.7 million; selling and distribution expenses totalling €347.9 million; R&D expenses totalling €178.6 million; and general and administrative expenses totalling €106.8 million. Operating expenses accounted for 78% of revenue and, over the past five years, ranged between 75% in 2020 and 83% in 2019.

Costs of goods sold, up 5% on 2022, represented the largest item in the Krka Group operating expense structure. They accounted for 43.2% of total revenue in 2023 and 43.3% in 2022. Selling and distribution expenses remained at the 2022 level and accounted for 19.3% of total revenue, down 1.0 percentage point on 2022. R&D expenses constituted 9.9% of total revenue (up 0.4 percentage points on 2022) and increased by 10%. General and administrative expenses amounted to 5.9% of total revenue, up 18%, while their proportion in revenue increased by 0.6 percentage points.

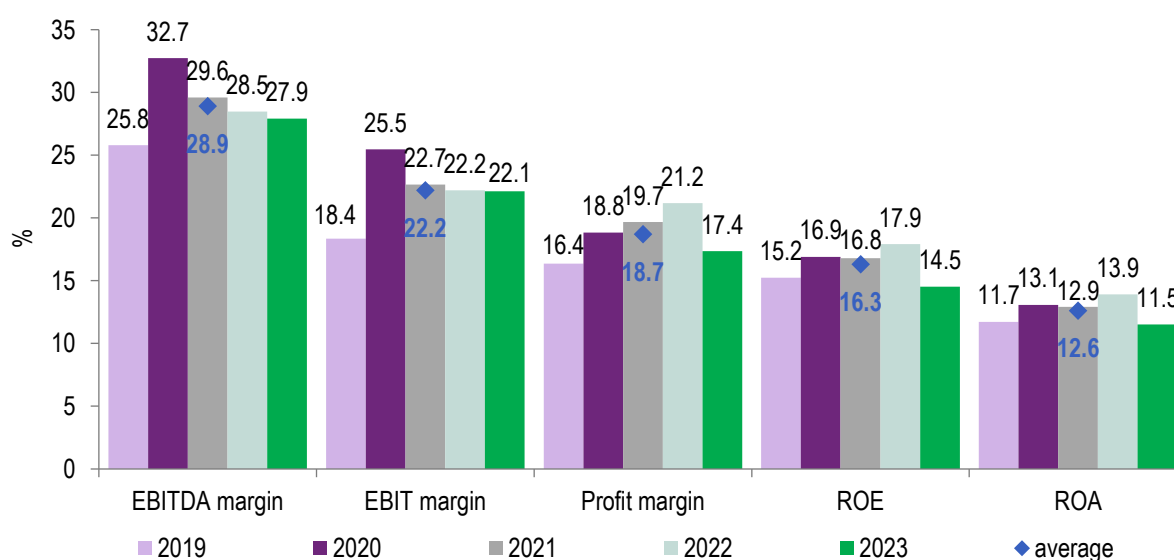
Operating results



The Krka Group recorded EBIT totalling €399.6 million, up €18.4 million or 5% on 2022. The Krka Group posted EBITDA totalling €504.2 million, up €15.3 million or 3%. Over the past five years, annual EBIT growth averaged 11.4% and annual EBITDA growth averaged 8.0%.

In 2023, profit before tax of the Krka Group decreased by €65.9 million or 15% to €367.1 million. Its effective tax rate was 14.5%. The Krka Group recorded net profit totalling €313.7 million, down €49.9 million or 14% on 2022. Profit before tax and net profit decreased year on year primarily owing to the depreciation of the rouble against the euro in 2023 and strong rouble appreciation in the year before. Over the past five years, average annual net profit growth was 12.5%.

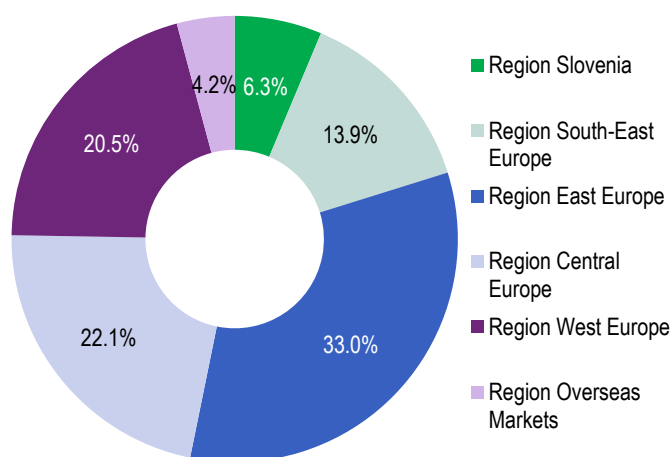
Performance ratios



Performance ratios are in line with the Krka Group's key strategic objectives.

Krka Group 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
Total	1,798,969	1,708,542	105



In 2023, the Krka Group generated €1,799.0 million revenue from contracts with customers on sales of products and services, an increase of €90.4 million or 5% on the 2022 results. We recorded sales growth in most sales markets.

Region East Europe recorded the highest sales, €594.0 million or 33.0% of total Krka Group sales, down 5% year on year. In the Russian Federation, we made €346.8 million in product sales, a 10% drop on 2022. Sales growth denominated in the Russian rouble was by 15% higher than in 2022, while sales volume increased by 7%. The difference between the euro and the rouble sales indices resulted from the considerable

depreciation of the rouble. We pay special attention to Russian rouble risk management. The reduced availability of financial instruments saw us focus on natural risk mitigation methods of currency exposure in 2023. Last year, we manufactured more than 77% of all Krka products on demand in the Russian Federation in our subsidiary Krka-Rus. We recorded growth in all other regional markets, except Ukraine and Turkmenistan. In Ukraine, product sales totalled €83.4 million, down 12% on 2022.

Region Central Europe followed with sales of €397.1 million or 22.1% of total Krka Group sales. We reached 9% year-on-year growth. Poland, the leading market in the region, generated product sales of €180.8 million and recorded 8% growth. In Czechia, product sales increased by 9% to €60.9 million and in Hungary by 11% to €52.3 million. We increased sales also in all other countries in the region.

Region West Europe ranked third in terms of sales with €369.6 million or 20.5% of total Krka Group sales. Year on year, sales were up 13%. The region's largest market was Germany, where product sales totalled €105.9 million and reached 20% growth. It was followed by the Scandinavia, Portugal, and Italy. Germany, the Scandinavian countries, Portugal, and the United Kingdom recorded strongest absolute growth in sales.

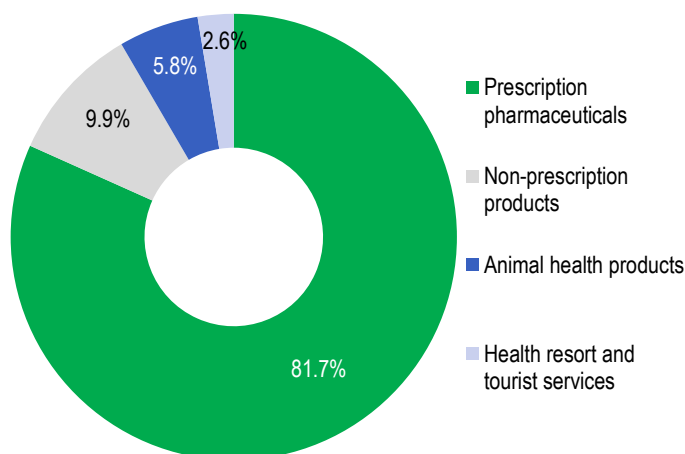
Product sales in Region South-East Europe amounted to €249.3 million, up 11% on 2022, accounting for 13.9% of total Krka Group sales. Romania and Croatia remained our two leading markets in the region. We recorded the highest absolute sales growth in Romania, Serbia, and Croatia. We generated product sales of €72.4 million in Romania, reaching 15% growth, and €46.0 million in sales in Croatia, recording 12% growth. Sales increased in all markets in the region.

In Region Slovenia, sales of products and services totalled €113.8 million, accounting for 6.3% of total Krka Group sales. Sales grew by 10%. Product sales of €66.1 million constituted the bulk of sales total, recording 9% growth. Health resort and tourist services yielded €47.7 million, a 12% rise on 2022.

Region Overseas Markets accounted for a 4.2% share in total Krka Group sales and yielded €75.2 million in product sales, a 14% year-on-year climb.

Krka Group 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
Total	1,798,969	1,708,542	105



Sales of prescription pharmaceuticals totalled €1,469.4 million, up 6% on 2022, accounting for 81.7% of total Krka Group product and service sales. We increased sales in all regions, except Region East Europe, ranging as follows: 14% Region Overseas Markets; 14% Region West Europe; 13% Region South-East Europe; 8% Region Slovenia; and 8% Region Central Europe.

Among our ten largest individual markets, sales growth of prescription pharmaceuticals was the highest in Germany, Poland, Romania, and Scandinavia, and among our other markets in the United Kingdom. Top-ranking therapeutic classes of prescription pharmaceuticals

included cardiovascular agents, central nervous system agents, gastrointestinal tract medicines, and pain relievers.

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

- perindopril (Prenessa, Co-Prenessa, 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 (Karbis, Karbicombi, Kandoset); and
- naproxen (Nalgesin).

Sales of non-prescription products totalled €177.3 million, down 3% on 2022, accounting for 9.9% of total Krka Group sales. Depreciation of the Russian rouble caused the drop in sales value. Sales volume of non-prescription products in the Russian Federation, however, saw a 5% increase. In 2023, we recorded the highest sales increases in Uzbekistan, Slovenia, and Czechia. Septolete, Nalgesin, Herbion, and Septanazal were our most important non-prescription product brands in terms of sales.

Sales of animal health products grew by 12% and amounted to €104.6 million (5.8% of total sales). Sales generated in the Russian Federation, Poland, and Germany contributed most to the growth. The combination of milbemycin and praziquantel (Milprazon) was our best-selling animal health product. It was followed by products containing fipronil (Fypryst, Fypryst Combo), selamectin (Selehold), enrofloxacin (Enroxil), and products combining pyrantel and praziquantel (Dehinel, Dehinel Plus).

Products are marketed under different brands in individual markets.

Health resort and tourist services yielded €47.7 million, up 12% on 2022 (2.6% of total sales). We recorded 336,174 overnight stays, a 4% year-on-year increase.

Research and development

In 2023, we expanded our product range with fourteen new products, including ten new prescription pharmaceuticals, two additions to our portfolio of consumer health products and food supplements, and two veterinary medicines.

- We obtained marketing authorisations for three new single-pill combinations of angiotensin II receptor blockers and a diuretic: Valsacor-inda (valsartan/indapamide) modified-release tablets, Telmista-amlo H (telmisartan/amlodipine/hydrochlorothiazide) tablets, also approved as Tolutris, Tolvecamo, and Tolvecom, and Telinstar (telmisartan/indapamide) modified-release tablets. The three medicinal products are innovative single-pill combinations that optimise treatment for patients with hypertension.
- In European markets, we added medicinal products for the treatment of diabetes to our portfolio. Marketing authorisations were granted for Dagrafors (dapagliflozin) film-coated tablets and Empagliflozin Krka (empagliflozin) film-coated tablets. Both products effectively reduce glycosylated haemoglobin levels while also exhibiting positive effects on the cardiovascular system and kidney function.
- Antithrombotic agent Daxanlo (dabigatran), on certain markets also approved under the brand name Danengo, is used for the prevention of atherothrombotic and thromboembolic events in adults with various cardiovascular diseases. Dabigatran is available in hard capsules in three different strengths and is the drug of choice for preventing venous thromboembolism after hip or knee replacement.
- In China, we obtained marketing authorisation for rivaroxaban film-coated tablets. The medicine prevents atherothrombotic events in adults with cardiovascular diseases. It is an advanced anticoagulant, providing an effective and safe therapy for cardiovascular patients and improving their quality of life. A medicine containing perindopril tert-butylamine, another cardiovascular agent, was also approved. Perindopril, an active substance widely researched in clinical trials, is the drug of choice for treating hypertension, heart failure, and coronary heart disease. The medicine containing gliclazide in the form of modified-release tablets was also approved. It effectively reduces blood glucose levels in diabetes 2 patients.
- We obtained a Certificate of Suitability to the monograph of the *European Pharmacopoeia* (CEP) for a quinolone antibiotic norfloxacin, the active ingredient incorporated in Krka Nolicin film-coated tablets.
- Magnezij Krka DIREKT powder, intended for direct use, is a food supplement containing 250 mg of magnesium and group B vitamins that contribute to reducing tiredness and exhaustion and normal nervous system functioning. Our product does not contain preservatives, artificial colouring agents, flavours, sweeteners, gluten, or lactose.
- Harntee TAD is a food supplement containing dry extracts of birch leaf, golden rod, and Java tea. It is available as a powder for solution. The upgraded product does not contain preservatives, artificial colouring agents, flavours, sweeteners, gluten, or lactose, and supports normal urinary tract function.
- Our portfolio of companion animal health products was expanded by Arocenia (maropitant) solution for injection for cats and dogs. The agent acts on the central nervous system, reducing nausea and preventing vomiting after surgery and chemotherapy, thus improving post-operative recovery.
- We concluded the first generic decentralised procedure (DCP) for Robexera (robenacoxib) chewable tablets for dogs, available in four strengths, and approved as Rogiola in certain countries. The product contains a nonsteroidal anti-inflammatory active substance from the coxib class. It is used to relieve pain and treat chronic osteoarthritis inflammation and to control inflammation and pain after soft tissue surgical procedures.

We finalised 698 marketing authorisation procedures, including 497 prescription pharmaceuticals and nine non-prescription products, thereby making medications more accessible to patients across various markets. In the animal health segment, we finalised 192 procedures, primarily expanding our product portfolio for companion animals.

We filed eleven patent applications for new technological solutions we evaluated as innovations at the global ranking level. Based on priority applications from 2022, we filed seven international and two European patent applications. We were granted six patent rights in various countries. Overall, more than 200 valid patents protect Krka's technological solutions.

We filed 72 applications for Krka trademarks in Slovenia. We also filed 48 international and 17 national trademark applications. In total, we have registered more than 1,100 trademarks in various countries.

Investments

In 2023, the Krka Group allocated €131.9 million to investments, of that €111.8 million to the controlling company.

We upgraded water supply systems and automated washing systems in Notol, our plant for production of solid dosage forms in Novo mesto, Slovenia. This year, we are finishing the replacement of packaging lines. We also plan to increase tablet compression capacities at Notol and Notol 2 and upgrade and increase granulation capacities.

The investment in additional capacities for compression mixture preparation and granulation in the tablet compression process and in logistic capacities at the Solid Dosage Products plant (Slovene: OTO) in Novo mesto (Slovenia) is drawing to a close.

We completed the investment in room refurbishment in our development-and-control laboratories in Novo mesto (Slovenia). We obtained additional rooms for laboratories and managing samples and packaging materials.

We increased capacities for granulation and packaging at the Ljutomer plant, Slovenia.

We installed a new filling line for animal health products in the Powders and Solutions at the Bršljin Department in Novo mesto, Slovenia.

At Beta Šentjernej plant, Slovenia, we upgraded the systems and equipment, and increased the production capacity.

Construction of a new multi-purpose building called Paviljon 3 is drawing to a close in Ločna, Novo mesto, Slovenia. The building design incorporates our microbiology laboratory extension and additional rooms for Supply Chain Management and other organisational units. We also built a fire-water retention basin.

We are increasing production capacities for solid forms of animal health products in the production and distribution centre in Jastrebarsko, Croatia.

We obtained the integral building permit for our plant in Krško, Slovenia, comprising the Sinteza 2 API production plant, laboratories for chemical analyses (Slovene: Kemijsko-analitski center), the liquid raw materials warehouse, and the wastewater treatment plant, based on project documentation and an environmental impact assessment. We are still in the process of obtaining the environmental protection and chemical safety (SEVESO) permit. At the end of 2023, we started construction of a technologically advanced wastewater treatment plant, but intend to postpone the construction of other buildings for a few years.

In consideration of the Krka Group's long-term development, we purchased several real estates in the industrial zone of Cikava in Novo mesto, Slovenia, on 23 hectares.

Employees

At the end of 2023, the Krka Group employed 11,780 people, of whom 45% or 5244 worked outside Slovenia. Of all employees, 51% have at least university-level qualifications, and of whom, 204 hold a doctoral degree. Including agency workers, the Krka Group had 12,753 employees.

Investor and share information

In 2023, the Krka share price increased by 19.6%, reaching €110.00 as at 31 December 2023. Shareholders received a dividend of €6.60 per share, up 17% year on year. Considering the share price at the end of 2023, this constitutes a 6% annual dividend yield.

At the end of the year, Krka had 47,172 shareholders, on par with year-end 2022. The shareholder structure of Krka is stable, composed of domestic retail investors in 41.1% and foreign investors in 20.5%, and was subject to no major changes last year.

In 2023, we repurchased 130,117 treasury shares. On 31 December 2023, Krka held 1,915,966 treasury shares, accounting for 5.843% of the share capital.

Sustainable operations

The Supervisory and Management Boards adopted the revised *ESG Policy of the Krka Group* and strategic goals in key sustainability areas. Sustainability and ESG goals were fully incorporated into the *2024–2028 Krka Group Development Strategy* for the first time.

On 24 November 2023, Krka scored 50 out of 100 in the 2023 S&P Global Corporate Sustainability Assessment (CSA) performed by S&P Global, the international credit and ESG rating agency. As at the date, Krka's score ranked among the top 10% in the pharmaceutical industry.



We have undertaken activities to implement the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), further upgrading sustainability reporting and governance approaches in key sustainability areas. Sustainability reporting will be subject to external audit in 2024.

Establishment of joint venture in India

On 25 January 2024, Krka informed investors it reached an agreement with an Indian company Laurus Labs Ltd., to establish a joint venture, Krka Pharma Pvt. Ltd. in Hyderabad, India. According to the agreement, Krka holds a 51% stake and Laurus a 49% stake in the new company.

Krka and Laurus have been contractual partners for years and their businesses complement each other. After discussing the opportunities to strengthen their cooperation and synergies by combining knowledge and resources, the two partners have agreed to establish the new company and develop it gradually. The joint venture will develop a plan to enter the Indian market and other markets outside the European Union where neither party is currently present with its finished products.

The registered capital of the newly established company amounts up to €50 million in Indian rupees. Krka and Laurus agreed to subscribe the registered capital in stages, depending on the financing needs. The joint venture will develop its business activities step by step.