



Unaudited Interim Report of the Krka Group and Krka, d. d., for January–September 2022

Novo mesto, November 2022

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INTRODUCTION

Condensed consolidated financial statements of the Krka Group (hereinafter also 'the Group') and condensed financial statements of Krka, d. d., Novo mesto (hereinafter also 'Krka', 'the Company', or 'the controlling company') for the nine months ended 30 September 2022 and 30 September 2021 are unaudited, while financial statements for the full financial year 2021 are audited. Krka, d. d., Novo mesto has no authorised capital and has made no conditional share capital increase.

Krka promptly announces all significant data changes in its listing prospectus in the Ljubljana

Stock Exchange electronic information dissemination system (SEOnet) and in the Polish Financial Supervision Authority electronic information dissemination system (ESPI). Operating reports for the Krka Group and Krka d. d. are available on the Krka website www.krka.biz.

The Krka Group and Krka d. d. unaudited interim report for the nine months ended 30 September 2022 was discussed by the Krka Supervisory Board at its regular meeting on 16 November 2022.

Performance Highlights January–September 2022

- Krka Group product and service sales totalled €1,236.5 million, of which product sales accounted for over 97%.
- Group product and service sales were up 5% year on year.
- We generated 94% of the Group product and service sales outside Slovenia. Exports amounted to 96% of total product sales.
- The Group's largest sales region was Region East Europe, accounting for 33.5% of total sales, followed by Region Central Europe and Region West Europe.
- The Group operating profit (EBIT) totalled €233.8 million, down 14% year over year. The EBIT margin was 18.8%. Earnings before interest, tax, depreciation, and amortisation (EBITDA) amounted to €314.2 million, with the EBITDA margin at 25.3% and thus in line with Krka's key strategic objectives. Both ratios are better than in the first half of 2022.
- The Group's net financial result for the period is €122.4 million, with net foreign exchange gains totalling €110.1 million. Net foreign exchange gains from the Russian rouble amounted to €103.1 million (€54.5 million of that were unrealised foreign exchange gains).
- The Krka Group net profit totalled €301.7 million, up 26% year over year. The net profit margin (ROS) was 24.3%.
- As at 30 September 2022, the Krka share traded at €86.00 on the Ljubljana Stock Exchange, a 27% drop on year-end 2021. Market capitalisation amounted to €2.8 billion. In the first nine months of 2022, Krka repurchased €5.9 million worth of treasury shares.
- Since the beginning of 2022 we have expanded our product range with six new products (five prescription pharmaceuticals and one non-prescription product).
- The Group allocated €74.9 million to investments, of which the controlling company invested €53.1 million.
- At the end of September 2022, the Krka Group had 11,489 regular employees on payroll, on par with the year-end of 2021. Including agency workers, the total Krka Group headcount was 12,494.
- The situation in Ukraine and the Russian Federation and its impact on Krka's operations was reported in several past reports (Unaudited Financial Statements published on 17 March 2022, Krka Group 2021 Annual Report published on 14 April 2022, Krka Group First Quarter 2022 Interim Report published on 19 May 2022, and Krka Group Semi-Annual 2022 Report published on 21 July 2022). Conditions remain unpredictable and demand that we constantly adapt various areas of our operations. However, the results are encouraging.

Financial Highlights

€ thousand	Krka Group			Krka		
	Jan–Sept 2022	Jan–Sept 2021	Index	Jan–Sept 2022	Jan–Sept 2021	Index
Revenue	1,242,203	1,176,552	106	1,208,697	1,047,144	115
– Of that revenue from contracts with customers (products and services)	1,236,531	1,173,292	105	1,028,274	917,894	112
Gross profit	681,132	664,702	102	702,430	585,979	120
Earnings before interest, tax, depreciation and amortisation (EBITDA)	314,192	352,690	89	361,710	290,815	124
Operating profit (EBIT) ¹	233,784	271,269	86	300,082	227,211	132
Profit before tax (EBT)	356,189	280,107	127	423,026	241,413	175
Net profit	301,668	240,100	126	355,638	209,523	170
Effective tax rate	15.3%	14.3%		15.9%	13.2%	
R&D expenses	119,481	113,043	106	119,106	110,373	108
Investments	74,924	45,320	165	53,124	34,814	153

€ thousand	30 Sept 2022	31 Dec 2021	Index	30 Sept 2022	31 Dec 2021	Index
Non-current assets	1,168,191	1,075,747	109	1,125,676	1,095,419	103
Current assets	1,555,416	1,461,936	106	1,423,562	1,332,521	107
– Inventories	566,536	455,707	124	451,953	394,323	115
– Trade receivables	464,345	467,764	99	522,082	424,588	123
– Cash and cash equivalents	292,274	159,838	183	243,148	144,981	168
Equity	2,124,267	1,919,085	111	2,050,446	1,876,142	109
Non-current liabilities	163,553	162,674	101	131,057	128,783	102
Current liabilities	435,787	455,924	96	367,735	423,015	87
– Trade payables	129,839	130,011	100	192,170	178,143	108

RATIOS	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021
Gross profit margin	54.8%	56.5%	58.1%	56.0%
EBITDA margin ²	25.3%	30.0%	29.9%	27.8%
EBIT margin ²	18.8%	23.1%	24.8%	21.7%
EBT margin	28.7%	23.8%	35.0%	23.1%
Net profit margin (ROS)	24.3%	20.4%	29.4%	20.0%
Return on equity (ROE) ³	19.9%	17.8%	24.2%	15.4%
Return on assets (ROA) ⁴	15.3%	14.0%	19.1%	12.5%
Liabilities/Equity	0.282	0.267	0.243	0.224
R&D expenses/Revenue	9.6%	9.6%	9.9%	10.5%

NUMBER OF EMPLOYEES	30 Sept 2022	31 Dec 2021	Index	30 Sept 2022	31 Dec 2021	Index
Balance at	11,489	11,511	100	6,247	6,228	100

SHARE INFORMATION	Jan–Sept 2022	Jan–Sept 2021	Index
Total number of shares issued	32,793,448	32,793,448	100
Earnings per share (EPS) in € ⁵	12.91	10.29	125
Closing price at end of period in € ⁶	86.00	111.50	77
Price/Earnings ratio (P/E)	6.66	10.84	61
Book value in € ⁷	64.78	56.40	115
Price/Book value (P/B)	1.33	1.98	67
Market capitalisation in € thousand (end of period)	2,820,237	3,656,469	77

¹ The difference between operating income and expenses.

² The significant appreciation of the Russian rouble in the 2022 half-year had pushed the euro value of inventories in Krka subsidiaries in the Russian Federation up considerably, which had a major impact on the Krka Group income statement as a temporary drop in the EBITDA and EBIT margins. The impact decreased in the third quarter of 2022 – in part due to lower inventories, and in part due to the rouble's rate not strengthening further. This considerably improved the EBITDA and EBIT margins for the third quarter compared to the second quarter of 2022. They were now on par with the first quarter of 2022. The adjusted EBITDA and EBIT, which were included in the 2022 Semi Annual Report, are thus no longer being disclosed.

³ Net profit, annualised/Average shareholders' equity in the period

⁴ Net profit, annualised/Average total asset balance in the period

⁵ Net profit attributable to majority equity holders of the controlling company, annualised/Average number of shares issued in the period, excluding treasury shares

⁶ Share price on the Ljubljana Stock Exchange

⁷ Equity at end of period/Total number of shares issued

ID Card

Krka, tovarna zdravil, d. d., Novo mesto is the controlling company in the Krka Group.

Registered office Šmarješka cesta 6, 8501 Novo mesto, Slovenia

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Fax +386 (0) 7 332 15 37

E-mail info@krka.biz

Website www.krka.biz

Core business Manufacture of pharmaceutical preparations

Business classification code 21.200

Year established 1954

Registration entry 1/00097/00, District Court of Novo mesto, Slovenia

Tax number 82646716

VAT number SI82646716

Company ID number 5043611000

Share capital €54,732,264.71

Total number of shares issued 32,793,448 ordinary registered no-par value shares, KRKG stock symbol. Krka has been listed on the Ljubljana Stock Exchange under the KRKG stock symbol since 1997, and since April 2012 additionally on the Warsaw Stock Exchange under the KRK stock symbol.

At a Glance

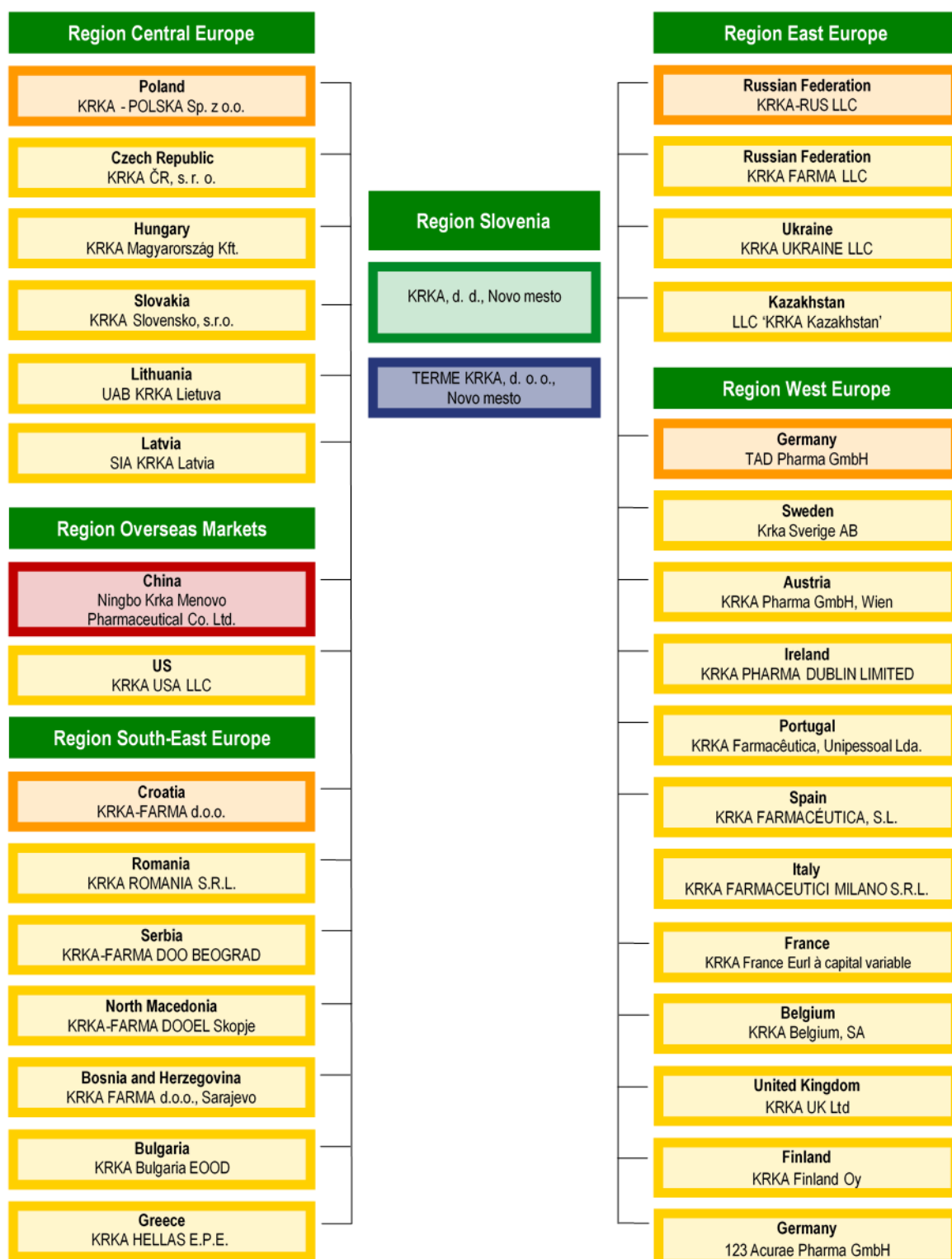
The Krka Group consists of the controlling company, Krka, d. d., Novo mesto, in addition to the Slovenia-based subsidiary Terme Krka, d. o. o., Novo mesto and 31 subsidiaries abroad. The controlling company holds a 100% stake in all subsidiaries except in Ningbo Krka Menovo Pharmaceutical Co. Ltd., where Krka holds a 60% stake and the Chinese partner, Ningbo Menovo Pharmaceutical Co. Ltd., a 40% stake.

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

Production takes place in the controlling company in Slovenia and in Krka subsidiaries in the Russian Federation, Poland, Croatia, and Germany. In addition to production, these subsidiaries – apart from Krka-Rus in the Russian Federation – also deal with marketing and sales. In China, production takes place in production facilities subject to a long-term lease. Other subsidiaries outside Slovenia carry out marketing and/or sales of Krka products but do not have production capacities.

The subsidiary Terme Krka deals with health resorts and tourist services, and is the owner of Golf Grad Otočec.

Organisational Chart



The chart includes companies in operation as at 30 September 2022.



Krka Group Development Strategy

The Krka Group updates its development strategy bi-annually. The Krka Management Board adopted the 2022–2026 Krka Group Development Strategy and

presented it to the Supervisory Board at its November 2021 meeting.

Key Strategic Objectives to 2026

- To attain at least 5% average annual sales growth in terms of volume and/or value, achieve above-average sales growth against market dynamics, and remain or rank among the leading generic pharmaceutical companies with our brands in individual markets and selected therapeutic categories.
- To strengthen and optimise the vertically integrated business model, proven to be an effective strategic guideline and a comparative advantage. To ensure high standards of product quality, safety, and efficacy.
- To keep the focus on the long-term profitability of the products sold, from development and production to marketing and sales, including all other functions within the Krka Group, and to achieve an average EBITDA margin of at least 25%.
- To ensure that new products and vertically integrated products account for the largest possible proportion in total sales, in addition to the existing range of products, also referred to as 'the golden standard'. To enter new therapeutic categories and specialities as an innovative generic pharmaceutical company, and develop complex products, including biosimilars.
- To ensure growth through long-term business partnerships and targeted acquisitions in addition to organic growth. The primary goal is to increase sales by entering new markets and launching new products.
- To allocate 10% of revenue to research and development, and approximately the amortisation and depreciation cost, i.e. €110 million annually on average, to investments.
- To pursue a stable dividend policy while considering the Group's financial requirements for investments and acquisitions when determining the net profit share for dividend payout each year, and allocate at least 50% of net profit attributable to majority shareholders for dividends.
- To upgrade the Krka Group culture of sustainability, integrate sustainability aspects into corporate governance and business decisions, and maintain our economic, social and environmental responsibility to the environments in which we operate. To disclose sustainability topics in accordance with the GRI standards in 2022 and obtain an ESG rating in 2023.
- To exploit digitalisation potentials in all business phases.
- To maintain independence.

Krka Group 2022 Performance Estimate

- Full-year sales of products and services will exceed targets, totalling €1,674 million according to projections, up 7.3% year over year and resulting in average annual sales growth over the five-year period of 5.8%.
- The proportion of sales in markets outside Slovenia for the full year 2022 is estimated at 94%.
- Region East Europe will remain the largest sales region and the Russian Federation the largest individual market. Other regions are projected to follow in this order: Region Central Europe with our second largest individual market Poland, Region West Europe, where the largest market is Germany, Region South-East Europe, Region Slovenia, and Region Overseas Markets.
- Prescription pharmaceuticals will remain the most important product category, accounting for an 82% share of total sales.
- Full-year net profit will total around €360 million.
- We plan to allocate €90 million to investments in our in-house development, production, and infrastructure facilities. The figure is below the initial plan but higher from the investment budget for the last two years. All investments anticipated in our business plan are currently in progress.
- At the end of 2022, the Krka Group is expected to have 11,835 regular employees on payroll (up 2.8%), over 45% outside Slovenia.

Krka Group 2023 Business Plan

- Product and service sales are projected to total €1,755 million in 2023, up 5% compared to full-year 2022 estimates, with average annual sales growth over the five-year period thus at 5.7%.
- The proportion of sales in markets outside Slovenia is estimated at 94%.
- Prescription pharmaceuticals will remain the most important product group, representing 82% of overall sales.
- Net profit is planned to be around €300 million, with average annual growth over the five-year period at 11.6%.
- We plan to increase the total number of employees in Slovenia and abroad by 2%.

- We plan to allocate over €130 million to investments, primarily to expand and technologically modernise production and development facilities and infrastructure.

The 2023 business plan derives from the 2022–2026 Krka Group Development Strategy and is based on estimates, assessments, projections, and other available data. The Management Board believe the projections are reasonable. In the event of any major changes in the Krka business environment, e.g. price erosions, rising prices of raw materials, changes in exchange rates for certain currencies important for Krka, and decreased demand for pharmaceutical products, the actual operating results could deviate from the plan.

BUSINESS REPORT

Financial Risks

Foreign Exchange Risk

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

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

Krka's key currency risk management policy remains mitigating risk exposure with natural hedging. To a limited extent, we also use financial instruments. In 2022, we have continued our policy of partial hedging against the risk of the Russian rouble and U.S. dollar with financial instruments. In the first quarter of 2022 we used forward contracts for partial hedging against rouble-related risk. It has not been possible to hedge the rouble with forward contracts since April 2022.

Currency markets in the first nine months of 2022 reflected geopolitical risks associated with the situation in eastern Europe. Surging energy prices, growing inflation, the risk of subdued global economic growth and tightening monetary policies of the major world central banks have increased the instability of foreign exchange rates. In the third quarter of 2022 the European Central Bank raised key interest rates for the first time in 11 years, them being lifted even faster by the US Federal Reserve. Interest rates are expected to rise further in the medium term.

The value of the Russian rouble stabilised somewhat in the third quarter after the first half of the year. By the end of the third quarter, the euro-denominated value of the rouble had risen by 43.8% from the beginning of the year. Over the nine months, the rouble averaged 15.5% higher year on year.

Interest Rate Risk

In the first nine months of 2022, the Krka Group had no non-current borrowings and was therefore not

After the intervention lifting of the key exchange rate in February 2022, the Central Bank of the Russian Federation gradually lowered it by the end of September to 7.5%. The high foreign trade surplus in the third quarter of 2022 supported the rouble's position. The risk of exchange rate changes persists.

The Krka Group generated exchange rate gains in the first nine months of 2022 from its long position in Russian roubles. Half of the exchange rate gains had been realized by the end of September in the form of payments received from customers, and the rest comes from the conversion of RUB receivables to reporting currency considering the FX rate as at 30 September 2022, which was 59.3 roubles to the euro.

The value of the US dollar against the euro increased by 16.2% in the first nine months of 2022. The Krka Group has an excess of liabilities over assets in US dollars and a short currency position, therefore the strengthening of the dollar negatively impacts our operating profit. The negative impact of the stronger dollar on the Group's result was neutralized with financial instruments.

As to the other currencies that are important for Krka's sales, the Polish zloty and the Hungarian forint recorded a noticeable drop in the first nine months of 2022. The total exchange rate loss from these currencies during this period was within acceptable limits.

Taking into account net exchange rate result, income and expenses from financial instruments, income and expenses from interest and other financial income and expenses, the total net financial result for the first nine months of 2022 was positive, totalling €122.4 million.

exposed to the risk of changes in reference interest rates.

Credit Risk

The key credit risk for the Krka Group arises from trade receivables. This is the risk of customers failing to settle their liabilities at maturity. The centralised credit control process at Group level includes all customers with credit limits exceeding €20,000. There were over 650 such customers at the end of the third quarter of 2022, accounting for more than 95% of total trade receivables. Credit control of small customers is decentralised, carried out in the sales network under the constant supervision of the controlling company.

The amount of receivable write-offs and impairments is low because receivables are dispersed across many customers and sales markets, and the majority of outstanding receivables are due from Krka's long-term business partners.

Our credit risk management policy remained unchanged in the first nine months 2022. At the end

of this period, more than 90% of Krka Group trade receivables had insurance coverage from a credit insurance company. Only a small portion was secured by bank instruments. Due to the tense situation in Ukraine, the Russian Federation and Belarus, we devoted special attention to these markets and further strengthened our activities for managing trade receivables.

At the end of the third quarter, the total value of trade receivables in euros was roughly at the same level as at the beginning of the year. The maturity structure of receivables remained stable. The proportion of overdue receivables to total trade receivables remained within acceptable limits at the end of the third quarter. Our credit control process guarantees permanent control over the quality of the trade receivables portfolio.

Liquidity Risk

The Krka Group exposure to liquidity risk was low in the first nine months of 2022. Cash flows from operating activities supplied adequate short-term liquidity. The Group reported an increase in liquid assets during this period. We did not utilize any additional funds from pre-approved short-term bank credit lines.

Cash flows from operating activities are monitored by daily, rolling weekly, and monthly planning. Optimal cash balances are maintained in the bank accounts of subsidiaries. All Krka Group liabilities were settled on time.

Property, Liability, and Business Interruption Insurance

We managed to maintain a low premium share in revenue despite the demanding conditions in the global insurance market. An analysis of car insurance for 2021 confirmed that the measures taken to reduce the number of car damages and the amount of insurance premiums were effective.

To increase the competitiveness of our insurance policies we have continued commissioning additional insurance providers in the international market. This

continues the outlined insurance strategy, which includes insurance premium management, transparency with regard to insurance, and stability of insurance types in terms of the content and extent of coverage. We have also continued with the measures intended to reduce the number of property damages and optimise the insurance programme. No major loss events were recorded in the reported period.

Investor and Share Information

In the first nine months of 2022, the Krka share price on the Ljubljana Stock Exchange decreased by 27%. The holdings of Slovenian retail investors, legal entities and institutional investors, and treasury

shares increased over the reported period, with the holdings of foreign investors down. At the end of September 2022, Krka had a total of 47,122 shareholders.

Shareholder structure (%)

	30 Sept 2022	31 Dec 2021
Slovenian retail investors	40.1	38.8
Slovenski državni holding, d. d. and the Republic of Slovenia	16.2	16.2
Kapitalska družba, d. d. and Prvi pokojninski sklad	10.9	10.9
Slovenian legal entities and institutional investors	6.9	6.8
Foreign investors	20.6	22.2
Treasury shares	5.3	5.1
Total	100.0	100.0

From January to September 2022, Krka acquired 57,588 treasury shares.

As at 30 September 2022, Krka held 1,741,496 treasury shares, accounting for 5.31% of share capital.

Ten largest shareholders as at 30 September 2022

	Country	No. of shares	Equity (%)	Voting rights (%)
Kapitalska družba, d. d.	Slovenia	3,493,030	10.65	11.25
Slovenski državni holding, d. d.	Slovenia	2,949,876	9.00	9.50
Republic of Slovenia	Slovenia	2,366,121	7.22	7.62
OTP banka d.d.*	Croatia	1,547,420	4.72	4.98
Erste Group Bank AG-PBZ Croatia Osiguranje	Austria	1,209,438	3.69	3.89
Clearstream Banking SA*	Luxembourg	1,085,239	3.31	3.49
Luka Koper, d. d.	Slovenia	433,970	1.32	1.40
State Street Bank and Trust*	US	394,646	1.20	1.27
KDPW*	Poland	329,799	1.01	1.06
Privredna banka Zagreb d.d.*	Croatia	318,434	0.97	1.03
Total		14,127,973	43.08	45.50

* The shares are on custody accounts with the above banks and are owned by their clients.

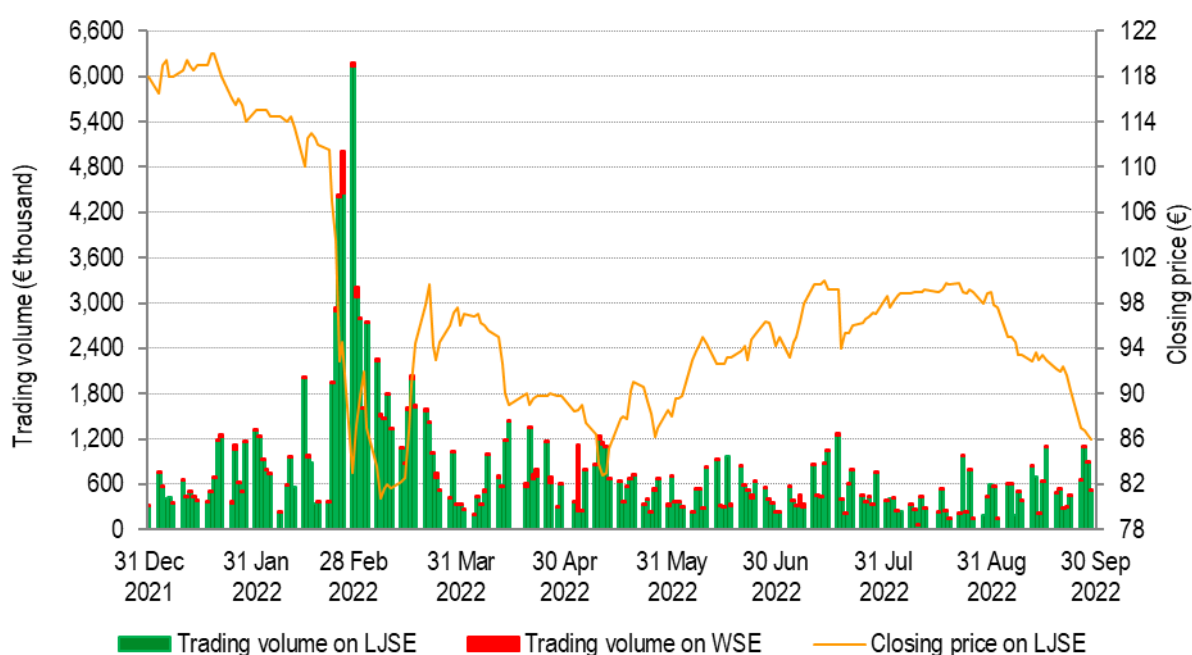
As at 30 September 2022 Krka's ten largest shareholders held 14,127,973 shares or 43.08% of total issued shares.

As at the same date, members of the Management and Supervisory Boards held a total of 40,387 Krka shares or 0.12% of total issued shares.

Equity holdings and voting rights of Management and Supervisory Board members as at 30 September 2022

	No. of shares	Equity (%)	Voting rights (%)
Management Board members			
Jože Colarič	22,500	0.069	0.072
David Bratož	0	0.000	0.000
Aleš Rotar	13,915	0.042	0.045
Vinko Zupančič	120	0.000	0.000
Milena Kastelic	505	0.002	0.002
Total Management Board members	37,040	0.113	0.119
Supervisory Board members			
Jože Mermal	0	0.000	0.000
Julijana Kristl	230	0.001	0.001
Boris Žnidarič	0	0.000	0.000
Matej Lahovnik	600	0.002	0.002
Borut Jamnik	0	0.000	0.000
Mojca Osolnik Videmšek	617	0.002	0.002
Franc Šašek	1,400	0.004	0.004
Tomaž Sever	500	0.002	0.002
Mateja Vrečer	0	0.000	0.000
Total Supervisory Board members	3,347	0.011	0.011
Total Management and Supervisory Board members	40,387	0.124	0.130

Krka share trading from January to September 2022

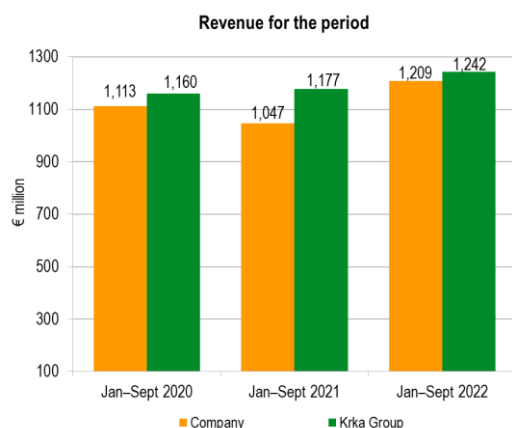


In the first nine months of 2022, the Krka share price on the Ljubljana Stock Exchange peaked in mid-January at €120.00, and reached its low at the beginning of March, when it traded at €80.80. At the end of September 2022, Krka traded at €86.00 per share.

As at the same date, Krka's market capitalisation on the Ljubljana Stock Exchange totalled €2.8 billion. In this period, the average daily trading volume in Krka shares reached €0.77 million. Krka shares have also been listed on the Warsaw Stock Exchange since April 2012.

Business Performance

Revenue



The Krka Group generated €1,242.2 million of sales in the reported period, of which revenue from

contracts with customers on sales of products and services amounted to €1,236.5 million. The rest was revenue from contracts with customers on sales of material, and other sales revenue. Sales grew by €65.7 million, up 6% year on year.

Other operating income amounted to €5.2 million, and financial income totalled €125.9 million. The Krka Group generated €1,373.3 million of total revenue, up 14% year over year.

A detailed analysis of product-and-service sales by markets and product groups is presented in the 'Marketing and Sales' section.

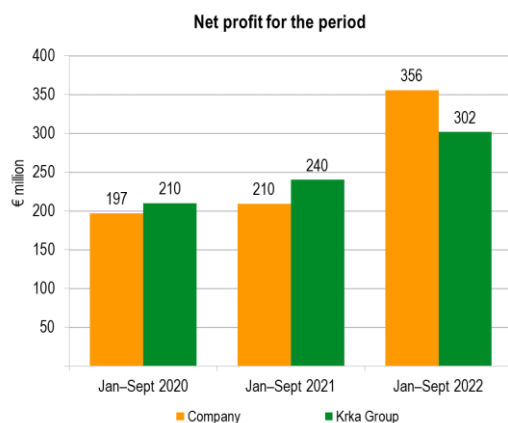
Expenses

The Krka Group's total expenses amounted to €1,017.1 million, up 11% year on year.

The Group incurred €1,013.6 million of operating expenses, an 11% increase on the same period last year. Of that, the cost of goods sold were €561.1 million, selling and distribution expenses €266.7 million, R&D expenses €119.5 million, and general and administrative expenses €66.3 million.

The cost of goods sold was up 10% year on year and accounted for 45.2% of sales revenue. Selling and distribution expenses increased by 21%, representing 21.5% of revenue. R&D expenses increased by 6% and were recognised as expenses for the period in full as the Krka Group does not capitalise them. They accounted for 9.6% of revenue. General and administrative expenses were up 1% and at 5.3% as a proportion of sales revenue.

Operating Results



The Krka Group operating profit (EBIT) amounted to €233.8 million, a 14% drop year on year. Earnings before interest, tax, depreciation and amortisation (EBITDA) totalled €314.2 million, down 11% on the first nine months of 2021.

Profit before tax was €356.2 million, up 27% year over year. Income tax totalled €54.5 million with the effective tax rate at 15.3%.

The Krka Group recorded €301.7 million of net profit, a 26% climb year on year.

Assets

At the end of September 2022, Krka Group assets were valued at €2,723.6 million, a 7% rise on year-end 2021.

Non-current assets increased by 0.5 percentage points on the beginning of the year, accounting for 42.9% of total assets. The most important item under non-current assets, which totalled €1,168.2 million, was property, plant and equipment at €801.7 million. This is a 4% increase on the year-end of 2021 and accounted for 29.4% of total Krka Group assets.

Equity and Liabilities

Krka Group equity totalled €2,124.3 million, an 11% increase on the year-end of 2021. It accounted for 78.0% of total equity and liabilities.

Amounting to €163.6 million, non-current liabilities accounted for 6.0% of the Krka Group balance sheet total, up 1% from the year-end of 2021. Provisions totalled €128.7 million (of which post-employment and other non-current employee benefits amounted to €126.6 million, provisions for lawsuits €0.6 million,

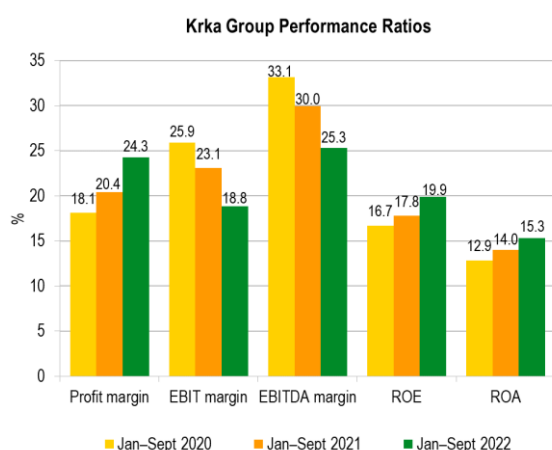
Intangible assets amounted to €103.0 million, a 1% decline on the year-end of 2021.

Current assets increased by 6% to €1,555.4 million, while inventories saw a rise of 24% to €566.5 million in this period. Receivables were up 1% to €499.9 million, of which trade receivables totalled €464.3 million, down 1% on the year-end of 2021.

and other provisions €1.6 million), up 2% on the year-end of 2021.

Current liabilities declined by 4% from the year-end of 2021, totalling €435.8 million, i.e. 16.0% of the balance sheet total. Among current liabilities, trade payables amounted to €129.8 million and remained at the level of the year-end of 2021. Liabilities from contracts with customers totalled €167.2 million, up 34% from the end of 2021. Other current liabilities dropped by 51% to €93.3 million.

Performance Ratios



The EBIT margin was 18.8% and the EBITDA margin 25.3%. Both are an improvement from their half-year 2022 counterparts and in line with the Group's strategic objectives.

The Krka Group net profit margin (ROS) for the period from January to September 2022 was 24.3%. Annualised return on equity (ROE) at the Group level was 19.9% and annualised return on assets (ROA) 15.3%. All three indicators have improved as compared to the same period in the past two years.

Marketing and Sales

In the first nine months of 2022, the Krka Group generated sales revenue of €1,242.2 million, a 6% year-on-year increase. Of that, revenue from contracts with customers on sales of products and services amounted to €1,236.5 million, up 5% year

over year. Sales in markets outside Slovenia totalled €1,159.3 million, accounting for 94% of overall Krka Group sales. Sales volume increased by 3% year over year.

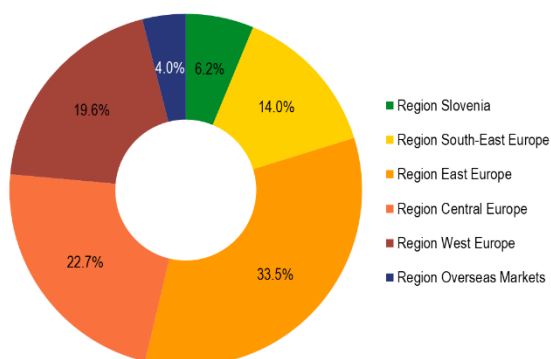
Product and Service Sales by Region

Sales increased in all sales regions and most markets.

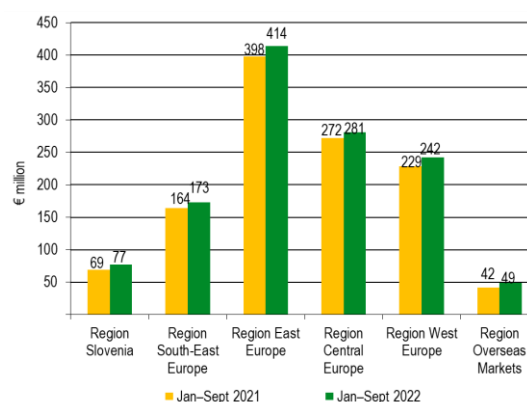
Product and Service Sales by Region

€ thousand	Krka Group			Krka		
	Jan–Sept 2022	Jan–Sept 2021	Index	Jan–Sept 2022	Jan–Sept 2021	Index
Region Slovenia	77,200	68,805	112	45,218	42,439	107
Region South-East Europe	172,836	164,166	105	170,179	159,565	107
Region East Europe	414,147	397,749	104	282,783	233,966	121
Region Central Europe	280,887	271,858	103	271,884	260,548	104
Region West Europe	242,373	228,956	106	220,640	185,479	119
Region Overseas Markets	49,088	41,758	118	37,570	35,897	105
Total	1,236,531	1,173,292	105	1,028,274	917,894	112

Krka Group Product and Service Sales by Region for January–September 2022



Krka Group Product and Service Sales by Region for January–September 2021 and 2022



Slovenia

Product and service sales in Region Slovenia totalled €77.2 million. The majority, i.e. €45.2 million, came from product sales, which increased by 7%.

Product sales were chiefly driven by prescription pharmaceuticals, which accounted for €32.9 million or 73% of product sales. Non-prescription products generated €10.7 million or 24% of total product sales. Animal health product sales added up to €1.6 million of sales, 4% of overall product sales. Holding a 7.4% market share, we maintained the leading position among providers of generic

medicines in Slovenia in terms of sales value. Health resorts and tourist services sales were €32.0 million, up 21% year over year.

The main sales drivers were promoted products from Krka's key therapeutic categories: cardiovascular agents and central nervous system agents, agents for the gastrointestinal tract, pain relief agents, cough and cold products, and vitamins and minerals.

Our key prescription pharmaceutical brands for the treatment of cardiovascular diseases are Prenessa

(perindopril), Prenewel (perindopril/indapamide), Amlessa (perindopril/amlodipine), and Amlewl (perindopril/amlodipine/indapamide). They have consolidated our leading market position and earned us further recognition in the market of antihypertensive agents. We strengthened the leading position of Sorvasta (rosuvastatin), and improved the visibility of the fixed-dose combination Sorvitimb (rosuvastatin/ezetimibe). The two agents belong to our statin product group. Visibility was also increased for the triple-combination tablets Roxiper (rosuvastatin/perindopril/indapamide) and Roxampex (rosuvastatin/amlodipine/perindopril). As to our pain relief range, we primarily focused on our analgesic Doreta (tramadol/paracetamol), especially its new dosage form, Doreta SR 75 mg/650 mg prolonged-release bilayer tablets. Visibility was enhanced for our non-opioid analgesic Algomin (metamizole). Further, two central nervous system agents were promoted actively, our antipsychotic Parnido (paliperidone) and antidepressant Dulsevia (duloxetine). Promotion activities also focused on Lenalidomid Krka (lenalidomide), the newly launched

Region South-East Europe

Product sales in Region South-East Europe totalled €172.8 million in the reported period, up 5% year over year. Sales increased in all markets except Albania. Croatia recorded the highest absolute sales growth, up by €2.6 million year-on-year. Serbia and Romania followed, sales there having increased by €1.6 million and €1.2 million year-on-year, respectively.

Prescription pharmaceuticals accounted for 85% and non-prescription products for 11% of regional sales with animal health products contributing 3%. The sales of prescription pharmaceuticals increased by 3% year on year. While non-prescription product sales went up 33%, declining sales in the segment of farm animals pushed the overall sales of animal health products slightly below the 2021 nine-month levels.

In **Romania**, the largest regional market, sales amounted to €48.4 million, 3% up year-on-year. We ranked third among foreign providers of generic prescription pharmaceuticals, holding an almost 7% market share in terms of volume. The most important medicines in terms of sales were Atoris (atorvastatin), Co-Prenessa (perindopril/indapamide), Roswera (rosuvastatin), Doreta (tramadol/paracetamol), Nolpaza (pantoprazole), and Karbis (candesartan). Our best-selling non-

immunomodulator. Our product range was further expanded with the oncology medicinal product Abirateron Krka (abiraterone) and the new antihyperglycemic product, a dipeptidyl-peptidase 4 (DPP-4) inhibitor Maysiglu (sitagliptin), which has strengthened our diabetes treatment profile.

Our best-selling prescription pharmaceuticals were Sorvasta (rosuvastatin), Prenewel (perindopril/indapamide), Nolpaza (pantoprazole), Nalgesin Forte (naproxen), and Prenessa (perindopril). As to non-prescription products, sales were driven the most by products containing magnesium, i.e. Magnezij Krka 300 and Magnezij Krka 400. The second best-selling product in this group was Nalgesin S (naproxen), followed by the antiseptic Septabene (benzylamine/cetylpyridinium chloride).

In the group of animal health products, the best sales results were recorded for vitamins and minerals Grovit, for Fypryst Combo (fipronil/S-methoprene) and for Floron (florfenicol).

prescription products were Bilobil (ginkgo leaf extract), the Herbion brand range, and Nalgesin (naproxen).

Croatia is our second largest regional market in terms of sales. Sales there totalled €30.7 million for the period, up 9% year over year. With sales increasing for prescription pharmaceuticals and non-prescription products, they decreased for animal health products.

The main drivers of sales value were prescription pharmaceuticals, especially Atoris (atorvastatin), Emanera (esomeprazole), Co-Perineva (perindopril/indapamide), Co-Dalveva (perindopril/amlodipine/indapamide), Helax (alprazolam), Roswera (rosuvastatin), Valsacombi (valsartan/hydrochlorothiazide), Dalveva (perindopril/amlodipine), and Doreta (tramadol/paracetamol). In the group of non-prescription products the strongest sales results were recorded for Nalgesin (naproxen), the Septolete brand range, and B-Complex.

In **Serbia**, sales totalled €24.6 million, a 7% year-on-year rise. Prescription pharmaceuticals accounted for 85% of sales, their sales having increased by 6%. The sales leaders were Nolpaza (pantoprazole), Co-Amlessa (perindopril/amlodipine/indapamide),

and Roswera (rosuvastatin). Non-prescription products sales saw a 27% rise.

In **Bulgaria** our sales amounted to €20.6 million, a 3% year-on-year increase. Prescription pharmaceuticals generated the strongest results, mainly Co-Valsacor (valsartan/hydrochlorothiazide) and Valsacor (valsartan). The two agents accounted for 65% of the market share in terms of both value and volume. The sales of non-prescription and animal health products also increased year-on-year.

Krka has been witnessing sales growth in **North Macedonia** for 18 successive years. The 2022 nine-month value of sales there totalled €19.5 million, a 5% increase from the same period last year. Krka has remained the leading foreign provider of generic medicines in the market. The key sales category was prescription pharmaceuticals, which was up 4%.

Region East Europe

Region East Europe generated sales total of €414.1 million, a 4% year-on-year rise. Sales growth was recorded in most regional markets, with absolute growth being the highest in the Russian Federation and relative growth in Turkmenistan. Prescription pharmaceuticals accounted for 79% of regional sales. The sales of non-prescription products followed at 15%, and animal health products at 5% of regional sales. Compared to the first nine months of 2021, prescription pharmaceutical sales were flat, with the category of non-prescription products up 28% and animal health products up 32%.

We are successfully adapting to the business environment in the **Russian Federation**. Our sales there totalled €251.3 million in the reported period, a 5% increase. According to the latest available data, Krka ranks fourth among generic providers of pharmaceuticals in the Russian Federation.

Prescription pharmaceuticals accounted for 79% of sales in the country, totalling €199.2 million, down 2% year on year. Sales dropped primarily because regulated prices of life-saving medicines decreased. The agents that recorded the strongest sales results were Lorista H and Lorista HD (losartan/hydrochlorothiazide), Lorista (losartan), Valsacor (valsartan), Nolpaza (pantoprazole), Co-Perineva (perindopril/indapamide), Valsacor H and Valsacor HD (valsartan/hydrochlorothiazide), Co-Dalneva (perindopril/amlodipine/indapamide), Roxera (rosuvastatin), Vamloset (valsartan/

amlodipine), and Co-Vamloset (amlodipine/valsartan/hydrochlorothiazide). The highest sales increases in absolute terms were recorded for Lorista H and Lorista HD (losartan/hydrochlorothiazide), Co-Dalneva (perindopril/amlodipine/indapamide), and Co-Vamloset (valsartan/amlodipine/hydrochlorothiazide). We consolidated our position as the leading provider of cardiovascular agents in the Russian Federation.

Non-prescription and animal health products sales increased by 13% year over year for both categories. Product sales in **Bosnia and Herzegovina** amounted to €16.5 million, a 3% year-on-year climb. We maintained the leading position among foreign providers of generic medicines in the market despite certain reimbursement lists restricting foreign manufacturers. Prescription pharmaceuticals accounted for the majority part of sales total, with the sales of non-prescription products advancing by 25%.

Sales in **Kosovo** were up 7%, placing Krka among the leading providers of medicines in the country. Sales value was €6.8 million. In **Albania**, product sales totalled €3.0 million, down 2% year over year. In **Montenegro** sales increased by 7% to €1.8 million, and in **Greece** they amounted to €1.1 million.

Non-prescription product sales totalled €33.7 million, a 44% increase year over year. The leaders were Septolete Total (benzylamine/cetylpyridinium chloride), the Herbion brand products, and Nalgesin (naproxen). The highest absolute sales growth was recorded for the Septolete Total products.

The sales of animal health products advanced by 35% to a total of €18.4 million. It was two products for companion animals – Selafort (selamectin) and Milprazon (milbemycin/praziquantel) – and Enroxil (enrofloxacin) for farm animals that generated the strongest sales.

Our subsidiary Krka-Rus has the status of a domestic manufacturer. In the first nine months of 2022, the plant produced 71% of all our products sold in the Russian Federation.

In **Ukraine**, we generated €59.7 million by product sales, down 14% on the same period last year. The decrease was due to a decline in purchasing power. We ranked second among foreign providers of

generic medicines, holding a 3.5% market share in the pharmacy segment. Prescription pharmaceuticals generated €49.5 million of sales, a drop by 15% year over year. The best sales results were recorded for Co-Prenessa (perindopril/indapamide), Co-Amlessa (perindopril/amlodipine/indapamide), and Valsacor (valsartan). Non-prescription products generated €7.9 million of sales, down 16% year over year. The sales leaders in this group were the Herbion, Nalgesin (naproxen) and Septolete Total benzydamine/cetylpyridinium chloride) brand products. Animal health product sales totalled €2.2 million, an increase by 13% year on year.

The situation in Ukraine and the Russian Federation remains unpredictable and demands we constantly adapt our business in several areas. However, the results for the first nine months of 2022 are encouraging.

Subregion East Europe B

Product sales in Subregion East Europe B for the first nine months of 2022 totalled €35.7 million, an increase by 13% compared to the same period last year. The Subregion includes the markets of Belarus, Mongolia, Azerbaijan and Armenia.

In **Belarus** Krka sold €15.3 million worth of products, up 7% on the same period last year. According to the latest available data, we ranked first among foreign providers of generic medicines in the country. The majority sales drivers were prescription pharmaceuticals, which accounted for 78% of our sales in that country.

Product sales in **Mongolia** totalled €11.0 million, an 18% year-on-year rise. Krka has thus remained one of the leading foreign providers of generic medicines in the country.

In **Azerbaijan** product sales amounted to €5.5 million, a 6% year-on-year increase.

Sales in **Armenia** totalled €3.9 million, a 38% year-on-year climb.

Region Central Europe

Nine month sales reported for Region Central Europe were €280.9 million, up 3% compared to the same period a year ago. Sales growth was recorded in all markets apart from Hungary and Slovakia.

Subregion East Europe K

Subregion East Europe K includes Kazakhstan, Moldova and Kyrgyzstan. Nine month sales there totalled €27.4 million, a 12% year-on-year increase.

Sales in **Kazakhstan** were up 16% to €14.1 million, the majority of which, i.e. 69%, was driven by prescription pharmaceuticals. Non-prescription products constituted 27% of overall sales.

In **Moldova** product sales amounted to €9.5 million, a 12% year-on-year increase. Sales growth was chiefly fuelled by prescription pharmaceuticals, which contributed 76% of sales, with non-prescription products accounting for 22% of overall sales in this market. According to the latest available data, Krka ranks as the number one provider of generic medicines in country.

Sales in **Kyrgyzstan** totalled €3.8 million.

Subregion East Europe U

Product sales in Subregion East Europe U totalled €40.0 million in the first nine months of 2022, a 26% year-on-year increase. The Subregion includes Uzbekistan, Georgia, Tajikistan, and Turkmenistan. We recorded growth in all markets.

Sales in **Uzbekistan** climbed by 28% year-over-year, to €29.9 million. Prescription pharmaceuticals remain the sales leaders, especially Amlessa (perindopril/amlodipine), Co-Amlessa (perindopril/amlodipine/indapamide), Lorista (losartan), Valodip (valsartan/amlodipine), and Lortenza (losartan/amlodipine). The sale of non-prescription products was driven by products sold under the Septolete and Pikovit brands.

Sales in **Georgia** amounted to €6.1 million, an 11% increase year over year. In **Turkmenistan**, Krka's product sales advanced by 47% to €1.8 million. Sales in **Tajikistan** totalled €2.1 million, up 23%.

Prescription pharmaceuticals accounted for 90% of regional sales. Non-prescription products followed with 6%, and animal health products with 4%. Sales of prescription pharmaceuticals increased by 1% year over year, with the sales of non-prescription

product surging 42% and those of animal health products up 1%.

Poland has remained Krka's second largest individual market. At €128.5 million, the value of sales there witnessed a 2% year-over-year increase. According to the latest data, we ranked third among foreign providers of generic medicines in the country.

Prescription pharmaceuticals remained the leading sales group, primarily due to the strong sales of Atoris (atorvastatin), Roswera (rosuvastatin), Doreta (tramadol/paracetamol), Valsacor (valsartan), Co-Valsacor (valsartan/hydrochlorothiazide), and Emanera (esomeprazole). Sales increased for recently launched products, primarily for Co-Roswera (rosuvastatin/ezetimibe), the sales of which doubled. Good results were also reported for other prescription pharmaceuticals, including Valtricom (valsartan/amlodipine/hydrochlorothiazide) and Roxiper (perindopril/rosuvastatin/indapamide), the sales of which surged 57% and 50%, respectively. Dulsevia (duloxetine) and Teldipin (telmisartan/amlodipine) witnessed a 25% and 17% year on year increase in sales, respectively. We remained one of the leading producers of reimbursed prescription pharmaceuticals for the over 75s.

The sales of non-prescription products soared 90%. The Septolete and Septanazol (xylometazoline/dexpanthenol) brand products remained the leaders, their sales having more than doubled year over year. Animal health product sales were up 5% to €5.1 million, the top sellers in this group being Milprazon (milbemycin/praziquantel), Floron (florfenicol), and Dehinel (pyrantel embonate/praziquantel).

Product sales in the **Czech Republic** totalled €42.7 million, up 15% on the same period last year. Prescription pharmaceuticals remained our leading category in terms of sales, particularly Lexaurin (bromazepam), Atoris (atorvastatin), Sorvasta (rosuvastatin), Doreta (tramadol/paracetamol), Asentra (sertraline), Tonanda (perindopril/amlodipine/indapamide), Zalasta (olanzapine), Elicea (escitalopram), and Nolpaza (pantoprazole). Good results were also reported for Tonarssa (perindopril/amlodipine), Kventiax (quetiapine), and Emanera (esomeprazole).

The sales of non-prescription products totalled €2.3 million, jumping 39% year-over-year. Nalgesin S (naproxen) and Septabene (benzylamine/cetylpyridinium chloride) remained at

the forefront. Animal health product sales increased by 4% compared to the same period last year.

Nine month sales in **Hungary** totalled €38.2 million, a 7% drop year over year. Lower sales come as a result of the local currency having devalued relative to the euro, and the changed structure of products that generated sales. The majority of sales was generated in prescription pharmaceuticals, the sales leaders being Co-Prenessa (perindopril/indapamide), Roxera (rosuvastatin), Emozul (esomeprazole), Valsacor (valsartan), Atoris (atorvastatin), Zyllt (clopidogrel), Co-Valsacor (valsartan/hydrochlorothiazide), Co-Dalnessa (perindopril/amlodipine/indapamide), and Tamloset (telmisartan/amlodipine).

The sales of non-prescription products totalled €3.2 million, a 4% year-over-year increase. The best results were reported for Bilobil (ginkgo leaf extract), Flebaven (diosmin), and the Septolete brand products. Sales in the segment of animal health products were 17% lower this year than in the same period of 2021.

Product sales in **Slovakia** totalled €30.2 million, a 5% year-on-year drop. Prescription pharmaceuticals contributed the most to overall sales, particularly Nolpaza (pantoprazole), Co-Prenessa (perindopril/indapamide), Atoris (atorvastatin), Co-Amlessa (perindopril/amlodipine/indapamide), Prenessa (perindopril), and Amlessa (perindopril/amlodipine).

Sales in the non-prescription segment rose 17%, the leading products being Nalgesin S (naproxen), Flebaven (diosmin), the Septolete brand products, and Nolpaza (pantoprazole). In the segment of animal health products, 8% sales growth was recorded.

Product sales in **Lithuania** totalled €20.2 million, a 19% year-on-year increase. The main sales drivers were prescription pharmaceuticals, chiefly Atoris (atorvastatin), Nolpaza (pantoprazole), Kaptopril Krka (captopril), and Escadra (esomeprazole). The sales of non-prescription products soared 63% year over year, with the leading non-prescription products being Septabene (benzylamine/cetylpyridinium chloride) and Nalgesin S (naproxen).

Sales value in **Latvia** totalled €13.2 million, exceeding last year's for the same period by 15%. Prescription pharmaceuticals accounted for the majority of overall sales. While the sales of non-prescription products jumped by 88% year over year, animal health product sales dropped by 20%.

Sales in **Estonia** totalled €8.0 million, a 12% year-on-year rise.

Region West Europe

Product sales in Region West Europe totalled €242.4 million for the first nine months of 2022, an increase by 6% year over year. The leading markets in terms of sales were Germany, Scandinavia, France and Italy. Sales via subsidiaries totalled €189.9 million, up 11% year over year, while 22% of regional sales were generated via unrelated parties.

Our leading product group there is prescription pharmaceuticals, the sales of which increased by 5% and contributed over 85% to overall sales in the region. Medicines containing esomeprazole, losartan, and candesartan were at the forefront. We remained a leading sartan provider on the markets of western Europe. In September we launched new medicinal products from three therapeutic groups: the diabetes treatments vildagliptin, sitagliptin and the fixed-dose combination sitagliptin/metformin, the cancer treatment abiraterone, and the new anti-epileptic product lacosamide.

Animal health product sales increased by 1% from the same period last year, and accounted for 12% of regional sales. The sales drivers were milbemyacin and praziquantel combination products, and fipronil-based products.

Non-prescription products accounted for 3% of regional sales. The best sales results were recorded for products containing paracetamol, the Septotele brand products, and the diosmin-based products.

Germany is the region's most important market and Krka's third largest individual market. Sales there totalled €64.3 million, up 9% year over year. The most important products were cardiovascular agents, medicines for the alimentary tract and metabolism, and medicines for the central nervous system. We remained the leading provider of sartans in terms of volume. Sales were driven by medicines containing candesartan, valsartan, ramipril, esomeprazole and

pantoprazole. We witnessed the successful product launches of sitagliptin and sitagliptin/metformin anti-diabetics. Krka's range of oncology medications was expanded with abiraterone, a prostate cancer treatment. To the group of Krka's epilepsy treatments we added lacosamide-based products.

Sales in **Scandinavia** totalled €39.5 million, up 16% year over year. The leading market there was **Sweden**, followed by **Finland, Norway, Denmark**, and **Iceland**. Double-digit sales growth was recorded for prescription pharmaceuticals and non-prescription products.

In **France** sales totalled €25.9 million, a drop by 11% year over year.

Sales in **Italy** dropped 2% year over year, amounting to €23.2 million in the first nine months of 2022. Non-prescription products saw double-digit sales growth.

In **Portugal** sales increased by 15% to €20.6 million. Double-digit sales growth was reported for all three groups of products.

In **Spain** we sold €16.7 million worth of products, down 3% year over year.

In the **Benelux** sales were up 15% to €14.7 million. Both in Belgium and the Netherlands the sales of prescription pharmaceuticals and animal health products increased.

In the **United Kingdom** sales fell by 1% year on year and amounted to €11.3 million, while in **Ireland** they totalled €9.3 million, up 3% year over year.

In **Austria**, nine-month sales saw a 3% rise year over year, and totalled €8.0 million. The value of products Krka sold to **other western European countries** in the nine months to September totalled €9.0 million, which is an increase by 32% from the same period last year.

Region Overseas Markets

Region Overseas Markets witnessed product sales in the amount of €49.1 million, 18% up from the same period a year ago. The highest sales growth in absolute as well as relative terms was recorded in China. The chief sales driver was prescription pharmaceuticals, which are sold under our own brands in most markets.

Our operations in certain markets of the **Middle East** remain influenced by the challenges arising from the complex economic and security situation there. Product sales amounted to €20.9 million, a 12% year-on-year rise. The overall result for the region was largely due to high sales in **Iran**, our largest regional market, where sales advanced by 14% year-on-year. Other important markets were **Iraq**, where sales increased by 32%, **Saudi Arabia**, the **United Arab Emirates**, **Lebanon**, and **Yemen**.

Sales in the markets of the **Far East** and **Africa** amounted to €16.9 million, a 2% drop on the same period last year. This was chiefly due to the 19%

sales drop in **Vietnam**, attributable to the country's borders being closed for a long time due to the COVID-19 pandemic. Sales advanced by 4% in the **Republic of South Africa**, by 85% in **Malaysia**, and by 13% in **Ghana**. **Sudan**, **Singapore** and the **Philippines** followed.

Sales in **China** more than doubled year over year, totalling €10.0 million. Good results continued to be reported by our subsidiary TAD Pharma for Palprostes (saw palmetto extract). Moreover, the sales of our pregabalin-based product via the subsidiary Ningbo Krka Menovo have strengthened. In January we launched a losartan-based product, in March an atorvastatin-based product, and in April a rosuvastatin-based product.

The smallest regional office is in charge of the markets of the **Americas**. Sales there totalled €1.2 million, a 17% year-on-year rise, with the majority generated in the countries of Central America.

Sales by Product and Service Group

In the nine months to September 2022, the most important product group in the sales structure of the Krka Group was medicinal products for human health, which accounted for 91.8% of total sales. The sales leaders were prescription pharmaceuticals, which contributed 81.9% of overall sales, followed by non-prescription products and animal health products.

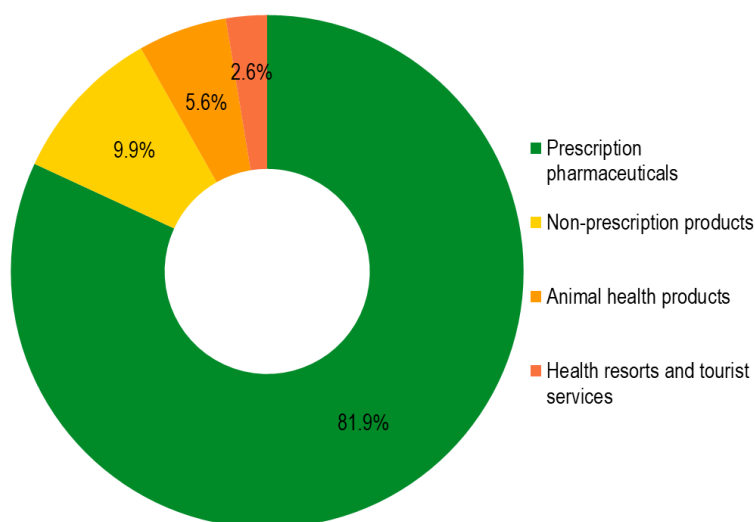
Sales were up year over year for all three categories of products, having increased by 3% for prescription pharmaceuticals, by 7% for animal health products, and by 29% for non-prescription products.

Health resorts and tourist services constituted 2.6% of overall Krka Group sales. Compared to the same period last year, which was still marked by the strong impact of the COVID-19 pandemic, the sales figures for the first nine months of 2022 increased by 21%.

Sales by Product and Service Group

€ thousand	Krka Group			Krka		
	Jan–Sept 2022	Jan–Sept 2021	Index	Jan–Sept 2022	Jan–Sept 2021	Index
Human health products	1,135,162	1,082,344	105	960,128	859,368	112
– Prescription pharmaceuticals	1,012,643	987,685	103	840,510	779,391	108
– Non-prescription products	122,519	94,659	129	119,618	79,977	150
Animal health products	69,382	64,579	107	68,146	58,526	116
Health resorts and tourist services	31,987	26,369	121			
Total	1,236,531	1,173,292	105	1,028,274	917,894	112

Structure of Krka Group January–September 2022 Sales by Category



Prescription Pharmaceuticals

The Krka Group generated €1,012.6 million in prescription pharmaceutical sales, up 3% on the same period last year.

Sales increased in Region Overseas Markets (by 19%), Region Slovenia (by 6%), Region West Europe (by 5%), Region South-East Europe (by 3%), and Region Central Europe (by 1%).

As to the three largest markets for Krka's products, sales advanced in Germany (by 10%), dropped in the Russian Federation (by 2%), and were flat in Poland.

As to the other major markets, sales were up in the Czech Republic (14%), Scandinavia (13%), Croatia (9%), and Slovenia (6%).

We recorded an impressive increase in the sales of prescription pharmaceuticals in China, where sales volume has been growing substantially since the second quarter of 2021.

The ten leading prescription pharmaceuticals in terms of sales were groups of agents containing perindopril (Prenessa*, Co-Prenessa*, Amlessa*, Co-Amlessa*, Roxiper*, Roxampex*), valsartan (Valsacor, Valsacombi*, Vamloset*, Co-Vamloset*, Valarox*), losartan (Lorista*, Lorista H*, Lorista HD*, Tenloris*), pantoprazole (Nolpaza*), rosuvastatin (Roswera*, Co-Roswera*), atorvastatin (Atoris), esomeprazole (Emanera*), tramadol (Doreta*, Tadol*), candesartan (Karbis*, Karbicombi*, Kandoset*), and enalapril (Enap, Enap H, Enap HL, Elernap*).

Product groups containing losartan, perindopril, rosuvastatin, tramadol, escitalopram and pantoprazole accounted for the majority of sales, in addition to lenalidomide products, launched this year.

Brand new medicines were added to our product range in the first nine months of 2022, for the treatment of certain types of tumours, diabetes and epilepsy.

Treatments for certain types of tumours:

- Lenalidomide Krka in Germany, Scandinavia, Italy, Slovenia, Austria, Ireland, Poland, Portugal and the Russian Federation;
- Sunitinib Krka in Germany, France, Scandinavia, Benelux, Slovenia, Hungary, and Slovakia;
- Bortezomib Krka in the Benelux, Scandinavia, and Ireland.

Treatments for diabetes:

- Maysiglu* (sitagliptin) in Slovenia, Scandinavia, Poland, the Czech Republic, Slovakia, Hungary, Portugal, Ireland, Latvia, France and Spain;
- Maymetsi* (sitagliptin/metformin) in Poland, Slovakia and Hungary;
- Vimetso* (vildagliptin/metformin) in Hungary and Slovakia.

Treatments for epilepsy:

- Lacosamide Krka in Scandinavia, Italy, Spain and Ireland.

We launched several pharmaceuticals on new markets:

- Glypvilo (vildagliptin) in the Czech Republic, Slovakia, Hungary, Scandinavia and Spain;
- Xerdoxo (rivaroxaban) in Kosovo, Moldova, and Montenegro;
- Roxiper* (perindopril/indapamide/rosuvastatin) in Belarus, Macedonia and Croatia;
- Roxatenz-Amlo* (perindopril/amlodipine/rosuvastatin) in the Russian Federation;
- Co-Roswera* (rosuvastatin/ezetimibe) in Serbia, Macedonia, the Russian Federation, Georgia and Azerbaijan;

- Co-Vamloset* (valsartan/amlodipine/hydrochlorothiazide) in Azerbaijan, and Bosnia and Herzegovina;
- Polaplom* (olmesartan/amlodipine) and Polaplom* HCT (olmesartan/amlodipine/hydrochlorothiazide) in Greece;
- Telmista* (telmisartan), Telmista* H (telmisartan/hydrochlorothiazide), and Teldipin* (telmisartan/amlodipine) in Uzbekistan;
- Metazero* XR (metoprolol) in Greece;
- Doreta* (tramadol/paracetamol) in Lithuania;
- Dulsevia* (duloxetine) in Moldova;
- Kventiax* (quetiapine) in Belarus;
- Everolimus Krka (everolimus) in Slovakia, the Czech Republic, Hungary, Austria, and France.

Non-Prescription Products

The sales of non-prescription products totalled €122.5 million, up 29% on the same period last year.

After the lifting of COVID-19 measures, sales of seasonal cough-and-cold products jumped.

Sales increased year over year in all regions, rising 53% in Region West Europe, 42% in Region Central Europe, 33% in Region South-East Europe, 28% in Region East Europe, 15% in Region Slovenia, and 8% in Region Overseas Markets.

Animal Health Products

Animal health product sales totalled €69.4 million, a 7% year-on-year increase.

Sales increased in Region East Europe (by 32%), Region Central Europe (by 1%) and Region West Europe (by 1%).

As to our major markets, sales were up the most in the United Kingdom (38%), the Russian Federation

Sales generated in Region East Europe accounted for half of the total sales of non-prescription products. We recorded impressive growth in the Russian Federation (44%) while substantial sales increases were also reported for many other markets.

The leading products in terms of sales during the nine months to September 2022 were Septolete*, Nalgesin* (naproxen), Herbion*, Bilobil and Pikovit brand products. The main drivers of sales growth were Septolete*, Herbion* and Nalgesin* (naproxen).

(35%), the Benelux (29%), Portugal (17%), Ukraine (13%) and Poland (5%).

The main sales growth drivers were Milprazon* (milbemycin/praziquantel), which is now also available as chewable tablets, Selehold* (selamectin), and the newly launched antimicrobial agent Cladaxxa* (amoxicillin/clavulanic acid).

Health Resorts and Tourist Services

In the nine months to September 2022, Terme Krka generated €32.0 million of revenue, a 21% climb compared to the same period last year.

They recorded 244,957 overnight stays, up 12% year on year. The Talaso Strunjan resort recorded the most overnight stays (35%), while the highest growth

rate was reported by the Terme Šmarješke Toplice spa (19%). Domestic guests prevailed, with the percentage of international guests on the rise (13% of all overnight stays). Records showed that most international guests were Italian, German, Dutch and Austrian.

* Products with an asterisk are those that we market under different brand names in individual markets.

Research and Development

We plan to obtain marketing authorisations for at least 12 new products in 2022.

Six marketing authorisations for new products were already acquired in the nine-month period:

- Vitamin D3 (cholecalciferol) 7,000 IU;
- A single-pill combination of perindopril arginine and amlodipine;
- A valsartan agent for the Chinese market;
- A fixed-dose combination agent with perindopril tert-butylamine and indapamide for the Chinese market;
- An agent containing a new active substance, dabigatran etexilate;
- A new magnesium-based product.

Additional products were added to our product range in all regions, with new marketing approvals obtained for our key value-added products for important indication areas.

Prescription Pharmaceuticals

We obtained marketing authorisations for five new prescription pharmaceuticals.

We developed and obtained marketing authorisations for **Vitamin D3 Krka** (cholecalciferol) tablets in the new strength of 7,000 IU, which is patient friendly as it is to be taken only once a day.

We added a new perindopril arginine-based product to the portfolio of our cardiovascular agents. The first marketing authorisations for products based on this new perindopril salt were obtained last year. This year we added to the product group a new single-pill combination of perindopril arginine and amlodipine, available on markets as **Neoamlessini**, **Amlessa**, **AmlessaNEO**, **Aramlessa**, **Tonarssa NEO**, **Dalnessaneo**, **Dalnessa AS**, or **Aperneva**. Perindopril arginine is our product, developed and produced according to our vertical integration model. The development and production are the result of our own know-how and take place in Krka-owned facilities. The new form allows for adjustments to the needs of each market.

We continued obtaining new marketing authorisations for our products in China. On the basis of the results of additional research and bioequivalence studies, consistent with the

In the nine-month period we obtained 297 new marketing authorisations in various markets, of that 187 for prescription pharmaceuticals, 13 for non-prescription products, and 97 for animal health products.

As to APIs, we obtained a new Certificate of Suitability to the monograph of the European Pharmacopoeia (CEP) for our losartan and rivaroxaban.

Special attention is devoted to established products, to evaluating, complementing and adjusting them with the latest scientific findings and with regulatory and marketing requirements. This year we filed marketing authorisation documents for more than 20,000 variations and received approvals for more than 22,000 regulatory variations, which facilitates quality assurance and helps us supply all markets with our products without interruptions.

requirements of Chinese regulators, we obtained approvals to market our **valsartan** film-coated tablets and our **perindopril tert-butylamine/indapamide** fixed-dose combination tablets. Both are cardiovascular agents.

We developed and obtained marketing authorisations for **Dabixom** (dabigatran etexilate) hard capsules. This antithrombotic agent is used for the treatment and prevention of atherothrombotic and thromboembolic events in adults with cardiovascular diseases. Marketing approvals for it were granted in the Russian Federation. The model of vertical integration was followed in this product's manufacture. API synthesis and formulation development were the results of our know-how.

We obtained new marketing authorisations in additional markets for medicines from important established and promising areas, particularly for antidiabetics, antithrombotics and cardiovascular agents.

In European markets we obtained a new marketing authorisation for **Tapentadol Krka** (tapentadol) prolonged-release tablets used to alleviate strong pain. Additional marketing authorisations were granted for the oncology agent **Imatinib Krka**

(imatinib) in the form of film-coated tablets. We were granted new approvals for **Arisppa** (aripiprazole) tablets from our antipsychotic range, and **Dekenor** (dexketoprofen) film-coated tablets as a non-prescription product for the symptomatic treatment of mild to moderate pain. We completed registration procedures for **Amlodipine Krka** (amlodipine) tablets for lowering high blood pressure, **Fromilid UNO** (clarithromycin) prolonged-release tablets for the treatment of systemic infections, **Monkasta** (montelukast) film-coated tablets for the prevention and treatment of chronic bronchial asthma and the alleviation of seasonal allergic rhinitis symptoms, and the stomach remedy **Esozoll** (esomeprazole) in the form of hard gastro-resistant capsules available without a prescription in selected markets.

In eastern Europe, the most important approvals were those of agents from key therapeutic areas, particularly antithrombotics, antidiabetics, cardiovascular and oncology agents, and agents from other established therapeutic classes. We obtained a new marketing authorisation for our value-added antithrombotic agent **Rivaroxia** (rivaroxaban) in the form of film-coated tablets.

We extended our range of antidiabetics by obtaining approvals for **Asiglia** (sitagliptin) film-coated tablets, the fixed-dose combination **Asiglia-Met** (sitagliptin/metformin) in the form of film-coated tablets, and **Glypvilo** (vildagliptin) tablets.

New single-pill combinations were added to our cardiovascular portfolio. Our rosuvastatin-based product group was extended after we were granted new marketing authorisations for **Roxatenz-Amlo** (rosuvastatin/perindopril/amlodipine) and **Roxera Plus** (rosuvastatin/ezetimibe) film-coated tablets. In eastern European countries we obtained approvals to market **Teldipin** (telmisartan/amlodipine) tablets and have thus extended our telmisartan product range. Marketing approvals were granted for the fixed-dose combination **Ramladio** (ramipril/amlodipine), in the form of capsules.

We added to our oncology range **Lenalidomide Krka** (lenalidomide) hard capsules indicated for treating the rare condition of multiple myeloma in cancer patients, and **Erlotinib Krka** (erlotinib) film-coated tablets.

Our product range of analgesics was complemented with **Dexiax** (dexketoprofen) and **Etoriax** (etoricoxib) film-coated tablets.

We were granted new marketing authorisations for the central nervous system agents **Pregabia** (pregabalin) in the form of hard capsules, **Dulsevia** (duloxetine) gastro-resistant capsules, and **Yasnal** (donepezil) film-coated tablets.

Our antibiotic range in eastern European markets was extended after we obtained approvals for **Linezolid Krka** (linezolid) film-coated tablets and solution for infusion.

Our portfolio in south-eastern Europe was extended as we launched products containing new APIs from several important therapeutic categories. Approvals were granted to Krka for the marketing of diabetes agents **Maysiglu** (sitagliptin) and **Maymetsi** (sitagliptin/metformin), both as film-coated tablets. **Aryzalera** (aripiprazole) tablets have expanded our range of central nervous system agents. We started marketing single-pill combinations **Valtricom** (amlodipine/valsartan/hydrochlorothiazide), **Roxampex** (perindopril/amlodipine/rosuvastatin) and **Co-Roswera** (rosuvastatin/ezetimibe), all film-coated tablets indicated for the treatment of cardiovascular diseases.

Marketing authorisations were obtained for two value-added antithrombotic agents in the form of film-coated tablets, **Xerdoxo** (rivaroxaban) and **Atixarso** (ticagrelor).

Additionally, we obtained a marketing authorisation for our analgesic **Apeneta** (tapentadol) in prolonged-release tablet form. We also obtained an additional marketing authorisation for our oncology agent **Bortezomib Krka** (bortezomib) in the form of powder for solution for injection.

Overseas, Krka obtained new marketing authorisations for fixed-dose combinations **Vasitimib** (ezetimibe/simvastatin), **Tolucombi** (telmisartan/hydrochlorothiazide) and **Telassmo** (telmisartan/amlodipine) tablets, and for **Wamlox** (amlodipine/valsartan) film-coated tablets. Moreover, new registrations in the reported period included **Ezoleta** (ezetimibe) tablets, **Nolpaza** (pantoprazole) and **Emanera** (esomeprazole) gastro-resistant capsules, and **Montelukast TAD** (montelukast) film-coated tablets.

Non-Prescription Products

In the first nine months of 2022, we added a new product to the group and obtained additional marketing authorisations to take key product brands to new markets.

Marketing approval was granted for **Magnezij Krka 400** water soluble granules. The food supplement contains magnesium citrate and B₂, which help reduce fatigue and exhaustion, and support the normal functioning of the nervous system. Magnesium citrate is also vital for proper muscle function. Our product does not contain preservatives, artificial colouring agents, flavours, sweeteners, gluten, or lactose.

Animal Health Products

In the nine months to September 2022 we expanded marketing opportunities for our key animal health product brands, taking them to new markets.

Increasing our portfolio of farm animal products, new approvals were obtained for **Tuloxxin** (tulathromycin) solution for injection for cattle and pigs, indicated for the treatment of bovine respiratory disease (BRD), and for the vitamin and mineral tonic **Catobevit** (butafosfan/cyanocobalamin) in the form of solution for injection, indicated for the supportive treatment of metabolic or reproductive disorders in cattle, pigs, horses, sheep and goats. We expanded marketing opportunities for the **Doxatib** (doxycycline) powder for the preparation of medicated drinking water, indicated for treating infections in pigs and broilers, and for the **Floron** (florfenicol) solution for injection, indicated for the treatment of respiratory tract infections in cattle and pigs.

We obtained new marketing authorisations for companion animal products in additional markets. The fixed-dose combination **Cladaxxa** (amoxicillin/clavulanic acid) in the form of chewable tablets in three strengths was added to our range of products

We obtained approvals in new eastern European markets for **Vitamin D3 Krka** (cholecalciferol) tablets, the **Pikovit** syrup, and **Nalgesin** (naproxen) 220 mg film-coated tablets.

New approvals were obtained in the EU for **Magnesol 300** water soluble granules.

We started marketing our herbal syrup **Herbion Iceland Moss** in south-eastern Europe and our nasal spray **Septanazal** (xylometazoline/dexpanthenol) in Region Overseas Markets.

marketed in the EU and Region East Europe. The product is indicated for the treatment of bacterial infections of the skin, gums, respiratory tract, urinary tract and intestines, in cats and dogs.

The fixed-dose combination **Ataxxa/Damtix/Daclotrix** (imidacloprid/permethrin) was approved in the EU in the additional form of spot-on solution in four filling sizes. The product is indicated for the prevention and treatment of flea and tick infestations in dogs.

The marketing authorisation procedure was completed in Region East Europe for **Enroxil** (enrofloxacin) tablets for the treatment of mixed infections in dogs.

Amflee Combo (fipronil/S-methoprene) spot-on solution was added to our product portfolio in Region Overseas Markets. It is indicated for the treatment and prevention of external parasite infestations in dogs. We were also granted approval to market our **Floron Minidose** (florfenicol) solution for injection, indicated for the treatment of bacterial respiratory infections in cattle and pigs.

Investments

In the first nine months of 2022, the Krka Group allocated €74.9 million to investments, of which the controlling company invested €53.1 million. We primarily invested in our production, development and quality management facilities, to increase capacity and upgrade technologies, and in our production and distribution centres worldwide.

In Ločna (Novo mesto, Slovenia), our central location, we finished equipping Notol 2, our state-of-the-art plant for the production of solid dosage forms. We installed several highly automated and robotised packaging lines, of which the last two were made ready for operation in June 2022. This has rendered the facility fully technologically equipped. Its full capacity is 5 billion manufactured and 8 billion packed tablets per year. This most recent investment into Notol 2 has totalled €39.2 million.

We are planning several additional renovations of the Notol plant in the mid-term period to 2026. In 2022 we have been upgrading water supply systems and automated washing systems. The investment is estimated at €3.1 million.

Moreover, we are renovating the format tool washing room, and replacing and overhauling the worn-out packaging lines. All 16 packaging lines have been commissioned and will be delivered and installed gradually by the end of 2024. The investment is estimated at €38.2 million.

In addition, the €6.1 million investment will increase production capacity, intermediate products control capacity. We will allocate €11.3 million to modernising and increasing our granulation capacity.

We finished several investments to upgrade the capacities for research, development and analyses in our development-and-control laboratories. They totalled €8.2 million.

As our production capacities increase, so do our energy demands. We finished investing in increased capacity for production of compressed air and new utility lines for energy supplies to manufacturing facilities. We invested €2.5 million in energy infrastructure extension at our Novo mesto (Slovenia) production facility.

At our Slovenian Beta Šentjernej plant, we upgraded the systems and equipment and increased the production capacity for the preparation of dry granules. The investment totalled €2.4 million.

We are investing €26 million in additional capacities at the Solid Dosage Form Products plant (Novo mesto, Slovenia). The 2022 costs of room refurbishment and procurement of technological equipment is estimated at €17 million.

Preparation works have started in April for the construction of a multi-purpose building called Paviljon 3 (in Novo mesto, Slovenia). It will house an extension for our microbiology laboratory and additional rooms for several organisational units. The construction costs of the six-storey building is estimated at €19.3 million.

New analytical techniques require extra laboratory facilities, which we intend to obtain by refurbishing rooms in buildings RKC1 and 3. The €1.8 million investment will ensure safe conditions for work with materials that contain highly active ingredients.

We plan to build an extension to the Sterile Products Department and install a new line for sterile solutions in order to double the manufacturing capacity for animal health products. This will provide for the long-term production of higher volumes of sterile products. The investment was estimated at €29 million.

We plan to install a new filling line and hence double the tube filling capacity in our Bršljin Department (Novo mesto, Slovenia) for the manufacture of powder and liquid animal health products. The investment was estimated at €1.8 million.

We also plan to increase the production capacities for granulation and packaging at our Ljutomer Department (Slovenia). The total investment value is estimated at €16.4 million.

We plan to build new facilities for API development and production in Krško (Slovenia). Based on project documentation and an IED OVD environmental impact assessment we obtained the building permit for the Sinteza 2 plant and laboratories for chemical analyses (*Kemijsko-analitski center* in Slovene). The environmental permit has also been granted, and construction works are planned to start after the permit enters into force. This project includes the construction of a highly efficient wastewater treatment plant for the complete treatment of effluents, and the construction of small technology and infrastructure buildings required for production. The investment is estimated at €163 million and is in line with our strategy of vertical integration, from the development of a product to its production.

We expect the installation of the secondary packaging line in the production and distribution centre in Jastrebarsko (Croatia) to increase production capacities for solid forms of animal health products. The investment into modernising the facilities and systems there will also result in a secondary location for the purposes of Quality Management and Information Technology. The investment is estimated at €3.5 million.

Our China-based joint venture Ningbo Krka Menovo has continued the acquisition of manufacturing and quality control equipment. Krka products are being manufactured there in facilities subject to a long-term lease. These are products for markets outside China, while since January 2021 we have also started placing the first products from that plant on the Chinese market.

Employees

At the end of September 2022, the Krka Group employed 11,489 staff members. Of those it was 5,198 – which is 45% of the total Krka Group headcount – that worked outside Slovenia. Of all Krka Group employees, 51% have at least university-

level qualifications; of that, 199 hold a doctoral degree.

Together with agency workers, the Krka Group employs a 12,494-strong team.

Employees by Education

	30 Sept 2022		31 Dec 2021	
	Number of employees	Share (%)	Number of employees	Share (%)
PhD	199	1.7	207	1.8
Master of Science	388	3.4	391	3.4
University degree	5,279	45.9	5,284	45.9
Higher professional education	1,771	15.4	1,755	15.3
Vocational college education	310	2.7	307	2.7
Secondary school education	2,580	22.5	2,572	22.3
Other	962	8.4	995	8.6
Total	11,489	100.0	11,511	100.0

We provide for continuous recruitment of talented employees by awarding scholarships. At the end of September, we listed 78 scholarship holders, primarily pharmacy and chemistry students. We also grant scholarships to exceptional students from other fields of interest to Krka. Our staff development and succession planning system ensures that the majority of our positions for key professionals and managers are filled by Krka Group employees.

processes, market situations, and development needs of the Krka Group. We constantly update learning options and introduce new forms adjusted to the contemporary approaches to work.

At the end of September, 166 employees were enrolled in part-time graduate studies co-funded by Krka, 39 of them in postgraduate studies. 20 had finished their studies.

We invest in the knowledge and development of our employees. In Slovenia and abroad, they undergo further professional training, and attend training courses on quality, management, informatics, personal growth, and foreign languages. We arrange most training courses in-house and adjust them to the needs of our employees, technological

Krka is also engaged in the national vocational qualification (NVQ) system. Between 2002 and the end of September 2022, we awarded 1,685 NVQ certificates to Krka employees for four vocational qualifications. At the end of September 2022, 262 Krka employees were in the process of obtaining a NVQ certificate.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP WITH NOTES

Consolidated Statement of Financial Position of the Krka Group

€ thousand	30 Sept 2022	31 Dec 2021	Index
Assets			
Property, plant and equipment	801,701	774,352	104
Intangible assets	102,988	104,301	99
Loans	77,066	40,300	191
Investments	113,279	108,883	104
Deferred tax assets	72,090	46,883	154
Other non-current assets	1,067	1,028	104
Total non-current assets	1,168,191	1,075,747	109
Assets held for sale	41	41	100
Inventories	566,536	455,707	124
Contract assets	3,223	1,214	265
Trade receivables	464,345	467,764	99
Other receivables	35,598	29,564	120
Loans	133,717	192,360	70
Investments	59,682	155,448	38
Cash and cash equivalents	292,274	159,838	183
Total current assets	1,555,416	1,461,936	106
Total assets	2,723,607	2,537,683	107
Equity			
Share capital	54,732	54,732	100
Treasury shares	-120,477	-114,541	105
Reserves	231,530	145,077	160
Retained earnings	1,939,921	1,819,937	107
Total equity holders of the controlling company	2,105,706	1,905,205	111
Non-controlling interests	18,561	13,880	134
Total equity	2,124,267	1,919,085	111
Liabilities			
Provisions	128,724	126,153	102
Deferred revenue	6,255	6,875	91
Trade payables	10,000	10,000	100
Lease liabilities	7,874	8,724	90
Deferred tax liabilities	10,700	10,922	98
Total non-current liabilities	163,553	162,674	101
Trade payables	129,839	130,011	100
Lease liabilities	3,588	3,433	105
Income tax payables	41,927	7,023	597
Contract liabilities	167,171	124,730	134
Other current liabilities	93,262	190,727	49
Total current liabilities	435,787	455,924	96
Total liabilities	599,340	618,598	97
Total equity and liabilities	2,723,607	2,537,683	107

Consolidated Income Statement of the Krka Group

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Revenue	1,242,203	1,176,552	106
– Revenue from contracts with customers	1,239,533	1,174,081	106
– Other revenue	2,670	2,471	108
Cost of goods sold	-561,071	-511,850	110
Gross profit	681,132	664,702	102
Other operating income	5,197	5,739	91
Selling and distribution expenses	-266,742	-220,487	121
– Of that net impairments and write-offs of receivables	7,628	1,182	645
R&D expenses	-119,481	-113,043	106
General and administrative expenses	-66,322	-65,642	101
Operating profit	233,784	271,269	86
Financial income	125,881	18,170	693
Financial expenses	-3,476	-9,332	37
Net financial result	122,405	8,838	1,385
Profit before tax	356,189	280,107	127
Income tax	-54,521	-40,007	136
Net profit	301,668	240,100	126
Attributable to:			
– Equity holders of the controlling company	300,945	240,754	125
– Non-controlling interests	723	-654	
Basic earnings per share* (€)	9.68	7.72	125
Diluted earnings per share** (€)	9.68	7.72	125

* Net profit/Average number of shares issued in the period, excluding treasury shares

** All shares issued by the controlling company are ordinary shares, hence the diluted earnings per share ratio equalled basic earnings per share.

Consolidated Statement of Other Comprehensive Income of the Krka Group

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Net profit	301,668	240,100	126
Other comprehensive income for the period			
Other comprehensive income for the period reclassified to profit or loss at a future date			
Translation reserve	81,582	15,400	530
Net other comprehensive income for the period reclassified to profit or loss at a future date	81,582	15,400	530
Other comprehensive income for the period that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	-474	4,062	
Deferred tax effect	87	-772	
Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date	-387	3,290	
Total other comprehensive income for the period (net of tax)	81,195	18,690	434
Total comprehensive income for the period (net of tax)	382,863	258,790	148
Attributable to:			
– Equity holders of the controlling company	381,462	258,718	147
– Non-controlling interests	1,401	72	1,946

Consolidated Statement of Changes in Equity of the Krka Group

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Total equity holders of the controlling company	Non-controlling interests	Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the period			
At 1 Jan 2022	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
Net profit	0	0	0	0	0	0	0	0	0	0	300,945	300,945	723	301,668
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	-387	80,904	0	0	0	80,517	678	81,195
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	-387	80,904	0	0	300,945	381,462	1,401	382,863
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	71,800	-71,800	0	0	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	0	293,952	-293,952	0	0	0
Repurchase of treasury shares	0	-5,936	0	0	0	0	0	0	0	0	0	-5,936	0	-5,936
Formation of reserves for treasury shares	0	0	5,936	0	0	0	0	0	0	0	-5,936	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-175,025	0	-175,025	0	-175,025
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	3,280	3,280
Total transactions with owners, recognised in equity	0	-5,936	5,936	0	0	0	0	0	71,800	47,127	-299,888	-180,961	3,280	-177,681
At 30 Sept 2022	54,732	-120,477	120,477	105,897	14,990	30,000	-22,464	-17,370	1,442,702	202,210	295,009	2,105,706	18,561	2,124,267

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Total equity holders of the controlling company	Non-controlling interests	Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the period			
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	240,754	240,754	-654	240,100
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	3,290	14,674	0	0	0	17,964	726	18,690
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	3,290	14,674	0	0	240,754	258,718	72	258,790
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 profits to retained earnings	0	0	0	0	0	0	0	0	0	265,490	-265,490	0	0	0
Repurchase of treasury shares	0	-10,376	0	0	0	0	0	0	0	0	0	-10,376	0	-10,376
Formation of reserves for treasury shares	0	0	10,376	0	0	0	0	0	0	0	-10,376	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	5,199	5,199
Total transactions with owners, recognised in equity	0	-10,376	10,376	0	0	0	0	0	90,812	18,782	-275,866	-166,272	5,199	-161,073
At 30 Sept 2021	54,732	-109,655	109,655	105,897	14,990	30,000	-31,769	-96,838	1,370,902	157,487	230,378	1,835,779	13,750	1,849,529

Consolidated Statement of Cash Flows of the Krka Group

€ thousand	Jan–Sept 2022	Jan–Sept 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	301,668	240,100
Adjustments for:	150,026	133,921
– Amortisation/Depreciation	80,408	81,421
– Foreign exchange differences	27,693	6,607
– Investment income	-16,540	-4,032
– Investment expenses	1,023	8,901
– Financial income	-32	-38
– Interest expenses and other financial expenses	2,952	1,054
– Income tax	54,522	40,008
Operating profit before changes in net current assets	451,694	374,021
Change in trade receivables	-2,475	-84,542
Change in inventories	-110,829	18,242
Change in trade payables	44,285	10,213
Change in provisions	1,456	828
Change in deferred revenue	-620	-696
Change in other current liabilities	4,820	8,604
Income tax paid	-42,484	-52,432
Net cash flow from operating activities	345,847	274,238
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,417	471
Dividends received	631	668
Proceeds from sale of property, plant and equipment	1,801	1,583
Purchase of property, plant and equipment	-70,763	-48,981
Purchase of intangible assets	-4,071	-1,945
Net payments for non-current loans	-39,771	-14,234
Net proceeds from/payments for current loans	61,824	-15,434
Net payments for non-current investments	-29,216	-3,373
Net proceeds from current investments	32,184	6,338
Net proceeds from/payments for derivatives	8,846	-2,427
Net cash flow from investing activities	-37,118	-77,334
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-1,788	-166
Lease liabilities paid	-2,880	-2,683
Dividends and other profit shares paid	-175,043	-155,904
Repurchase of treasury shares	-5,936	-10,376
Proceeds from payment of non-controlling interests	3,280	5,199
Net cash flow from financing activities	-182,367	-163,930
Net increase in cash and cash equivalents	126,362	32,974
Cash and cash equivalents at beginning of period	159,838	313,568
Effect of foreign exchange rate fluctuations on cash held	6,074	2,083
Closing balance of cash and cash equivalents	292,274	348,625

Segment Reporting of the Krka Group

€ thousand	European Union		South-East Europe		East Europe		Other		Eliminations		Total	
	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021
Revenue from external customers	683,401	649,509	72,103	68,569	414,240	397,832	72,459	60,642	0	0	1,242,203	1,176,552
– Revenue from contracts with customers	681,106	647,189	72,103	68,569	414,147	397,749	72,177	60,574	0	0	1,239,533	1,174,081
– Other revenue	2,295	2,320	0	0	93	83	282	68	0	0	2,670	2,471
Sales between Group companies	186,428	149,380	41,345	36,774	289,601	189,217	11,426	4,654	-528,800	-380,025	0	0
Other operating income	4,092	5,425	39	105	322	209	744	0	0	0	5,197	5,739
Operating expenses	-562,973	-533,476	-47,281	-44,696	-349,418	-288,062	-53,944	-44,788	0	0	-1,013,616	-911,022
Operating expenses to Group companies	-285,471	-251,849	-45,436	-40,297	-403,531	-391,389	-24,584	-11,753	759,022	695,288	0	0
Operating profit	124,520	121,458	24,861	23,978	65,144	109,979	19,259	15,854	0	0	233,784	271,269
Interest income	856	114	7	4	640	140	500	212	0	0	2,003	470
Interest income from Group companies	320	206	0	0	2	-6	0	1	-322	-201	0	0
Interest expenses	-1,065	-180	-9	-6	-94	-90	-3	-4	0	0	-1,171	-280
Interest expense to Group companies	-183	-203	0	0	-1	-1	0	0	184	204	0	0
Net financial result	-3,409	-1,193	23	-135	112,649	8,007	13,142	2,159	0	0	122,405	8,838
Income tax	-29,905	-21,401	-5,487	-3,364	-16,823	-13,572	-2,306	-1,670	0	0	-54,521	-40,007
Net profit	91,206	98,864	19,397	20,479	160,970	104,414	30,095	16,343	0	0	301,668	240,100
Investments	62,405	38,911	304	326	11,967	5,770	248	313	0	0	74,924	45,320
Depreciation of property, plant and equipment	49,598	54,432	1,509	1,480	19,213	15,995	2,105	2,044	0	0	72,425	73,951
Depreciation of the right-of-use assets	2,048	1,855	82	63	539	426	45	53	0	0	2,714	2,397
Amortisation	3,100	3,178	249	259	1,708	1,424	212	212	0	0	5,269	5,073
	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021
Total assets	2,010,720	1,957,545	61,275	56,344	599,134	484,051	52,478	39,743	0	0	2,723,607	2,537,683
Goodwill	42,644	42,644	0	0	0	0	0	0	0	0	42,644	42,644
Trademark	34,265	34,918	0	0	0	0	0	0	0	0	34,265	34,918
Total liabilities	374,200	405,218	17,097	23,401	160,283	151,208	47,760	38,771	0	0	599,340	618,598

Notes to Consolidated Financial Statements of the Krka Group

Costs by nature

€1,013,616 thousand

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Cost of goods and materials	408,824	300,961	136
Cost of services	185,075	166,628	111
Employee benefits	348,812	324,467	108
Amortisation and depreciation	80,408	81,421	99
Inventory write-offs and allowances (net)	14,940	10,412	143
Receivable impairments and write-offs (net)	7,628	1,182	645
Other operating expenses	25,786	22,723	113
Total costs	1,071,473	907,794	118
Change in the value of inventories of finished products and work in progress	-57,857	3,228	
Total	1,013,616	911,022	111

Employee benefits

€348,812 thousand

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Gross wages and salaries and continued pay	269,036	248,647	108
Social security contributions	20,634	19,516	106
Pension insurance contributions	36,648	33,355	110
Payroll tax	529	630	84
Post-employment benefits and other non-current employee benefits	5,425	5,877	92
Other employee benefits	16,540	16,442	101
Total employee benefits	348,812	324,467	108

Other operating expenses

€25,786 thousand

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Grants and assistance for humanitarian and other purposes	1,194	986	121
Environmental protection expenditures	4,462	4,009	111
Other taxes and levies	16,363	14,192	115
Loss on sale and write-offs of property, plant and equipment and intangible assets	773	736	105
Other operating expenses	2,994	2,800	107
Total other operating expenses	25,786	22,723	113

Other taxes and levies include various taxes and levies on pharmaceuticals, and fees paid by the Krka Group for promotional activities pursued by associates in individual foreign countries.

Financial income and expenses

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Net foreign exchange differences	110,107	14,979	735
Interest income	2,003	470	426
Derivatives income	12,636	2,002	631
– Realised revenue	8,846	2,002	442
– Fair value change	3,790	0	
Income from dividends and other profit shares	631	691	91
Other financial income	504	28	1,800
Total financial income	125,881	18,170	693
Interest expenses	-1,171	-280	418
– Interest paid	-946	-52	1,819
– Interest expenses on lease liabilities	-225	-228	99
Derivatives expenses	0	-8,277	0
– Incurred expenses	0	-4,429	0
– Fair value change	0	-3,848	0
Other financial expenses	-2,305	-775	297
Total financial expenses	-3,476	-9,332	37
Net financial result	122,405	8,838	1,385

Income tax

€54,521 thousand

Current income tax amounted to €75,197 thousand, which is 21.1% of profit before tax. Taking into account –€20,676 thousand of deferred

tax, the tax expensed in the income statement totals €54,521 thousand. The effective tax rate was 15.3%.

Property, plant and equipment

€801,701 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Land	40,940	40,645	101
Buildings	366,818	359,247	102
Equipment	304,628	313,864	97
Property, plant and equipment being acquired	60,028	44,090	136
Advances for property, plant and equipment	18,378	4,743	387
Right-of-use assets	10,909	11,763	93
Total property, plant and equipment	801,701	774,352	104

The value of property, plant, and equipment accounted for 29% of the Krka Group balance sheet

total. See the 'Investments' section in the business report for details on Krka's major investments.

Intangible assets

€102,988 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Goodwill	42,644	42,644	100
Trademark	34,265	34,918	98
Concessions, trademarks and licences	21,925	22,806	96
Intangible assets being acquired	4,154	3,933	106
Total intangible assets	102,988	104,301	99

Loans

€210,783 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Non-current loans	77,066	40,300	191
– Loans to others	77,066	40,300	191
Current loans	133,717	192,360	70
– Portion of non-current loans maturing next year	1,834	1,826	100
– Loans to others	131,749	190,585	69
– Current interest receivables	134	-51	
Total loans	210,783	232,660	91

Investments

€172,961 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Non-current investments	113,279	108,883	104
– Investments at fair value through OCI	15,401	15,861	97
– Investments at amortised cost	97,878	93,022	105
Current investments including derivatives	59,682	155,448	38
– Investments at amortised cost	54,402	113,987	48
– Derivatives	5,280	1,491	354
– Other current investments at fair value through profit or loss	0	39,970	0
Total investments	172,961	264,331	65

Investments at fair value through OCI include €846 thousand of shares and interests in companies in Slovenia, and €14,555 thousand of shares and interests in companies outside Slovenia.

Investments at amortised cost include €7,137 thousand of investments in Slovenian government bonds, and €145,143 thousand of investments in foreign government bonds.

Inventories

€566,536 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Materials	209,865	188,994	111
Work in progress	128,538	104,640	123
Finished products	202,470	152,597	133
Merchandise	8,872	7,299	122
Advances for inventories	16,791	2,177	771
Total inventories	566,536	455,707	124

Trade and other receivables

€499,943 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Current trade receivables	464,345	467,764	99
– Trade receivables	468,861	468,589	100
– Deferred revenue from contracts with customers	-4,516	-825	547
Other current receivables	35,598	29,564	120
Total trade and other receivables	499,943	497,328	101

Cash and cash equivalents

€292,274 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Cash in hand	46	30	153
Bank balances	292,228	159,808	183
Total cash and cash equivalents	292,274	159,838	183

Bank balances include the controlling company's bank deposits maturing in less than 30 days, totalling €179,692 thousand.

Equity

€2,124,267 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Share capital	54,732	54,732	100
Treasury shares	-120,477	-114,541	105
Reserves	231,530	145,077	160
– Reserves for treasury shares	120,477	114,541	105
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	-22,464	-22,077	102
– Translation reserve	-17,370	-98,274	18
Retained earnings	1,939,921	1,819,937	107
Total equity holders of the controlling company	2,105,706	1,905,205	111
Non-controlling interests	18,561	13,880	134
Total equity	2,124,267	1,919,085	111

Trade payables

€139,839 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Non-current trade payables	10,000	10,000	100
Current trade payables	129,839	130,011	100
Payables to domestic suppliers	55,504	46,767	119
Payables to foreign suppliers	74,335	83,244	89
Total trade payables	139,839	140,011	100

Non-current trade payables include liabilities to the European Commission. In 2014, the Commission of the European Union ruled that Krka had infringed the provision of Article 101 of the *Treaty on the Functioning of the European Union*, which resulted in a distortion of competition on the perindopril market of the European Union. Thus, it imposed a fine of €10,000 thousand on Krka. Krka paid the penalty within the deadline set by the Commission, and filed a lawsuit against the Commission's decision before the General Court of the European Union, because it

considered that its conduct had not violated the competition law rules. In December 2018, the Court ruled in favour of Krka. The decision of the General Court is not final yet, as the Commission lodged an appeal against it, which will be decided by the European Court of Justice. Although the Commission did indeed pay back the fine of €10,000 thousand in early 2019, Krka deferred the revenue based on the assessment of legal experts, and recognised non-current trade payables in that same amount.

Provisions

€128,724 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Provisions for lawsuits	577	577	100
Provisions for post-employment benefits	106,095	104,429	102
Provisions for other non-current employee benefits	20,482	19,854	103
Other provisions	1,570	1,293	121
Total provisions	128,724	126,153	102

Deferred revenue

€6,255 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Grants received from the European Regional Development Fund and budget of the Republic of Slovenia intended for the production of pharmaceuticals in the new Notol 2 plant	896	1,058	85
Grants received from the budget for the Dolenjske and Šmarješke Toplice health resorts and Golf Grad Otočec	3,253	3,320	98
Grants received from the European Regional Development Fund (Farma GRS)	1,994	2,376	84
Subsidy for acquisition of electric drive vehicles	3	3	100
Property, plant and equipment received free of charge	5	12	42
Emission coupons	10	10	100
Subsidy for purchase of joinery	92	93	99
Subsidy for acquisition of other equipment	2	3	67
Total deferred revenue	6,255	6,875	91

Current contract liabilities

€167,171 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Refund liabilities	152,562	116,965	130
– Bonuses and volume rebates	143,139	114,795	125
– Rights of return	9,423	2,170	434
Contract liabilities	14,609	7,765	188
– Contract liabilities – deferred revenue	1,135	1,101	103
– Contract liabilities – advances from other customers	13,474	6,664	202
Total current contract liabilities	167,171	124,730	134

Other current liabilities

€93,262 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Payables to employees – gross salaries, other receipts and charges	68,926	67,978	101
Liabilities under repurchase transactions (repo-type operations)	0	102,234	0
Other	24,336	20,515	119
Total other current liabilities	93,262	190,727	49

Contingent liabilities

€22,889 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Guarantees issued	21,850	16,019	136
Other	1,039	976	106
Total contingent liabilities	22,889	16,995	135

Fair value

€ thousand	30 Sept 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	77,066	77,066	40,300	40,300
Investments at fair value through OCI	15,401	15,401	15,861	15,861
Investments at amortised cost	97,878	53,389	93,022	92,570
Current financial assets				
Loans	133,717	133,717	192,360	192,360
Investments through profit or loss	0	0	39,970	39,970
Investments at amortised cost	54,402	92,143	113,987	113,912
Derivatives	5,280	5,280	1,491	1,491
Trade receivables	464,345	464,345	467,764	467,764
Cash and cash equivalents	292,274	292,274	159,838	159,838
Non-current financial liabilities				
Trade payables	-10,000	-10,000	-10,000	-10,000
Lease liabilities	-7,874	-7,874	-8,724	-8,724
Current financial liabilities				
Lease liabilities	-3,588	-3,588	-3,433	-3,433
Trade payables excluding advances	-129,839	-129,839	-130,011	-130,011
Contract liabilities excluding advances	-143,139	-143,139	-114,795	-114,795
Liabilities under repurchase transactions (repo-type operations)	0	0	-102,234	-102,234
Other liabilities excluding amounts owed to the State, to employees, and advances	-27,133	-27,133	-4,241	-4,241
Total	818,790	812,042	751,155	750,628

In terms of fair value, assets and liabilities are classified into three levels:

- Level 1 – Assets at market price;
- Level 2 – Assets not classified within level 1 and the value of which is determined directly or indirectly based on observable market data;
- Level 3 – Assets the value of which cannot be determined using market data.

Assets at fair value

€ thousand	30 Sept 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI	14,014	0	1,387	15,401	14,474	0	1,387	15,861
Investments through profit or loss	0	0	0	0	39,970	0	0	39,970
Derivatives	0	0	5,280	5,280	0	0	1,491	1,491
Total assets at fair value	14,014	0	6,667	20,681	54,444	0	2,878	57,322
Assets for which fair value is disclosed								
Loans	0	0	210,783	210,783	0	0	232,660	232,660
Trade receivables	0	0	464,345	464,345	0	0	467,764	467,764
Investments at amortised cost	145,532	0	0	145,532	206,482	0	0	206,482
Cash and cash equivalents	0	0	292,274	292,274	0	0	159,838	159,838
Total assets for which fair value is disclosed	145,532	0	967,402	1,112,934	206,482	0	860,262	1,066,744
Total	159,546	0	974,069	1,133,615	260,926	0	863,140	1,124,066

Liabilities at fair value

€ thousand	30 Sept 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities for which fair value is disclosed								
Trade payables	0	0	10,000	10,000	0	0	10,000	10,000
Lease liabilities	0	0	11,462	11,462	0	0	12,157	12,157
Trade payables excluding advances	0	0	129,839	129,839	0	0	130,011	130,011
Contract liabilities excluding advances	0	0	143,139	143,139	0	0	114,795	114,795
Liabilities under repurchase transactions (repo-type operations)	0	0	0	0	0	0	102,234	102,234
Other liabilities excluding amounts owed to the State, to employees, and advances	0	0	27,133	27,133	0	0	4,241	4,241
Total liabilities for which fair value is disclosed	0	0	321,573	321,573	0	0	373,438	373,438
Total	0	0	321,573	321,573	0	0	373,438	373,438

CONDENSED FINANCIAL STATEMENTS OF KRKA, D. D., NOVO MESTO WITH NOTES

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

€ thousand	30 Sept 2022	31 Dec 2021	Index
Assets			
Property, plant and equipment	559,561	570,086	98
Intangible assets	24,923	25,628	97
Investments in subsidiaries	355,764	346,444	103
Loans	58,977	31,010	190
Investments	113,278	108,882	104
Deferred tax assets	12,528	12,742	98
Other non-current assets	645	627	103
Total non-current assets	1,125,676	1,095,419	103
Assets held for sale	41	41	100
Inventories	451,953	394,323	115
Contract assets	0	300	0
Trade receivables	522,082	424,588	123
Other receivables	14,371	17,381	83
Loans	132,285	195,459	68
Investments	59,682	155,448	38
Cash and cash equivalents	243,148	144,981	168
Total current assets	1,423,562	1,332,521	107
Total assets	2,549,238	2,427,940	105
Equity			
Share capital	54,732	54,732	100
Treasury shares	-120,477	-114,541	105
Reserves	251,987	246,424	102
Retained earnings	1,864,204	1,689,527	110
Total equity	2,050,446	1,876,142	109
Liabilities			
Provisions	116,223	113,136	103
Deferred revenue	3,000	3,546	85
Trade payables	10,000	10,000	100
Lease liabilities	1,834	2,101	87
Total non-current liabilities	131,057	128,783	102
Trade payables	192,170	178,143	108
Borrowings	63,699	55,092	116
Lease liabilities	872	987	88
Income tax payables	39,704	4,611	861
Contract liabilities	20,309	19,477	104
Other current liabilities	50,981	164,705	31
Total current liabilities	367,735	423,015	87
Total liabilities	498,792	551,798	90
Total equity and liabilities	2,549,238	2,427,940	105

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

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Revenue	1,208,697	1,047,144	115
– Revenue from contracts with customers	1,202,837	1,040,745	116
– Other revenue	5,860	6,399	92
Cost of goods sold	-506,267	-461,165	110
Gross profit	702,430	585,979	120
Other operating income	2,307	2,819	82
Selling and distribution expenses	-228,702	-192,397	119
– Of that net impairments and write-offs of receivables	7,398	309	2,394
R&D expenses	-119,106	-110,373	108
General and administrative expenses	-56,847	-58,817	97
Operating profit	300,082	227,211	132
Financial income	125,510	23,607	532
Financial expenses	-2,566	-9,405	27
Net financial result	122,944	14,202	866
Profit before tax	423,026	241,413	175
Income tax	-67,388	-31,890	211
Net profit	355,638	209,523	170
Basic earnings per share* (€)	11.44	6.71	170
Diluted earnings per share** (€)	11.44	6.71	170

* Net profit/Average number of shares issued in the period, excluding treasury shares

** All shares issued by the controlling company are ordinary shares, hence the diluted earnings per share ratio equalled basic earnings per share.

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

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Net profit	355,638	209,523	170
Other comprehensive income for the period			
Other comprehensive income for the period that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	-460	4,062	
Deferred tax effect	87	-772	
Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date	-373	3,290	
Total other comprehensive income for the period (net of tax)	-373	3,290	
Total comprehensive income for the period (net of tax)	355,265	212,813	167

Statement of Changes in Equity of Krka, d. d., Novo mesto

€ thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the period	
At 1 Jan 2022	54,732	-114,541	114,541	105,897	14,990	30,000	-19,004	1,370,902	88,671	229,954	1,876,142
Net profit	0	0	0	0	0	0	0	0	0	355,638	355,638
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	-373	0	0	0	-373
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	-373	0	0	355,638	355,265
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	71,800	-71,800	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	229,954	-229,954	0
Repurchase of treasury shares	0	-5,936	0	0	0	0	0	0	0	0	-5,936
Formation of reserves for treasury shares	0	0	5,936	0	0	0	0	0	0	-5,936	0
Dividends paid	0	0	0	0	0	0	0	0	-175,025	0	-175,025
Total transactions with owners, recognised in equity	0	-5,936	5,936	0	0	0	0	71,800	-16,871	-235,890	-180,961
At 30 Sept 2022	54,732	-120,477	120,477	105,897	14,990	30,000	-19,377	1,442,702	71,800	349,702	2,050,446

€ thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the period	
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	209,523	209,523
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	3,290	0	0	0	3,290
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	3,290	0	0	209,523	212,813
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	-10,376	0	0	0	0	0	0	0	0	-10,376
Formation of reserves for treasury shares	0	0	10,376	0	0	0	0	0	0	-10,376	0
Dividends paid	0	0	0	0	0	0	0	0	-155,896	0	-155,896
Total transactions with owners, recognised in equity	0	-10,376	10,376	0	0	0	0	90,812	-11,961	-245,123	-166,272
At 30 Sept 2021	54,732	-109,655	109,655	105,897	14,990	30,000	-28,089	1,370,902	90,812	199,147	1,838,391

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

€ thousand	Jan–Sept 2022	Jan–Sept 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	355,638	209,523
Adjustments for:	100,751	94,404
– Amortisation/Depreciation	61,628	63,604
– Foreign exchange differences	-16,226	-1,991
– Investment income	-14,989	-8,800
– Investment expenses	908	8,679
– Financial income	0	-3
– Interest expenses and other financial expenses	2,042	1,025
– Income tax	67,388	31,890
Operating profit before changes in net current assets	456,389	303,927
Change in trade receivables	-94,218	-34,273
Change in inventories	-57,630	19,348
Change in trade payables	18,135	1,398
Change in provisions	1,987	2,008
Change in deferred revenue	-547	-632
Change in other current liabilities	-11,472	-6,801
Income tax paid	-31,993	-39,790
Net cash flow from operating activities	280,651	245,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	437	311
Dividends received	631	668
Proportionate profit of subsidiaries	0	5,419
Proceeds from sale of property, plant and equipment	766	947
Purchase of property, plant and equipment	-50,390	-37,825
Purchase of intangible assets	-3,877	-1,611
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	-9,320	-7,824
Refunds of subsequent contributions to subsidiaries	0	992
Net payments for/proceeds from non-current loans	-26,841	2,423
Net proceeds from/payments for current loans	62,235	-14,565
Net payments for non-current investments	-29,197	-3,365
Net proceeds from/payments for current investments	32,183	-2,636
Net proceeds from/payments for derivatives	8,847	-2,427
Net cash flow from investing activities	-14,526	-59,493
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-1,008	-331
Net proceeds from current borrowings	8,478	7,666
Lease liabilities paid	-849	-733
Dividends and other profit shares paid	-175,043	-155,904
Repurchase of treasury shares	-5,936	-10,376
Net cash flow from financing activities	-174,358	-159,678
Net increase in cash and cash equivalents	91,767	26,014
Cash and cash equivalents at beginning of period	144,981	296,398
Effect of foreign exchange rate fluctuations on cash held	6,400	2,037
Closing balance of cash and cash equivalents	243,148	324,449

Segment Reporting of Krka, d. d., Novo mesto

€ thousand	European Union		South-Eastern Europe		Eastern Europe		Other		Total	
	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021	Jan–Sept 2022	Jan–Sept 2021
Revenue	638,915	588,295	69,641	64,184	441,177	342,399	58,964	52,266	1,208,697	1,047,144
– Revenue from contracts with customers	633,373	581,981	69,641	64,184	441,141	342,383	58,682	52,197	1,202,837	1,040,745
– Other revenue	5,542	6,314	0	0	36	16	282	69	5,860	6,399
Other operating income	2,307	2,819	0	0	0	0	0	0	2,307	2,819
Operating expenses	-519,500	-487,252	-45,880	-43,149	-294,976	-252,096	-50,566	-40,255	-910,922	-822,752
Operating profit	121,722	103,862	23,761	21,035	146,201	90,303	8,398	12,011	300,082	227,211
Interest income	1,034	309	0	0	0	0	0	0	1,034	309
Interest expenses	-1,285	-275	-3	-1	-14	-8	-1	-3	-1,303	-287
Net financial result	-2,923	4,517	-54	-43	113,456	7,769	12,465	1,959	122,944	14,202
Income tax	-27,335	-14,578	-5,336	-2,952	-32,831	-12,674	-1,886	-1,686	-67,388	-31,890
Net profit	91,464	93,801	18,371	18,040	226,826	85,398	18,977	12,284	355,638	209,523
Investments	53,124	34,814	0	0	0	0	0	0	53,124	34,814
Depreciation of property, plant and equipment	40,703	45,211	1,262	1,236	13,206	10,804	1,422	1,504	56,593	58,755
Depreciation of the right-of-use assets	569	537	18	15	187	132	20	18	794	702
Amortisation	2,242	2,330	244	254	1,548	1,356	207	207	4,241	4,147
	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021	30 Sept 2022	31 Dec 2021
Total assets	1,828,740	1,836,904	57,707	53,117	598,148	485,242	64,643	52,677	2,549,238	2,427,940
Total liabilities	321,782	372,823	16,545	22,299	121,837	125,083	38,628	31,593	498,792	551,798

Notes to Financial Statements of Krka, d. d., Novo mesto

Costs by nature

€910,922 thousand

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Cost of goods and materials	360,225	287,205	125
Cost of services	247,382	220,620	112
Employee benefits	236,659	224,252	106
Amortisation and depreciation	61,628	63,604	97
Inventory write-offs and allowances (net)	8,216	9,417	87
Receivable impairments and write-offs (net)	7,398	309	2,394
Other operating expenses	18,677	17,384	107
Total costs	940,185	822,791	114
Change in the value of inventories of finished products and work in progress	-29,263	-39	75,033
Total	910,922	822,752	111

Employee benefits

€263,659 thousand

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Gross wages and salaries and continued pay	182,420	171,667	106
Social security contributions	13,397	12,813	105
Pension insurance contributions	23,470	21,898	107
Post-employment benefits and other non-current employee benefits	4,960	5,444	91
Other employee benefits	12,412	12,430	100
Total employee benefits	236,659	224,252	106

Other operating expenses

€18,677 thousand

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Grants and assistance for humanitarian and other purposes	1,015	897	113
Environmental protection expenditures	3,296	2,853	116
Other taxes and levies	11,889	11,227	106
Loss on sale and write-offs of property, plant and equipment and intangible assets	660	513	129
Other operating expenses	1,817	1,894	96
Total other operating expenses	18,677	17,384	107

Other taxes and levies include various taxes and levies on pharmaceuticals, and fees paid for promotional activities pursued by associates in individual foreign countries.

Financial income and expenses

€ thousand	Jan–Sept 2022	Jan–Sept 2021	Index
Net foreign exchange differences	110,737	15,222	727
Interest income	1,034	309	335
Derivatives income	12,636	2,002	631
– Realised revenue	8,846	2,002	442
– Fair value change	3,790	0	
Income from dividends and other profit shares	631	6,074	10
– Dividends	631	691	91
– Profits of subsidiaries	0	5,383	0
Other financial income	472	0	
Total financial income	125,510	23,607	532
Interest expenses	-1,303	-287	454
– Interest paid	-1,265	-251	504
– Interest expenses on lease liabilities	-38	-36	106
Derivatives expenses	0	-8,277	0
– Incurred expenses	0	-4,429	0
– Fair value change	0	-3,848	0
Other financial expenses	-1,263	-841	150
Total financial expenses	-2,566	-9,405	27
Net financial result	122,944	14,202	866

Income tax

€67,388 thousand

Current income tax amounted to €67,086 thousand, which is 15.9% of profit before tax. Taking into account €302 thousand of deferred tax, the tax

expensed in the income statement totals €67,388 thousand. The effective tax rate was 15.9%.

Property, plant and equipment

€559,561 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Land	28,010	28,065	100
Buildings	243,836	248,553	98
Equipment	241,466	255,802	94
Property, plant and equipment being acquired	27,347	32,960	83
Advances for property, plant and equipment	16,342	1,661	984
Right-of-use assets	2,560	3,045	84
Total property, plant and equipment	559,561	570,086	98

The value of property, plant and equipment accounted for 22% of the Krka balance sheet total.

See the 'Investments' section in the business report for details on Krka's major investments.

Intangible assets

€24,923 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Concessions, trademarks and licences	20,821	21,699	96
Intangible assets being acquired	4,102	3,929	104
Total intangible assets	24,923	25,628	97

Intangible assets refer to software and registration documents for new pharmaceuticals.

Loans

€191,262 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Non-current loans	58,977	31,010	190
– Loans to subsidiaries	16,850	18,850	89
– Loans to others	42,127	12,160	346
Current loans	132,285	195,459	68
– Portion of non-current loans maturing next year	3,037	4,163	73
– Loans to subsidiaries	1,078	1,055	102
– Loans to others	128,020	190,287	67
– Current interest receivables	150	-46	
Total loans	191,262	226,469	84

Investments

€172,960 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Non-current investments	113,278	108,882	104
– Investments at fair value through OCI	15,400	15,860	97
– Investments at amortised cost	97,878	93,022	105
Current investments including derivatives	59,682	155,448	38
– Investments at amortised cost	54,402	113,987	48
– Derivatives	5,280	1,491	354
– Other current investments at fair value through profit or loss	0	39,970	0
Total investments	172,960	264,330	65

Investments at fair value through OCI include €845 thousand of shares and interests in companies in Slovenia, and €14,555 thousand of shares and interests in companies outside Slovenia.

Investments at amortised cost include €7,137 thousand of investments in Slovenian government bonds, and €145,143 thousand of investments in foreign government bonds.

Inventories

€451,953 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Materials	202,521	183,593	110
Work in progress	104,378	89,744	116
Finished products	115,616	108,124	107
Merchandise	12,958	10,773	120
Advances for inventories	16,480	2,089	789
Total inventories	451,953	394,323	115

Trade and other receivables

€536,453 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Current trade receivables	522,082	424,588	123
– Receivables due from subsidiaries	374,191	234,064	160
– Receivables due from customers other than Group companies	159,183	191,294	83
– Deferred revenue from contracts with customers	-11,292	-770	1,466
Current receivables for dividends	99	99	100
Other current receivables	14,272	17,282	83
Total trade and other receivables	536,453	441,969	121

Cash and cash equivalents

€243,148 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Cash in hand	0	1	0
Bank balances	243,148	144,980	168
Total cash and cash equivalents	243,148	144,981	168

Bank balances include bank deposits of €179,962 thousand, maturing in less than 30 days.

Equity

€2,050,446 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Share capital	54,732	54,732	100
Treasury shares	-120,477	-114,541	105
Reserves	251,987	246,424	102
– Reserves for treasury shares	120,477	114,541	105
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	-19,377	-19,004	102
Retained earnings	1,864,204	1,689,527	110
Total equity	2,050,446	1,876,142	109

Trade payables

€202,170 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Non-current trade payables	10,000	10,000	100
Current trade payables	192,170	178,143	108
Payables to subsidiaries	91,339	79,391	115
Payables to domestic suppliers	51,489	43,654	118
Payables to foreign suppliers	49,342	55,098	90
Total trade payables	202,170	188,143	107

Non-current trade payables include liabilities to the European Commission. In 2014, the Commission of the European Union ruled that Krka had infringed the provision of Article 101 of the *Treaty on the Functioning of the European Union*, which resulted in a distortion of competition on the perindopril market of the European Union. Thus, it imposed a fine of €10,000 thousand on Krka. Krka paid the penalty within the deadline set by the Commission, and filed a lawsuit against the Commission's decision before the General Court of the European Union, because it

considered that its conduct had not violated the competition law rules. In December 2018, the Court ruled in favour of Krka. The decision of the General Court is not final yet, as the Commission lodged an appeal against it, which will be decided by the European Court of Justice. Although the Commission did indeed pay back the fine of €10,000 thousand in early 2019, Krka deferred the revenue based on the assessment of legal experts, and recognised non-current trade payables in that same amount.

Provisions

€116,223 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Provisions for lawsuits	543	543	100
Provisions for post-employment benefits	96,465	93,963	103
Provisions for other non-current employee benefits	19,215	18,630	103
Total provisions	116,223	113,136	103

Deferred revenue

€3,000 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Grants received from the European Regional Development Fund and budget of the Republic of Slovenia intended for the production of pharmaceuticals in the new Notol 2 plant	896	1,058	85
Subsidy for acquisition of electric drive vehicles	3	3	100
Property, plant and equipment received free of charge	3	3	100
Emission coupons	10	10	100
Subsidy for purchase of joinery	92	93	99
Subsidy for acquisition of other equipment	2	3	67
Grants received from the European Regional Development Fund (Farma GRS)	1,994	2,376	84
Total deferred revenue	3,000	3,546	85

Borrowings

€63,699 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Current borrowings	63,699	55,092	116
– Borrowings from subsidiaries	63,618	55,068	116
– Current interest payable	81	24	338
Total borrowings	63,699	55,092	116

Current contract liabilities

€20,309 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Refund liabilities	8,467	13,638	62
– Bonuses and volume rebates	8,467	13,638	62
Contract liabilities	11,842	5,839	203
– Contract liabilities – advances from other customers	11,842	5,839	203
Total current contract liabilities	20,309	19,477	104

Other current liabilities

€50,981 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Payables to employees – gross salaries, other receipts and charges	49,536	53,446	93
Liabilities under repurchase transactions (repo-type operations)	0	102,234	0
Other	1,445	9,025	16
Total other current liabilities	50,981	164,705	31

Contingent liabilities

€20,733 thousand

€ thousand	30 Sept 2022	31 Dec 2021	Index
Guarantees issued	19,695	13,695	144
Other	1,038	976	106
Total contingent liabilities	20,733	14,671	141

Fair value

€ thousand	30 Sept 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	58,977	58,977	31,010	31,010
Investments at fair value through OCI	15,400	15,400	15,860	15,860
Investments at amortised cost	97,878	53,389	93,022	92,570
Current financial assets				
Loans	132,285	132,285	195,459	195,459
Investments through profit or loss	0	0	39,970	39,970
Investments at amortised cost	54,402	92,143	113,987	113,912
Derivatives	5,280	5,280	1,491	1,491
Trade receivables	522,082	522,082	424,588	424,588
Cash and cash equivalents	243,148	243,148	144,981	144,981
Non-current financial liabilities				
Trade payables	-10,000	-10,000	-10,000	-10,000
Lease liabilities	-1,834	-1,834	-2,101	-2,101
Current financial liabilities				
Borrowings	-63,699	-63,699	-55,092	-55,092
Lease liabilities	-872	-872	-987	-987
Trade payables excluding advances	-192,170	-192,170	-178,143	-178,143
Contract liabilities excluding advances	-8,467	-8,467	-13,638	-13,638
Liabilities under repurchase transactions (repo-type operations)	0	0	-102,234	-102,234
Other liabilities excluding amounts owed to the State, to employees, and advances	-1,033	-1,033	-2,741	-2,741
Total	851,377	844,629	695,432	694,905

In terms of fair value, assets and liabilities are classified into three levels:

- Level 1 – Assets at market price;
- Level 2 – Assets not classified within level 1 and the value of which is determined directly or indirectly based on observable market data;
- Level 3 – Assets the value of which cannot be determined using market data.

Assets at fair value

€ thousand	30 Sept 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI	14,014	0	1,386	15,400	14,474	0	1,386	15,860
Investments through profit or loss	0	0	0	0	39,970	0	0	39,970
Derivatives	0	0	5,280	5,280	0	0	1,491	1,491
Total assets at fair value	14,014	0	6,666	20,680	54,444	0	2,877	57,321
Assets for which fair value is disclosed								
Loans	0	0	191,262	191,262	0	0	226,469	226,469
Trade receivables	0	0	522,082	522,082	0	0	424,588	424,588
Investments at amortised cost	145,532	0	0	145,532	206,482	0	0	206,482
Cash and cash equivalents	0	0	243,148	243,148	0	0	144,981	144,981
Total assets for which fair value is disclosed	145,532	0	956,492	1,102,024	206,482	0	796,038	1,002,520
Total	159,546	0	963,158	1,122,704	260,926	0	798,915	1,059,841

Liabilities at fair value

€ thousand	30 Sept 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities for which fair value is disclosed								
Trade payables	0	0	10,000	10,000	0	0	10,000	10,000
Borrowings	0	0	63,699	63,699	0	0	55,092	55,092
Lease liabilities	0	0	2,706	2,706	0	0	3,088	3,088
Trade payables excluding advances	0	0	192,170	192,170	0	0	178,143	178,143
Contract liabilities excluding advances	0	0	8,467	8,467	0	0	13,638	13,638
Liabilities under repurchase transactions (repo-type operations)	0	0	0	0	0	0	102,234	102,234
Other liabilities excluding amounts owed to the State, to employees, and advances	0	0	1,033	1,033	0	0	2,741	2,741
Total liabilities for which fair value is disclosed	0	0	278,075	278,075	0	0	364,936	364,936
Total	0	0	278,075	278,075	0	0	364,936	364,936

STATEMENT OF COMPLIANCE

The Management Board of Krka, d. d., Novo mesto hereby states that the condensed financial statements of Krka and the condensed consolidated financial statements of the Krka Group for the period ended 30 September 2022 have been prepared so as to provide a true and fair view of the financial position and operating results of the Krka Group and Krka. The condensed statements for the period January–September 2022 have been prepared using the same accounting policies as for the 2021 annual financial statements of the Krka Group and Krka.

The condensed financial statements for the period ended September 30 2022 have been prepared pursuant to IAS 34 – *Interim Financial Reporting* and

have to be read in conjunction with the annual financial statements prepared for the financial year ended 31 December 2021.

The Management Board is responsible for taking the measures required to preserve the assets of the Krka Group and Krka, and to prevent and detect fraud and other forms of misconduct.

The Management Board states that all transactions between Krka Group subsidiaries have been executed according to the concluded purchase contracts, using the market prices of products and services. No significant business transactions were concluded with any other related parties.

Novo mesto, 24 October 2022



Jože Colarič
President of the Management Board and CEO



Dr Aleš Rotar
Member of the Management Board



Dr Vinko Zupančič
Member of the Management Board



David Bratož
Member of the Management Board



Milena Kastelic
Member of the Management Board – Worker Director