



**2021 Unaudited Consolidated
Financial Statements of the Krka Group and
Unaudited Financial Statements of
Krka, d. d., Novo mesto
with Relevant Notes**

Novo mesto, March 2022

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Based on the provisions of the *Ljubljana Stock Exchange Rules* and Article 17 of the Regulation (EU) No 569/2014, Krka, d. d., Novo mesto hereby presents

2021 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP AND UNAUDITED FINANCIAL STATEMENTS OF KRKA, D. D., NOVO MESTO WITH RELEVANT NOTES

Unaudited consolidated financial statements of the Krka Group and unaudited financial statements of Krka, d. d., Novo mesto for 2021, and comparative data for 2020 have been prepared in accordance with the *International Financial Reporting Standards* (IFRS). The 2020 comparative statements have been audited.

Krka, d. d., Novo mesto has no authorised capital and has not made a conditional share capital increase.

Krka Group at a Glance

Krka, d. d., Novo mesto (hereinafter the Company, Krka, or the controlling company) is the controlling company of the Krka Group, which comprised the following companies as at 31 December 2021:

	Ownership share of the controlling company 31 Dec 2021 (%)
TERME KRKA, d. o. o., Novo mesto	100
KRKA-FARMA d.o.o., Zagreb, Croatia	100
KRKA ROMANIA S.R.L., Bucharest, Romania	100
KRKA-FARMA DOO BEOGRAD, Belgrade, Serbia	100
KRKA-FARMA DOOEL Skopje, Skopje, North Macedonia	100
KRKA Bulgaria EOOD, Sofia, Bulgaria	100
KRKA FARMA d.o.o., Sarajevo, Sarajevo, Bosnia and Herzegovina	100
KRKA HELLAS E.P.E., Athens, Greece	100
KRKA-RUS LLC, Istra, Russian Federation	100
KRKA FARMA LLC, Istra, Russian Federation	100
KRKA UKRAINE LLC, Kiev, Ukraine	100
LLC 'KRKA Kazakhstan', Almaty, Kazakhstan	100
KRKA - POLSKA Sp. z o.o., Warsaw, Poland	100
KRKA ČR, s. r. o., Prague, Czech Republic	100
KRKA Magyarország Kft., Budapest, Hungary	100
KRKA Slovensko, s.r.o., Bratislava, Slovakia	100
UAB KRKA Lietuva, Vilnius, Lithuania	100
SIA KRKA Latvija, Riga, Latvia	100
TAD Pharma GmbH, Cuxhaven, Germany	100
Krka Sverige AB, Stockholm, Sweden	100
KRKA Pharma GmbH, Wien, Vienna, Austria	100
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	100
KRKA FARMACÉUTICA, S.L., Madrid, Spain	100
KRKA Farmaceutici Milano S.r.l., Milan, Italy	100
KRKA France Eurl, Paris, France	100
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	100
KRKA Belgium, SA, Brussels, Belgium	100
KRKA Finland Oy, Espoo, Finland	100
KRKA UK Ltd, London, United Kingdom	100
123 Acurae Pharma GmbH, Cuxhaven, Germany	100
KRKA USA LLC, Wilmington, USA	100
Ningbo Krka Menovo Pharmaceutical Company Limited, Ningbo, PRC	60

As at 31 December 2021, the subsidiary Terme Krka, d. o. o. held a 100-percent interest in Golf Grad Otočec, d. o. o., while the subsidiary Krka France Eurl held a 100-percent interest in HCS bvba in Belgium. The Chinese company Ningbo Menovo Pharmaceutical Co. Ltd. owns 40% of Ningbo Krka Menovo Pharmaceutical Co. Ltd.

Financial Highlights

€ thousand	Krka Group			Company		
	2021	2020	Index 2021/20	2021	2020	Index 2021/20
Revenue	1,565,802	1,534,941	102	1,381,367	1,447,112	95
– Of that revenue from contracts with customers (products and services)	1,560,288	1,529,959	102	1,211,494	1,222,011	99
Gross profit	891,208	911,325	98	766,535	823,007	93
EBITDA	463,625	502,432	92	358,188	424,028	84
EBIT ¹	354,788	390,744	91	273,325	338,882	81
EBT	362,417	338,992	107	285,956	297,831	96
Net profit	308,150	288,949	107	245,216	258,474	95
Effective tax rate	15.0%	14.8%		14.2%	13.2%	
R&D expenses	154,559	153,447	101	150,232	150,727	100
Investments	66,386	76,613	87	49,493	61,311	81
	31 Dec 2021		31 Dec 2020		Index 2021/20	
Non-current assets	1,075,747	990,998	109	1,095,419	1,032,949	106
Current assets	1,461,936	1,244,544	117	1,332,521	1,175,430	113
– Inventories	455,707	453,690	100	394,323	389,178	101
– Trade receivables	467,764	383,560	122	424,588	415,286	102
– Cash and cash equivalents	159,838	313,568	51	144,981	296,398	49
Equity	1,919,085	1,751,812	110	1,876,142	1,791,850	105
Non-current liabilities	162,674	172,796	94	128,783	136,380	94
Current liabilities	455,924	310,934	147	423,015	280,149	151
– Trade payables	130,011	107,116	121	178,143	143,294	124
RATIOS	2021	2020	2021	2020		
Gross profit margin	56.9%	59.4%	55.5%	56.9%		
EBITDA margin	29.6%	32.7%	25.9%	29.3%		
EBIT margin	22.7%	25.5%	19.8%	23.4%		
EBT margin	23.1%	22.1%	20.7%	20.6%		
Net profit margin (ROS)	19.7%	18.8%	17.8%	17.9%		
Return on equity (ROE) ²	16.8%	16.9%	13.4%	15.0%		
Return on assets (ROA) ³	12.9%	13.1%	10.6%	11.9%		
Liabilities/Equity	0.322	0.276	0.294	0.232		
R&D expenses/Revenue	9.9%	10.0%	10.9%	10.4%		
NUMBER OF EMPLOYEES	2021	2020	2021	2020		
Year-end	11,511	11,677	6,228	6,191		
Average	11,581	11,631	6,204	6,005		
SHARE INFORMATION	2021	2020	Index 2021/20			
Total number of shares issued	32,793,448	32,793,448	100			
Earnings per share (EPS) in € ⁴	9.92	9.27	107			
Dividend per share in €	5.00	4.25	118			
Closing price at the end of the period in € ⁵	118.00	91.40	129			
Price/Earnings ratio (P/E)	11.90	9.86	121			
Book value in € ⁶	58.52	53.42	110			
Price/Book value (P/B)	2.02	1.71	118			
Market capitalisation in € thousand (31 Dec)	3,869,627	2,997,321	129			

¹ The difference between operating income and expenses

² 4 Net profit/Average shareholders' equity in the year

³ Net profit/Average total asset balance in the year

⁴ Profit for the year attributable to equity holders of the controlling company/Average number of shares issued in the year, excluding treasury shares

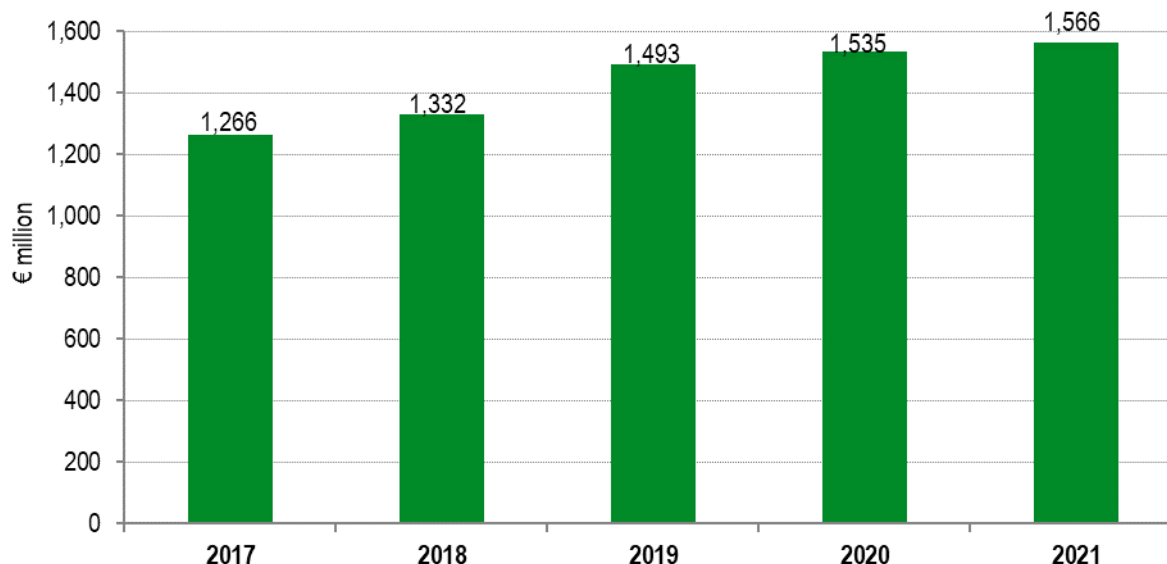
⁵ Share price on the Ljubljana Stock Exchange

⁶ Equity as at 31 Dec/Total number of shares issued

Business Performance

Operating Income

Krka Group Sales



In 2021, the Krka Group generated €1,565.8 million in sales, up 30.9 million or 2% on 2020. Revenue from contracts with customers on sales of products and services amounted to €1,560.3 million, while other revenue from contracts with customers on sales of material and other sales revenue constituted the difference. Over the past five years, average annual sales growth reached 5.9% in terms of value, which is in line with the planned strategic objective of at least 5% average sales growth annually.

Other operating income of the Krka Group amounted to €11.4 million.

Operating Expenses

The Krka Group operating expenses totalled €1,222.4 million, up €67.7 million or 6% on 2020.

The Krka Group operating expenses comprised costs of goods sold amounting to €674.6 million, selling and distribution expenses of €305.9 million, R&D expenses of €154.6 million, and general and administrative expenses totalling €87.4 million. Operating expenses accounted for 78% of sales revenue.

Costs of goods sold, which increased by 8% on 2020, represented the largest item in the Krka Group operating expense structure. Expressed as a percentage of sales, they accounted for 43.1% in 2021 and 40.6% in 2020. Selling and distribution expenses rose by 5% on 2020 and accounted for 19.5% of total sales, 0.5 percentage points more than in 2020. R&D expenses accounted for 9.9% of total sales, down 0.1 percentage points compared to 2020 and up 1% year on year. General and administrative expenses amounted to 5.6% of total sales, a 1% increase on 2020. When expressed as a proportion of sales, however, they remained at the 2020 level.

Financial Income and Expenses

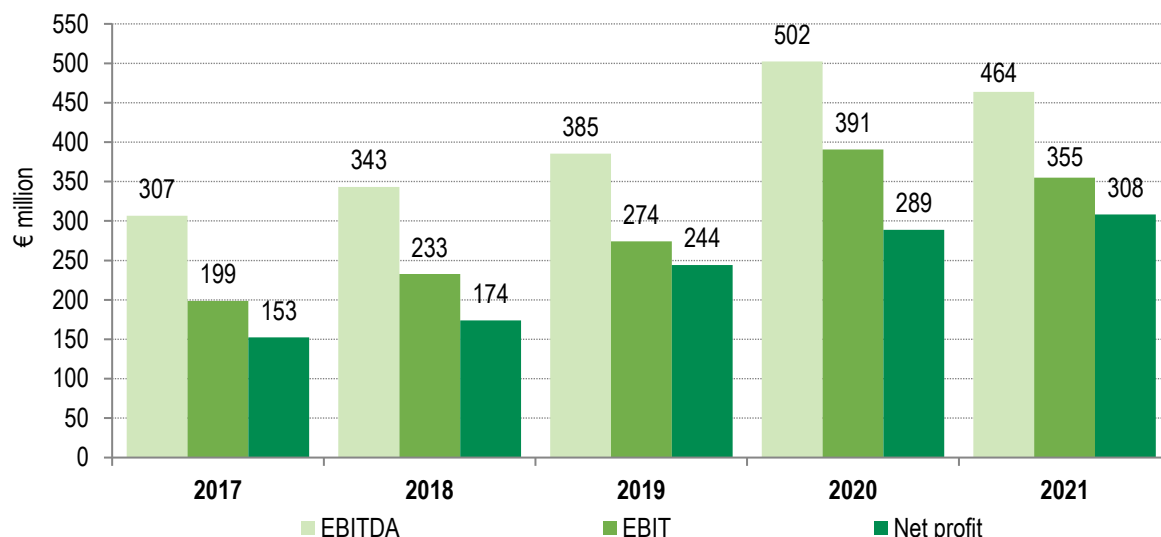
The Krka Group operates in diverse international environments and is exposed to foreign exchange risks in certain sales and purchase markets. The currency risk balance was positive, totalling €7.7 million in 2021 on the Group level.

The Krka Group financial income comprised net foreign exchange gains of €15.1 million, derivatives income of €3.0 million, interest income of €0.8 million, income from dividends and other profit shares of €0.7 million, and other

financial income of €0.1 million. Financial expenses comprised of derivatives expenses of €10.5 million, interest expenses of €0.5 million, and other financial expenses of €1.1 million.

Operating Results

EBITDA, EBIT, and Net Profit of Krka Group



The Krka Group's EBIT amounted to €354.8 million, down 9% on 2020. The drop is attributable to relatively higher growth of operating expenses compared to 2020, when the COVID-19 pandemic had a stronger impact. The Krka Group's EBITDA amounted to €463.6 million, down 8%.

In 2021, the Krka Group's profit before tax rose by €23.4 million or 7% to €362.4 million. The Krka Group's effective tax rate was 15.0%. The Krka Group recorded net profit of €308.2 million, a €19.2 million or 7% climb on 2020.

Over the last five years, the Krka Group recorded average annual growth of EBIT at 23.7%, average annual growth of EBITDA at 15.2%, and average annual growth of net profit at 23.2%. The five-year EBIT margin average was 19.9%, EBITDA margin average 27.6%, and net profit margin average 16.0%.

Equity and Liabilities

€ thousand	Krka Group					Company				
	2021	Share (%)	2020	Share (%)	Index 2021/20	2021	Share (%)	2020	Share (%)	Index 2021/20
Equity	1,919,085	75.6	1,751,812	78.4	110	1,876,142	77.3	1,791,850	81.1	105
Non-current liabilities	162,674	6.4	172,796	7.7	94	128,783	5.3	136,380	6.2	94
Current liabilities	455,924	18.0	310,934	13.9	147	423,015	17.4	280,149	12.7	151
Total equity and liabilities	2,537,683	100.0	2,235,542	100.0	114	2,427,940	100.0	2,208,379	100.0	110

As at 31 December 2021, the Krka Group equity increased by €167.3 million or 10% on year-end 2020. The rise was attributable to the Krka Group's net profit totalling €308.2 million, other comprehensive income net of tax totalling €25.1 million, and acquisition of non-controlling interests valued at €5.2 million. Equity declined owing to dividend payout of €155.9 million and repurchase of treasury shares of €15.3 million.

The Krka Group's provisions totalled €126.2 million (of which post-employment and other non-current employee benefits accounted for €124.3 million, provisions for lawsuits €0.6 million, and other provisions €1.3 million). They fell by €8.5 million or 6% in comparison to the end of 2020. Provisions for post-employment and other non-current employee benefits declined by €6.0 million, provisions for lawsuits by €1.6 million, and other provisions by €1.0 million.

Among the Krka Group's current liabilities, trade payables grew by €22.9 million (of which payables to suppliers abroad by €14.4 million and payables to domestic suppliers by €8.5 million). Current liabilities from contracts with customers rose by €18.4 million (of which bonuses and volume rebates by €15.7 million and contract liabilities by €3.5 million, while right of return decreased by €0.8 million). Other current liabilities climbed by €111.7 million, of which liabilities from repurchase agreements (repo) by €102.2 million, payables to employees by €6.3 million, and other liabilities by €3.1 million.

Cash Flow Statement

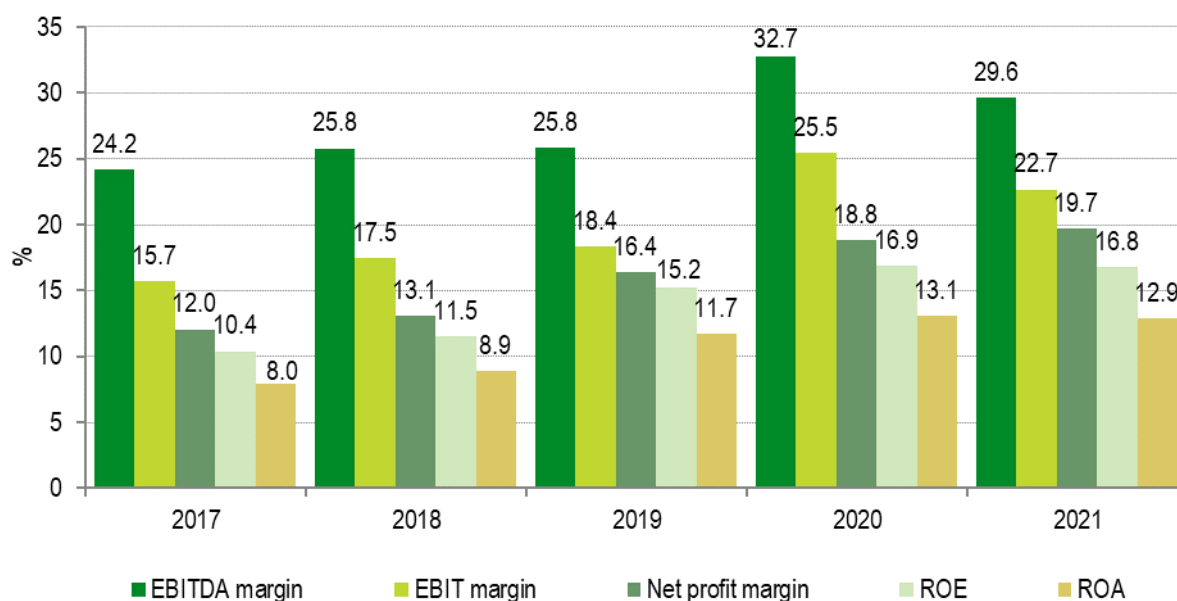
€ thousand	Krka Group		Company	
	2021	2020	2021	2020
Net cash from operating activities	386,097	360,759	348,239	352,510
Net cash from investing activities	-372,637	-109,594	-338,401	-87,552
Net cash from financing activities	-169,850	-154,609	-163,901	-162,301
Net change in cash and cash equivalents	-156,390	96,556	-154,063	102,657

Net change in cash and cash equivalents (exclusive of exchange rate fluctuations) of the Krka Group totalled -€156.4 million in 2021, since the positive cash flow from operating activities was lower than the negative cash flows from investing and financing activities.

The Krka Group generated profit from operating activities before changes in net current assets totalling €485.1 million. Changes in current assets that positively influenced cash flow included changes in trade payables and other current liabilities, while changes in trade receivables, inventories, provisions, and deferred revenue had a negative impact.

Negative cash flows from investing activities of €372.6 million were primarily accrued due to net payments in connection with loans amounting to €162.5 million, net payments in connection with investments totalling €134.6 million, and acquisition of property, plant and equipment accounting for €65.9 million. Negative cash flows from financing activities totalling €169.9 million primarily resulted from payouts of dividends and other profit shares of €155.9 million and repurchased treasury shares of €15.3 million.

Performance Ratios



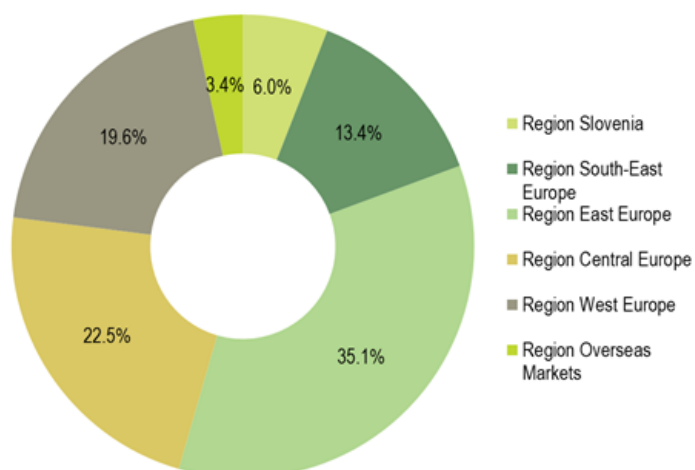
All Krka Group performance ratios are among the best in the past five years.

Sales

Krka Group Product and Service Sales by Region

€ thousand	2021	2020	Index 2021/20
Region Slovenia	92,880	85,138	109
Region South-East Europe	209,166	199,406	105
Region East Europe	547,778	517,231	106
Region Central Europe	351,501	341,463	103
Region West Europe	305,246	341,057	89
Region Overseas Markets	53,717	45,664	118
Total	1,560,288	1,529,959	102

Krka Group Product and Service Sales by Region



In 2021, the Krka Group generated €1,560.3 million revenue from contracts with customers on sales of products and services, an increase of €30.3 million or 2% on the 2020 results.

All sales regions recorded sales growth, except Region West Europe. We increased our sales volume by a good 2%, to more than 16 billion of tablets, capsules, and bottles of syrup.

Region East Europe generated €547.8 million, accounting for 35.1% of Krka Group's sales total and was the largest region in terms of sales. Sales increased by 6% year on year. In the Russian Federation, we made €332.9 million in product sales, a 2% rise on 2020. Sales growth denominated in the Russian rouble reached 9%. In Ukraine, product sales added up to €96.4 million resulting in 12% growth. In Uzbekistan, our sales of products totalled €31.2 million, an 18% year-on-year increase. We also recorded growth in all other regional markets, except in Armenia and Tajikistan.

Region Central Europe, comprising the Visegrad Group and the Baltic states, followed with sales at €351.5 million, or 22.5% of total Krka Group sales. We recorded 3% growth compared to the year before. Poland, the leading market, generated product sales of €166.7 million and recorded 2% growth. Sales growth denominated in the zloty reached 5%. Sales grew in all countries of the region. Absolute growth was the highest in Poland, and relative in Latvia.

Region West Europe made €305.2 million, accounting for a 19.6% share, and was the third largest Krka Group region in terms of sales. Sales saw an 11% drop on the year before, primarily due to price pressure and fewer product launches. Germany generated the strongest sales, totalling €80.3 million. It was followed by the Scandinavian countries, France, Italy, and Portugal. We recorded the highest sales growth in Ireland (13%), the United Kingdom (9%), and Austria (6%).

Product sales in Region South-East Europe amounted to €209.2 million, 5% more than in 2020, and constituted 13.4% of total Krka Group sales. Romania, which generated sales of €58.6 million, and Croatia, with €36.1 million in sales, remained our two leading markets in the region. We recorded the highest relative sales growth in North Macedonia, Serbia, and Bulgaria.

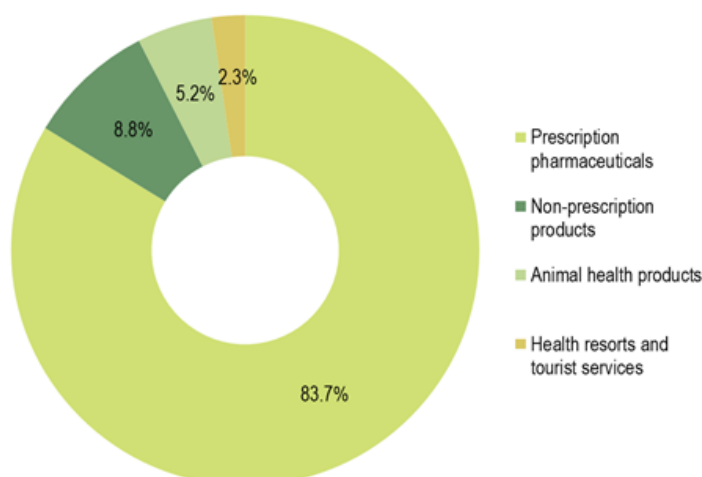
In Slovenia, sales reached €92.9 million, accounting for 6% of total Krka Group sales. Sales grew by 9%. Product sales of €56.4 million constituted the bulk of sales total, recording 2% growth. Health resorts and tourist services yielded €36.5 million, a 23% rise on 2020.

Region Overseas Markets accounted for a 3.4% share in total Krka Group sales and yielded €53.7 million in product sales, an 18% year-on-year climb. We achieved sales growth in most markets of the region.

Krka Group Sales by Product and Service Group

€ thousand	2021	2020	Index 2021/20
Human health	1,442,566	1,424,292	101
– Prescription pharmaceuticals	1,305,316	1,300,640	100
– Non-prescription products	137,250	123,652	111
Animal health products	81,257	75,913	107
Health resorts and tourist services	36,465	29,754	123
Total	1,560,288	1,529,959	102

Krka Group Sales by Product and Service Group



The Krka Group sales of prescription pharmaceuticals totalled €1,305.3 million, up 0.4% on 2020, accounting for 83.7% of total product and service sales. Sales increases were recorded by all regions, except Region West Europe, ranging as follows:

- 21% Region Overseas Markets;
- 6% Region South-East Europe;
- 4% Region East Europe;
- 4% Region Central Europe; and
- 2% Region Slovenia.

Of our ten largest individual markets, relative sales growth of prescription pharmaceuticals was the highest in Ukraine, the Czech Republic, and Slovakia; and of our other markets in the Middle East, Mongolia, Uzbekistan, and Belarus.

In 2021, top-ranking prescription pharmaceuticals included medicines for treating cardiovascular diseases, the central nervous system, and gastrointestinal tract.

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

- valsartan (Valsacor, Valsacombi, Vamloset, Co-Vamloset, Valarox);
- perindopril (Prenessa, Co-Prenessa, Amlessa, Co-Amlessa, Roxiper, Roxampex);
- losartan (Lorista, Lorista H, Lorista HD, Tenloris);
- atorvastatin (Atoris);
- pantoprazole (Nolpaza);
- rosuvastatin (Roswera, Co-Roswera);
- esomeprazole (Emanera);
- enalapril (Enap, Enap H, Enap HL, Elnap);
- candesartan (Karbis, Karbicombi, Kandoset); and
- tramadol (Doreta, Tadol).

All pharmaceuticals listed above are marketed under different brand names in individual countries.

Sales of non-prescription products totalled €137.3 million, an 11% rise on 2020, accounting for 8.8% of total sales. Last year, on the back of the COVID-19 pandemic and the related measures, sales of non-prescription products dropped. Coughs and colds picked up again in the second half of 2021, spurring an increase in cough-and-cold product sales, our most important group of non-prescription products.

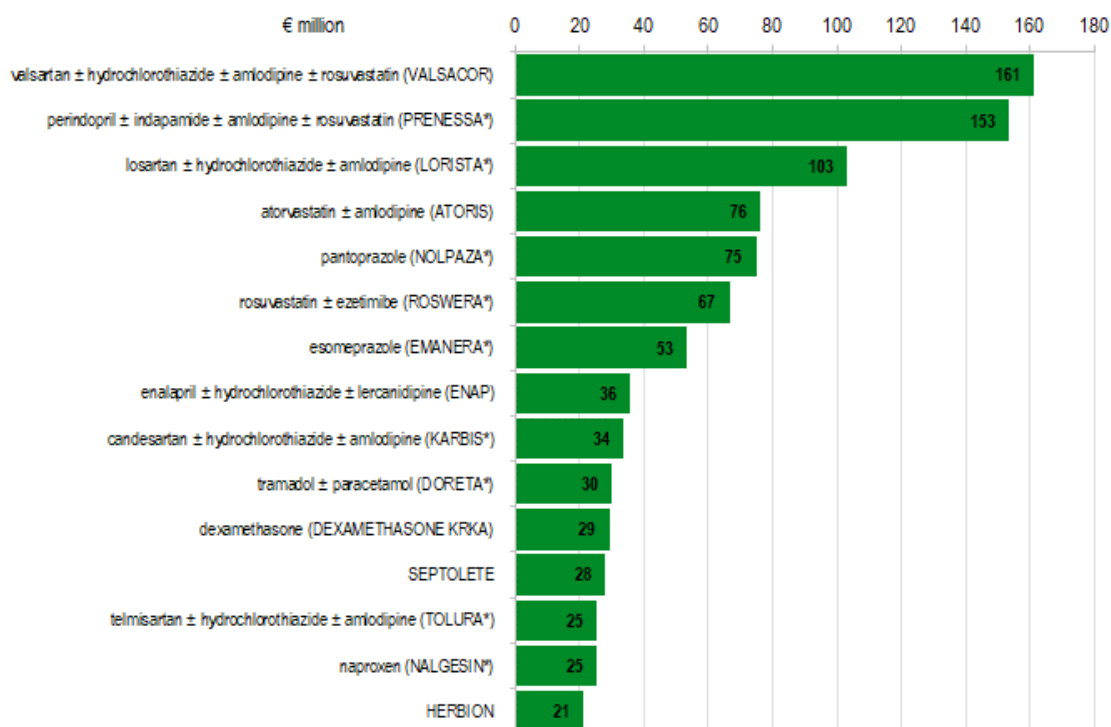
Sales of animal health products grew by 7% and amounted to €81.3 million (5.2% of total sales). The combination of milbemycin and praziquantel (Milprazon) was our best-selling animal health product in 2021. It was followed by products containing:

- fipronil (Fypryst, Fypryst Combo);
- enrofloxacin (Enroxil);
- florfenicol (Floron); and
- pyrantel/praziquantel (Dehinel, Dehinel Plus).

Products may be marketed under different brand names in individual markets.

Sales of health resorts and tourist services totalled €36.5 million, up 23% on 2020 (2.3% of total sales).

2021 Sales of Main Products



Sales of main products are presented by the main active ingredient. Combination medicines that incorporate this active ingredient are also included.

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

Research and Development

We were granted marketing authorisations for 16 new products, of that 14 prescription pharmaceuticals, and two animal health products. We completed more than 200 registration procedures, obtaining more than 1,000 marketing authorisations for various products.

In 2021, we filed twelve patent applications for new technological solutions we had developed and evaluated them as inventions at the global ranking level. Based on priority applications from 2020, we submitted four international patent applications. We were granted three patent rights in various countries. More than 200 valid patents protect our technological solutions.

We filed 42 applications for Krka trademarks in Slovenia. We also filed 29 international and 27 national trademark applications. More than 1,100 trademarks are registered in several countries.

New Prescription Pharmaceuticals

In 2021, we obtained marketing authorisations for 14 new products, and introduced established products to new markets with first authorisations. In the EU member states, we were granted more than 500 new marketing authorisations.

We developed and obtained marketing authorisations for Aboxoma (apixaban) film-coated tablets, also marketed as Abidalo, a medicine with our new molecule, from our important new therapeutic area of antithrombotic agents. It is used for prevention of atherothrombotic events in adults with cardiovascular diseases. The model of vertical integration was followed in its production. API synthesis and formulation development were results of our in-house expertise. The API and finished product are manufactured at our own production plants. We manage and connect all development and manufacturing processes by applying our know-how and hence ensure continuous supply of and therapy with this advanced antithrombotic agent.

We added a product based on a new perindopril salt to our group of cardiovascular agents. Perindopril is our key API. Two perindopril arginine-based products were approved: monotherapy Prenessa (perindopril arginine) tablets, on markets also available as Prenessa Neo, Prenessa-As, Neoprenessa, Arprenessa, or Perineva; and a fixed-dose combination Neoprenewel, also marketed as Prenewel Neo, Co-Prenessa, Prenessa-As, Coarprenessa, Co-Perineva (perindopril arginine/indapamide) tablets. Production of our perindopril arginine also follows the model of vertical integration. The development and production result from our own know-how and take place in Krka-owned facilities. As we manage all processes from the development to marketing, we are able to respond quickly and ensure availability of perindopril products on our markets.

Marketing authorisations were granted for the cholesterol lowering agent based on our own optimised active ingredient, Ezoleta (ezetimibe) tablets. Based on new scientific studies, we improved the process of API synthesis. We synthesise the API in our premises.

We continued obtaining new marketing authorisations for our products in China. We completed documentation for several products by adding results of additional research and clinical trials done in compliance with the requirements of Chinese regulatory bodies, hence enabling new registration procedures to begin. We obtained marketing authorisations for three cardiovascular agents, atorvastatin, rosuvastatin, and losartan, all in tablets.

We are rapidly entering the area of antidiabetics, which is expected to become one of our major therapeutic areas. We extended our portfolio with a new fixed-dose combination Vimetso (vildagliptin/metformin) film-coated tablets, marketed also as Vildakombi. The two active ingredients exert synergistic action, regulate blood sugar levels, and help increase postprandial insulin levels in adult patients with type 2 diabetes. The agent is made according to the vertically integrated production model and incorporates vildagliptin, an API manufactured in-house. We also developed a patent-independent formulation. We plan to ensure uninterrupted supplies of the finished product to our markets by managing development and manufacturing procedures.

We added Apeneta (tapentadol) prolonged-release tablets, also marketed as Adoben, to our analgesic range. Tapentadol is an opioid analgesic and is used to treat various types of severe chronic pain in adults. The medicine is made according to the vertically integrated production model and is the result of in-house API synthesis and dosage form development. We were granted marketing authorisations for the product under the Decentralised Procedure (DCP) as the first generic manufacturer. We manufacture the medicine in our own facilities to provide for uninterrupted finished product market supply and availability of therapy.

Another result of our own development is the approval of our analgesic combination Doreta (tramadol/paracetamol) dispersible tablets, a new dosage form. This opioid analgesic plays an important role in treating moderate to severe pain. Dispersible tablets can be taken whole or dissolved in water. The new dosage form ensures quick dissolution and is acceptable to the taste, which makes taking easier on the patient.

For the first time, we obtained marketing authorisations for two oncology agents, Abiraterone Krka (abiraterone) film-coated tablets and Sunitinib Krka (sunitinib) hard capsules. Sunitinib is indicated for the treatment of tumours of the stomach, pancreas, and kidneys, while abiraterone is used for the treatment of prostate cancer. We

manufacture Abiraterone Krka at our greenfield state-of-the-art production plant in Jastrebarsko (Croatia), dedicated to the production of highly active APIs.

In the Russian Federation, we obtained marketing authorisations for our oncology agent Lenalidomide (lenalidomide) hard capsules indicated for various types of blood cancer. Its key indication is maintenance treatment of multiple myeloma in adult patients. We ensured availability of this medicine based on new scientific studies by setting up an additional registered manufacturing site in the Russian Federation.

Our established antibiotic Hiconcil (amoxicillin) was approved in dispersible tablets, a new dosage form. It is indicated for the treatment of bacterial infections in adults and children. Thanks to the advanced dosage form, tablets can be taken whole or dissolved, making administration easier for the patient.

In the Region East Europe, we were granted nearly 100 new marketing authorisations. We entered regional markets with most advanced medicines. In Moldova, we were granted marketing authorisations for our antithrombotic agent Rivaroxia (rivaroxaban) film-coated tablets. We obtained marketing authorisations for Tadalafil Krka (tadalafil) film-coated tablets in the Russian Federation according to the product registration procedure applied by the Eurasian Economic Union, and extended our range of medicines for the treatment of erectile dysfunction.

In Belarus, we obtained marketing authorisations under the shortened procedure for Rivestar (rivastigmine) capsules and for Elicea (escitalopram) film-coated tablets; Duloxenta (duloxetine) hard gastro-resistant capsules; Kventiax (quetiapine) film-coated tablets; and Zalasta (olanzapine) tablets and hence prepared the grounds for this important therapeutic area of central nervous system agents in the region.

In the Region South-East Europe, we were granted 50 new marketing authorisations. The following medicines from two important therapeutic areas containing advanced APIs stood out: an antithrombotic agent Xerdoxo (rivaroxaban) in film-coated tablets; and two agents from the promising group of antidiabetics, Maysiglu (sitagliptin) film-coated tablets and the fixed-dose combination Maymetsi (sitagliptin/metformin) film-coated tablets.

We obtained more than 60 marketing authorisations in our Region Overseas Markets, making our generic medicines available to patients. In many countries of the Region Overseas Markets, we obtained marketing authorisations for most advanced medicines from various therapeutic areas. Among other, our advanced antimentia agent Memando (memantine) film-coated tablets and antipsychotic Aryzalera (aripiprazole) tablets were approved in Saudi Arabia. We obtained our first marketing authorisations in the United Arab Emirates for prescription pharmaceuticals as follows: two cardiovascular agents, Valsacor (valsartan) tablets and Valsaden (valsartan/hydrochlorothiazide) tablets; an antidiabetic agent Gliclada (gliclazide) prolonged-release tablets; and Vizarsin (sildenafil) orodispersible tablets for the treatment of erectile dysfunction.

We continued obtaining the Certificates of Suitability to the monographs of the European Pharmacopoeia (CEP) based on our own API preparation procedures for a hypolipemic rosuvastatin and rabeprazole for the treatment of stomach problems.

We adopted changed legislation on APIs and obtained CEPs for Krka's key APIs: perindopril erbumine, telmisartan, and clopidogrel. We achieve highest quality of API synthesis in all our production facilities by undertaking extra development and marketing authorisation activities, hence providing for continuous manufacture of finished products.

New Animal Health Products

We were granted marketing authorisations for two new farm animal health products. We extended indications and marketing opportunities for our key animal health product brands and obtained almost 180 new marketing authorisations in various countries.

We added a new fixed-dose combination Cladaxxa (amoxicillin/clavulanic acid) chewable tablets in three strengths to our range of products for companion animals. The product is indicated for the treatment of bacterial infections of the skin, gums, respiratory tract, urinary tract, and intestines in cats and dogs. We obtained marketing authorisations for the medicine for the first time, namely in the EU member states and North Macedonia.

Registration procedures were concluded for our new formulation of the fixed-dose combination of milbemyacin and praziquantel in film-coated tablets for dogs, on various markets available as Milprazon Chewable, Milprazon Plus, Amcofen, Mektix Chewable, and Milgusto Chewable. The improved palatability enhances voluntary uptake, reaching over 80% in dogs. This fixed-dose combination is an intestinal parasite dewormer. Thanks to its systemic mechanism of action, it at the same time prevents infestations with heartworms and eyeworms.

Investments

In 2021, the Krka Group allocated €66.4 million to investments, of that €49.5 million to the controlling company. We invested primarily to increase and technologically upgrade production facilities, development and quality management capacities. We also invested in our own production and distribution centres around the world.

In Ločna, Novo mesto, Slovenia, our state-of-the-art facility for manufacturing solid dosage forms, the Notol 2 Plant, has been in operation for several years. The growing need for production capacities has incited us to acquire additional technological equipment for the plant. The investment was estimated at €41 million, and we spent €8.5 million in 2021. When technologically equipped, its full manufacturing capacity is expected to reach 5 billion tablets and its full packaging capacity 8 billion tablets per year.

We intend to upgrade and renew the automated washing systems of the oldest section of the Notol Plant in compliance with the GMP guidelines. We are also making the project design for water systems estimated at €3.1 million. We plan to refurbish the packaging facility and replace the packaging lines with upgraded versions. The investment is estimated at €38.2 million.

We are investing €26 million in additional capacities in the Solid Dosage Form Production Plant for compression mixture preparation and granulation in the tablet pressing process, and in logistic capacities.

We are finishing several investments in our development-and-control facilities in total of €8.2 million.

The warehousing section of the Ljutomer manufacturing plant in Slovenia was refurbished into a temporary storage room in compliance with the standards of good warehousing practice and health and safety at work. We apportioned €2 million to the investment. Also in Ljutomer, we are increasing production capacities for granulation and packaging estimated at €13 million.

At our Slovenian Beta Šentjernej Plant, we upgraded the systems and equipment in compliance with ATEX standards. We also plan to increase the production capacity for preparation of dry granules. Total value of investments is estimated at €2.6 million.

We plan to construct a new multi-purpose building, Paviljon 3, in Novo mesto, Slovenia. It will house an extension for our microbiology laboratory and additional rooms for several organisational units. Project documentation for this €18.6 million investment has been completed, and the construction works are expected to start in March 2022.

As our production capacities increase, so do our energy demands. Investment in production capacities for compressed air and construction of new utility lines for energy supplies to manufacturing facilities are already in progress. The cost of energy infrastructure extension at our Novo mesto production facility is estimated at €2.5 million.

We intend to build new facilities for development and production of active pharmaceutical ingredients (APIs) in Krško, Slovenia. The designs for execution have been drawn up and the process of obtaining the required consent to build the production plant for manufacturing active pharmaceutical ingredients Sinteza 2 and laboratories for chemical analyses (Kemijsko-analitski center in Slovene) are under way. We also plan to build other small facilities for technology and infrastructure required for an uninterrupted production process. The investment is estimated at €163 million. It agrees with our strategy of vertical integration, from the development of a product to its production.

The Krka-Rus plant in the industrial zone of Istra, a town north-west of Moscow, is one of the key investments in Krka subsidiaries abroad. The plant manufactures more than 75% of products we sell in the Russian Federation, giving us

the status of a domestic producer in the country. In the next few years, we plan to further increase its production and laboratory capacities. The investment was estimated at €35 million. In 2021, we allocated €5.7 million for it.

We continued to purchase manufacturing and quality control equipment for our joint venture Ningbo Krka Menovo in China. In China, we manufacture products for markets outside the country, and since January 2021, we have also been manufacturing the first product intended for the Chinese market. In the first quarter of 2022, we intend to add three more products.

Employees

At the end of 2021, the Krka Group employed 11,511 persons of whom 46% or 5,273 worked outside Slovenia. The proportion of Krka Group employees with at least university-level qualifications was 51%, of that 207 employees held doctoral degrees. Together with agency workers, the Krka Group employed 12,459 personnel.

Share and Investor Information

In 2021, the price of Krka share on the Ljubljana Stock Exchange increased by a good 29%, reaching €118.00 at the end of the year. Market capitalisation of Krka amounted to €3.9 billion.

At the end of the year, Krka had 46,820 shareholders, or 1% fewer than at the end of 2020. The shareholding structure, with 38.8% of domestic retail investors (natural persons) and 22.2% of foreign investors, is stable and without major changes.

In 2021, we allocated €15.3 million to treasury share purchasing and €156 million to dividend payouts. We acquired 142,134 treasury shares, and held a total of 1,683,908 treasury shares as at 31 December 2021, accounting for 5.135% of share capital.

Subsequent Events

The following events did not impact the 2021 financial statements.

Situation in Ukraine and the Russian Federation: Impact on Krka Group Operations

On account of rapid changes and their unpredictability in this moment, it is currently not possible to reliably forecast the impact of the situation on Krka's business operations in 2022 and any long-term consequences. Krka has a strong capital structure, generates a solid cash flow from operations and has no financial debt, so its successful business performance in the long run is not jeopardised. Our Management Board closely monitor events and implement all necessary activities to ensure business continuity in the two countries. They also take measures to manage operational risks and reduce the eventual negative impact on business results. The Management Board will prepare and publish the eventual revision of guidance for 2022, when and if tangible assessment of short and long term implication of current situation is possible. A more detailed explanation of the situation is published in the press release issued simultaneously with the 2021 Unaudited Consolidated Financial Statements of the Krka Group and Unaudited Financial Statements of Krka, d. d., Novo mesto.

Acquisition of Treasury Shares in 2022

Krka acquired 21,689 treasury shares between 1 January 2022 and 17 March 2022. At the end of this period, it held 1,705,597 treasury shares, accounting for 5.201% of total shares.

Unaudited Consolidated Statement of Financial Position of the Krka Group

€ thousand	31 Dec 2021	31 Dec 2020	Index 2021/20
Assets			
Property, plant and equipment	774,352	807,824	96
Intangible assets	104,301	107,371	97
Loans	40,300	15,376	262
Investments	108,883	10,420	1,045
Deferred tax assets	46,883	48,969	96
Other non-current assets	1,028	1,038	99
Total non-current assets	1,075,747	990,998	109
Assets held for sale	41	41	100
Inventories	455,707	453,690	100
Contract assets	1,214	1,644	74
Trade receivables	467,764	383,560	122
Other receivables	29,564	27,768	106
Loans	192,360	54,774	351
Investments	155,448	9,499	1,636
Cash and cash equivalents	159,838	313,568	51
Total current assets	1,461,936	1,244,544	117
Total assets	2,537,683	2,235,542	114
Equity			
Share capital	54,732	54,732	100
Treasury shares	-114,541	-99,279	115
Reserves	145,077	103,595	140
Retained earnings	1,819,937	1,684,285	108
Total equity holders of the controlling company	1,905,205	1,743,333	109
Non-controlling interests	13,880	8,479	164
Total equity	1,919,085	1,751,812	110
Liabilities			
Provisions	126,153	134,686	94
Deferred revenue	6,875	7,804	88
Trade payables	10,000	10,006	100
Lease liabilities	8,724	9,121	96
Deferred tax liabilities	10,922	11,179	98
Total non-current liabilities	162,674	172,796	94
Trade payables	130,011	107,116	121
Lease liabilities	3,433	2,712	127
Income tax payable	7,023	15,748	45
Contract liabilities	124,730	106,299	117
Other current liabilities	190,727	79,059	241
Total current liabilities	455,924	310,934	147
Total liabilities	618,598	483,730	128
Total equity and liabilities	2,537,683	2,235,542	114

Unaudited Consolidated Income Statement of the Krka Group

€ thousand	2021	2020	Index 2021/20
Revenue	1,565,802	1,534,941	102
– Revenue from contracts with customers	1,562,266	1,531,674	102
– Other revenue	3,536	3,267	108
Cost of goods sold	-674,594	-623,616	108
Gross profit	891,208	911,325	98
Other operating income	11,376	10,495	108
Selling and distribution expenses	-305,870	-291,203	105
– Of that net impairments and write-offs of receivables	-1,048	3,206	
R&D expenses	-154,559	-153,447	101
General and administrative expenses	-87,367	-86,426	101
Operating profit	354,788	390,744	91
Financial income	19,711	23,259	85
Financial expenses	-12,082	-75,011	16
Net financial result	7,629	-51,752	
Profit before tax	362,417	338,992	107
Income tax	-54,267	-50,043	108
Net profit	308,150	288,949	107
Attributable to:			
– Equity holders of the controlling company	309,214	290,995	106
– Non-controlling interests	-1,064	-2,046	52
Basic earnings per share (€)	9.92	9.27	107
Diluted earnings per share (€)	9.92	9.27	107

Unaudited Consolidated Statement of Other Comprehensive Income of the Krka Group

€ thousand	2021	2020	Index 2021/20
Net profit	308,150	288,949	107
Other comprehensive income for the year			
Other comprehensive income for the year reclassified to profit or loss at a future date			
Translation reserve	14,503	-43,726	
Net other comprehensive income for the year reclassified to profit or loss at a future date	14,503	-43,726	
Other comprehensive income for the year that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	5,441	739	736
Restatement of post-employment benefits	6,759	-11,271	
Deferred tax effect	-1,622	873	
Net other comprehensive income for the year that will not be reclassified to profit or loss at a future date	10,578	-9,659	
Total other comprehensive income for the year (net of tax)	25,081	-53,385	
Total comprehensive income for the year (net of tax)	333,231	235,564	141
Attributable to:			
– Equity holders of the controlling company	333,030	237,689	140
– Non-controlling interests	201	-2,125	

Unaudited Consolidated Statement of Changes in Equity of the Krka Group for 2021

€ thousand	Reserves								Retained earnings			Total equity holders of the controlling company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the year			
At 1 Jan 2021	54,732	-99,279	99,279	105,897	14,990	30,000	-35,059	-111,512	1,280,090	138,705	265,490	1,743,333	8,479	1,751,812
Net profit	0	0	0	0	0	0	0	0	0	0	309,214	309,214	-1,064	308,150
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,982	13,238	0	-2,404	0	23,816	1,265	25,081
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,982	13,238	0	-2,404	309,214	333,030	201	333,231
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	90,812	-90,812	0	0	0	0
Transfer of previous period's profit to retained earnings	0	0	0	0	0	0	0	0	0	265,490	-265,490	0	0	0
Repurchase of treasury shares	0	-15,262	0	0	0	0	0	0	0	0	0	-15,262	0	-15,262
Formation of reserves for treasury shares	0	0	15,262	0	0	0	0	0	0	0	-15,262	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-155,896	0	-155,896	0	-155,896
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	5,200	5,200
Total transactions with owners, recognised in equity	0	-15,262	15,262	0	0	0	0	0	90,812	18,782	-280,752	-171,158	5,200	-165,958
At 31 Dec 2021	54,732	-114,541	114,541	105,897	14,990	30,000	-22,077	-98,274	1,370,902	155,083	293,952	1,905,205	13,880	1,919,085

Unaudited Consolidated Statement of Changes in Equity of the Krka Group for 2020

€ thousand	Reserves								Retained earnings			Total equity holders of the controlling company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the year			
At 1 Jan 2020	54,732	-73,774	73,774	105,897	14,990	30,000	-26,925	-67,865	1,211,292	118,350	223,847	1,664,318	3,198	1,667,516
Net profit	0	0	0	0	0	0	0	0	0	0	290,995	290,995	-2,046	288,949
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	-8,134	-43,647	0	-1,525	0	-53,306	-79	-53,385
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	-8,134	-43,647	0	-1,525	290,995	237,689	-2,125	235,564
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	68,798	-68,798	0	0	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	0	223,847	-223,847	0	0	0
Repurchase of treasury shares	0	-25,505	0	0	0	0	0	0	0	0	0	-25,505	0	-25,505
Formation of reserves for treasury shares	0	0	25,505	0	0	0	0	0	0	0	-25,505	0	0	0
Acquisition of a stake in Farma GRS	0	0	0	0	0	0	0	0	0	105	0	105	-109	-4
Dividends paid	0	0	0	0	0	0	0	0	0	-133,274	0	-133,274	0	-133,274
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	7,515	7,515
Total transactions with owners, recognised in equity	0	-25,505	25,505	0	0	0	0	0	68,798	21,880	-249,352	-158,674	7,406	-151,268
At 31 Dec 2020	54,732	-99,279	99,279	105,897	14,990	30,000	-35,059	-111,512	1,280,090	138,705	265,490	1,743,333	8,479	1,751,812

Unaudited Consolidated Statement of Cash Flows of the Krka Group

€ thousand	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	308,150	288,949
Adjustments for:	176,925	135,729
– Amortisation/Depreciation	108,837	111,688
– Foreign exchange differences	4,828	-19,263
– Investment income	-5,699	-24,076
– Investment expenses	13,199	15,504
– Interest expense and other financial expenses	1,532	1,975
– Financial income	-39	-142
– Income tax	54,267	50,043
Operating profit before changes in net current assets	485,075	424,678
Change in trade receivables	-83,704	55,699
Change in inventories	-2,017	-32,112
Change in trade payables	45,164	-33,681
Change in provisions	-2,647	1,572
Change in deferred revenue	-929	-905
Change in other current liabilities	9,484	-892
Income tax paid	-64,329	-53,600
Net cash from operating activities	386,097	360,759
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	718	2,144
Dividends received	668	575
Proceeds from sale of property, plant and equipment	3,700	516
Purchase of property, plant and equipment	-65,914	-74,806
Purchase of intangible assets	-6,213	-6,017
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	0	-5
Net payments for non-current loans	-25,235	-4,558
Net payments for current loans	-137,277	-22,857
Net payments for non-current investments	-92,114	-554
Net payments for current investments	-42,513	-6,801
Net payments for/proceeds from derivatives	-8,457	2,769
Net cash from investing activities	-372,637	-109,594
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-366	-247
Net payments for current borrowings	0	-3
Lease liabilities paid	-3,515	-3,086
Dividends and other profit shares paid	-155,907	-133,283
Repurchase of treasury shares	-15,262	-25,505
Proceeds from payment of non-controlling interests	5,200	7,515
Net cash from financing activities	-169,850	-154,609
Net decrease/increase in cash and cash equivalents	-156,390	96,556
Cash and cash equivalents at beginning of year	313,568	218,667
Effect of foreign exchange rate fluctuations on cash held	2,660	-1,655
Closing balance of cash and cash equivalents	159,838	313,568

Unaudited Statement of Financial Position of Krka, d. d. , Novo mesto

€ thousand	31 Dec 2021	31 Dec 2020	Index 2021/20
Assets			
Property, plant and equipment	570,086	605,164	94
Intangible assets	25,628	27,893	92
Investments in subsidiaries	346,444	339,612	102
Loans	31,010	35,024	89
Investments	108,882	10,419	1,045
Deferred tax assets	12,742	14,222	90
Other non-current assets	627	615	102
Total non-current assets	1,095,419	1,032,949	106
Assets held for sale	41	41	100
Inventories	394,323	389,178	101
Contract assets	300	500	60
Trade receivables	424,588	415,286	102
Other receivables	17,381	15,667	111
Loans	195,459	57,836	338
Investments	155,448	524	29,666
Cash and cash equivalents	144,981	296,398	49
Total current assets	1,332,521	1,175,430	113
Total assets	2,427,940	2,208,379	110
Equity			
Share capital	54,732	54,732	100
Treasury shares	-114,541	-99,279	115
Reserves	246,424	218,787	113
Retained earnings	1,689,527	1,617,610	104
Total equity	1,876,142	1,791,850	105
Liabilities			
Provisions	113,136	119,830	94
Deferred revenue	3,546	4,387	81
Trade payables	10,000	10,000	100
Lease liabilities	2,101	2,163	97
Total non-current liabilities	128,783	136,380	94
Trade payables	178,143	143,294	124
Borrowings	55,092	46,345	119
Lease liabilities	987	659	150
Income tax payable	4,611	13,354	35
Contract liabilities	19,477	16,581	117
Other current liabilities	164,705	59,916	275
Total current liabilities	423,015	280,149	151
Total liabilities	551,798	416,529	132
Total equity and liabilities	2,427,940	2,208,379	110

Unaudited Income Statement of Krka, d. d., Novo mesto

€ thousand	2021	2020	Index 2021/20
Revenue	1,381,367	1,447,112	95
– Revenue from contracts with customers	1,374,765	1,440,930	95
– Other revenue	6,602	6,182	107
Cost of goods sold	-614,832	-624,105	99
Gross profit	766,535	823,007	93
Other operating income	6,660	5,137	130
Selling and distribution expenses	-271,425	-263,174	103
– Of that net impairments and write-offs of receivables	-50	1,177	
R&D expenses	-150,232	-150,727	100
General and administrative expenses	-78,213	-75,361	104
Operating profit	273,325	338,882	81
Financial income	24,714	31,786	78
Financial expenses	-12,083	-72,837	17
Net financial result	12,631	-41,051	
Profit before tax	285,956	297,831	96
Income tax	-40,740	-39,357	104
Net profit	245,216	258,474	95
Basic earnings per share (€)	7.86	8.23	96
Diluted earnings per share (€)	7.86	8.23	96

Unaudited Statement of Other Comprehensive Income of Krka, d. d., Novo mesto

€ thousand	2021	2020	Index 2021/20
Net profit	245,216	258,474	95
Net profit – effect of the merger	0	1,778	0
Other comprehensive income for the year			
Other comprehensive income for the year that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	5,441	739	736
Restatement of post-employment benefits	6,438	-10,966	
Deferred tax effect	-1,645	901	
Effect of the merger	0	35,525	0
Net other comprehensive income for the year that will not be reclassified to profit or loss at a future date	10,234	26,199	39
Total other comprehensive income for the year (net of tax)	10,234	26,199	39
Total comprehensive income for the year (net of tax)	255,450	286,451	89

Unaudited Statement of Changes in Equity of Krka, d. d., Novo mesto for 2021

€ thousand	Reserves							Retained earnings			Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the year	
At 1 Jan 2021	54,732	-99,279	99,279	105,897	14,990	30,000	-31,379	1,280,090	102,773	234,747	1,791,850
Net profit	0	0	0	0	0	0	0	0	0	245,216	245,216
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,375	0	-2,141	0	10,234
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,375	0	-2,141	245,216	255,450
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	90,812	-90,812	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	234,747	-234,747	0
Repurchase of treasury shares	0	-15,262	0	0	0	0	0	0	0	0	-15,262
Formation of reserves for treasury shares	0	0	15,262	0	0	0	0	0	0	-15,262	0
Dividends paid	0	0	0	0	0	0	0	0	-155,896	0	-155,896
Total transactions with owners, recognised in equity	0	-15,262	15,262	0	0	0	0	90,812	-11,961	-250,009	-171,158
At 31 Dec 2021	54,732	-114,541	114,541	105,897	14,990	30,000	-19,004	1,370,902	88,671	229,954	1,876,142

Unaudited Statement of Changes in Equity of Krka, d. d., Novo mesto for 2020

€ thousand	Reserves							Retained earnings			Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the year	
At 1 Jan 2020	54,732	-73,774	73,774	105,897	14,990	30,000	-23,604	1,211,292	43,158	227,713	1,664,178
Net profit	0	0	0	0	0	0	0	0	0	258,474	258,474
Net profit – effect of the merger	0	0	0	0	0	0	0	0	0	1,778	1,778
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	-7,775	0	33,974	0	26,199
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	-7,775	0	33,974	260,252	286,451
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	68,798	-68,798	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	227,713	-227,713	0
Repurchase of treasury shares	0	-25,505	0	0	0	0	0	0	0	0	-25,505
Formation of reserves for treasury shares	0	0	25,505	0	0	0	0	0	0	-25,505	0
Dividends paid	0	0	0	0	0	0	0	0	-133,274	0	-133,274
Total transactions with owners, recognised in equity	0	-25,505	25,505	0	0	0	0	68,798	25,641	-253,218	-158,779
At 31 Dec 2020	54,732	-99,279	99,279	105,897	14,990	30,000	-31,379	1,280,090	102,773	234,747	1,791,850

Unaudited Statement of Cash Flows of Krka, d. d., Novo mesto

€ thousand	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	245,216	258,474
Adjustments for:	126,230	111,062
– Amortisation/Depreciation	84,863	85,146
– Foreign exchange differences	-3,634	1,611
– Investment income	-10,118	-28,408
– Investment expenses	12,951	15,131
– Financial income	-3	-3,779
– Interest expense and other financial expenses	1,431	2,004
– Income tax	40,740	39,357
Operating profit before changes in net current assets	371,446	369,536
Change in trade receivables	-10,797	57,672
Change in inventories	-5,145	-22,171
Change in trade payables	41,785	-13,832
Change in provisions	-1,128	1,176
Change in deferred revenue	-841	-518
Change in other current liabilities	2,567	3,288
Income tax paid	-49,648	-42,641
Net cash from operating activities	348,239	352,510
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	403	575
Dividends received	668	575
Proportionate profit of subsidiaries	5,419	7,092
Proceeds from sale of property, plant and equipment	1,391	760
Purchase of property, plant and equipment	-48,851	-60,917
Purchase of intangible assets	-4,836	-5,582
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	-7,824	-11,281
Refund of subsequent payments in subsidiaries	992	0
Net proceeds from non-current loans	3,875	2,207
Net payments for current loans	-137,558	-23,210
Net payments for non-current investments	-92,135	-540
Net payments for current investments	-51,488	0
Net payments for/proceeds from derivatives	-8,457	2,769
Net cash from investing activities	-338,401	-87,552
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-444	-512
Net proceeds from/payments for current borrowings	8,703	-2,269
Lease liabilities paid	-991	-732
Dividends and other profit shares paid	-155,907	-133,283
Repurchase of treasury shares	-15,262	-25,505
Net cash from financing activities	-163,901	-162,301
Net decrease/increase in cash and cash equivalents	-154,063	102,657
Cash and cash equivalents at beginning of year	296,398	195,236
Effect of foreign exchange rate fluctuations on cash held	2,646	-1,751
Cash proceeds from merger of Farma GRS	0	256
Closing balance of cash and cash equivalents	144,981	296,398