



# 2023 Unaudited Semi-Annual Report of the Krka Group and Krka, d. d., Novo mesto

Novo mesto, July 2023



*Living a healthy life.*

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## INTRODUCTION

Condensed consolidated financial statements of the Krka Group and condensed financial statements of Krka, d. d., Novo mesto (hereinafter also Krka, the Company, or the controlling company) for the first half of 2023 and the first half of 2022 are unaudited, while financial statements for the full financial year 2022 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., Novo mesto are available on the Krka website [www.krka.biz](http://www.krka.biz).

The Supervisory Board of Krka discussed the Krka Group and Krka, d. d., Novo mesto unaudited semi-annual report at its regular meeting on 19 July 2023.

## 2023 Semi-Annual Performance Highlights

- Sales of products and services of the Krka Group totalled €916.5 million, of which product sales accounted for almost 98%.
- Product and service sales increased 7% year on year.
- We generated 94% of product and service sales outside Slovenia. Exports accounted for 96% of product sales.
- The Group's largest sales region was Region East Europe, accounting for 32.8% of total sales, followed by Region Central Europe and Region West Europe.
- The Group operating profit (EBIT) totalled €236.2 million, up 70% year-over-year. The EBIT margin was 25.7%. EBITDA amounted to €288.6 million, a 50% increase year-on-year. The EBITDA margin was 31.4%.
- The Group's net financial result for the period is -€29.4 million, with net foreign exchange losses totalling €32.8 million.
- At the half-year, the Group's net financial result was down €167 million year-over-year, mainly the result of the significant strengthening of the rouble during the six months to June 2022.
- The Krka Group profit before tax was €206.9 million, down 25% year-over-year.
- The Krka Group net profit totalled €170.1 million, down 28% compared to the first half last year. The net profit margin (ROS) was 18.5%.
- The Krka share traded at €116.00 on the Ljubljana Stock Exchange as at 30 June 2023, up 26% on the year-end of 2022. Market capitalisation amounted to €3.8 billion. In the first six months of 2023, Krka had repurchased €4.4 million worth of treasury shares.
- Krka added four new prescription pharmaceuticals and one new animal health product to its product range in the first half-year 2023.
- Investments totalled €45.7 million, of which €36.5 million was placed by the controlling company.
- At the end of June 2023 the Krka Group had 11,653 full-time staff, up 55 on the year-end of 2022. Including agency workers, the total Krka Group headcount was 12,641.

## Financial Highlights

| € thousand  | Krka Group   |              |       | Company      |              |       |
|---|--------------|--------------|-------|--------------|--------------|-------|
|   | Jan–Jun 2023 | Jan–Jun 2022 | Index | Jan–Jun 2023 | Jan–Jun 2022 | Index |
| Revenue   | 920,430      | 857,443      | 107   | 874,144      | 846,874      | 103   |
| – Of that revenue from contracts with customers (products and services) | 916,471      | 853,440      | 107   | 742,121      | 706,544      | 105   |
| Gross profit  | 543,732      | 433,687      | 125   | 476,441      | 509,658      | 93    |
| Earnings before interest, tax, depreciation and amortisation (EBITDA)   | 288,559      | 192,373      | 150   | 238,922      | 282,730      | 85    |
| Operating profit (EBIT) <sup>1</sup>                                    | 236,233      | 139,250      | 170   | 198,971      | 241,777      | 82    |
| Profit before tax (EBT)   | 206,856      | 277,059      | 75    | 197,384      | 377,692      | 52    |
| Net profit  | 170,128      | 236,151      | 72    | 169,355      | 317,526      | 53    |
| Effective tax rate  | 17.8%        | 14.8%        |       | 14.2%        | 15.9%        |       |
| R&D expenses  | 85,654       | 81,020       | 106   | 83,513       | 81,472       | 103   |
| Investments   | 45,663       | 49,479       | 92    | 36,512       | 34,986       | 104   |

| € thousand                  | 30 Jun 2023 | 31 Dec 2022 | Index | 30 Jun 2023 | 31 Dec 2022 | Index |
|-----------------------------|-------------|-------------|-------|-------------|-------------|-------|
| Non-current assets          | 1,037,557   | 1,125,025   | 92    | 1,063,365   | 1,123,594   | 95    |
| Current assets              | 1,729,394   | 1,562,475   | 111   | 1,578,385   | 1,392,950   | 113   |
| – Inventories               | 556,885     | 553,332     | 101   | 479,173     | 492,978     | 97    |
| – Trade receivables         | 434,816     | 402,730     | 108   | 419,877     | 357,889     | 117   |
| – Cash and cash equivalents | 139,431     | 518,934     | 27    | 98,234      | 470,297     | 21    |
| Equity                      | 2,266,198   | 2,138,509   | 106   | 2,233,131   | 2,060,792   | 108   |
| Non-current liabilities     | 132,358     | 132,130     | 100   | 103,524     | 102,333     | 101   |
| Current liabilities         | 368,395     | 416,861     | 88    | 305,095     | 353,419     | 86    |
| – Trade payables            | 116,346     | 140,837     | 83    | 141,421     | 194,143     | 73    |

| RATIOS                              | Jan–Jun 2023 | Jan–Jun 2022 | Jan–Jun 2023 | Jan–Jun 2022 |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Gross profit margin                 | 59.1%        | 50.6%        | 54.5%        | 60.2%        |
| EBITDA margin                       | 31.4%        | 22.4%        | 27.3%        | 33.4%        |
| EBIT margin                         | 25.7%        | 16.2%        | 22.8%        | 28.5%        |
| EBT margin                          | 22.5%        | 32.3%        | 22.6%        | 44.6%        |
| Net profit margin (ROS)             | 18.5%        | 27.5%        | 19.4%        | 37.5%        |
| Return on equity (ROE) <sup>2</sup> | 15.4%        | 22.6%        | 15.8%        | 31.2%        |
| Return on assets (ROA) <sup>3</sup> | 12.5%        | 17.6%        | 13.1%        | 24.9%        |
| Liabilities/Equity                  | 0.221        | 0.251        | 0.183        | 0.223        |
| R&D expenses/Revenue                | 9.3%         | 9.4%         | 9.6%         | 9.6%         |

| NUMBER OF EMPLOYEES | 30 Jun 2023 | 31 Dec 2022 | Index | 30 Jun 2023 | 31 Dec 2022 | Index |
|---------------------|-------------|-------------|-------|-------------|-------------|-------|
| Balance at          | 11,653      | 11,598      | 100   | 6,411       | 6,320       | 101   |

| SHARE INFORMATION                                   | Jan–Jun 2023 | Jan–Jun 2022 | Index |
|---|--------------|--------------|-------|
| Total number of shares issued                       | 32,793,448   | 32,793,448   | 100   |
| Earnings per share (EPS) in € <sup>4</sup>          | 10.97        | 15.16        | 72    |
| Closing price at end of period in € <sup>5</sup>    | 116.00       | 94.20        | 123   |
| Price/Earnings ratio (P/E)                          | 10.57        | 6.21         | 170   |
| Book value in € <sup>6</sup>                        | 69.11        | 68.81        | 100   |
| Price/Book value (P/B)                              | 1.68         | 1.37         | 123   |
| Market capitalisation in € thousand (end of period) | 3,804,040    | 3,089,143    | 123   |

<sup>1</sup> The difference between operating income and expenses

<sup>2</sup> Net profit, annualised/Average shareholders' equity in the period

<sup>3</sup> Net profit, annualised/Average total asset balance in the period

<sup>4</sup> Net profit attributable to majority equity holders of the controlling company, annualised/Average number of shares issued in the period, excluding treasury shares

<sup>5</sup> Share price on the Ljubljana Stock Exchange

<sup>6</sup> Equity at end of period/Total number of shares issued

The adjusted EBITDA totalled €270.1 million for the first half-year 2022, and the adjusted EBIT €217.0 million. 2023 half-year EBITDA was up 7% relative to the 2022 half-year adjusted EBITDA, and 2023 half-year EBIT climbed 9% relative to the 2022 half-year adjusted EBIT.

## ID Card

**Registered office** Šmarješka cesta 6, 8501 Novo mesto, Slovenia

**Telephone** +386 (0) 7 331 21 11

**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.

## Krka Group 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 33 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 resort and tourist services.

Production takes place at the controlling company in Slovenia and at Krka subsidiaries in the Russian Federation, Poland, Croatia, and Germany. In addition to production, these subsidiaries, apart from Krka-Rus in the Russian Federation, deal with marketing and sales. In China, production takes place in facilities subject to a long-term lease. Other subsidiaries outside Slovenia market and/or sell Krka products but do not have production capacities. The subsidiary Terme Krka specializes in health resorts and tourist services, and is the owner of Golf Grad Otočec.

## Krka Group 2023 Business Plan

- Full-year sales of products and services are expected to total €1,755 million.
- The proportion of sales in markets outside Slovenia is estimated at 94%.
- Prescription pharmaceuticals are expected to remain the most important product category, accounting for an 82% share of total sales.
- Profit is planned around €300 million.
- The total number of employees in Slovenia and abroad is expected to increase by 2%.
- We plan to allocate €130 million to investments, primarily expanding and modernising production 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 major changes in the Krka business environment, e.g. price erosion, rising prices of raw materials, changes in exchange rates for certain currencies important for Krka, and lower demand for pharmaceutical products, the actual operating results can deviate from the plan.

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## BUSINESS REPORT

### Financial Risks

#### Foreign Exchange Risk

Krka's key currency risk management policy remains mitigating risk exposure with natural hedging. To a limited extent, we also use financial instruments.

The Russian rouble continues to represent the largest currency risk of the Krka Group. International markets offer no financial instruments to mitigate this risk, therefore we have utilized natural hedging strategies.

From the beginning of the year to the end of June the rouble depreciated by 19.6%, while by contrast, its value in euros appreciated by 1.6% year-over-year. In the first six months of 2023, the Krka Group generated foreign exchange losses from its long position in the Russian rouble, as reported in the net financial result.

Currency risk associated with the US dollar was offset using financial instruments in the first half-year of 2023. Unlike with other currencies, a surplus of liabilities over assets has accrued in regular business operations from exposure to the US dollar, or in other words, the currency position is short. Exposure to the US dollar arises primarily from purchasing raw and other materials.

The euro-denominated value of the US dollar declined by 1.8% during the first half of the year, with the average value of the dollar staying 1.1% above the 2022 half-year level.

The other currencies relevant for Krka on the sell-side remained stable during the first six months of 2023.

Taking into account net foreign exchange differences, financial instruments income and expenses, interest income and expenses, and other financial income and expenses, the total net financial result for the first half-year 2023 was negative at -€29.4 million.

#### Credit Risk

The key credit risk for the Krka Group arises from trade receivables. The centralised credit control process at Group level includes all customers with credit limits exceeding €20,000. There were over 690 such customers at the end of the six months, 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.

Our credit risk management policy remained unchanged in the first six months of 2023. At the end of this period, more than 95% of Krka Group trade receivables had insurance coverage from a credit insurance company.

The total value of trade receivables in euros at the end of June was up 8% compared to the beginning of the year. The maturity structure of receivables remained stable. The percentage of overdue receivables to total trade receivables remained within acceptable limits.

### Investor and Share Information

The Krka share was up 26.1% over the six months, trading at €116.00 at the Ljubljana Stock Exchange on 30 June 2023. As to shareholder structure, the proportion of Slovene retail investors increased the most, with international investors disinvesting. The holdings of other groups of shareholders were stable. At the end of June 2023 Krka had 47,125 shareholders.



## Shareholder structure (%)

|  | 30 Jun 2023  | 31 Dec 2022  |
|--|--------------|--------------|
| Slovenian retail investors   | 40.8         | 40.4         |
| Slovenski državni holding (SDH, Slovenian Sovereign Holding) and the Republic of Slovenia          | 16.2         | 16.2         |
| Kapitalska družba, d. d. (Pension Fund Management) and Prvi pokojninski sklad (First Pension Fund) | 10.9         | 10.9         |
| Slovenian legal entities and institutional investors   | 5.9          | 6.1          |
| Foreign investors  | 20.6         | 20.9         |
| Treasury shares  | 5.6          | 5.5          |
| <b>Total</b>   | <b>100.0</b> | <b>100.0</b> |

In the first half of 2023, Krka acquired 41,279 treasury shares. As at 30 June 2023 Krka thus held 1,827,128 treasury shares accounting for 5.572% of its share capital.

## Ten largest shareholders as at 30 June 2023

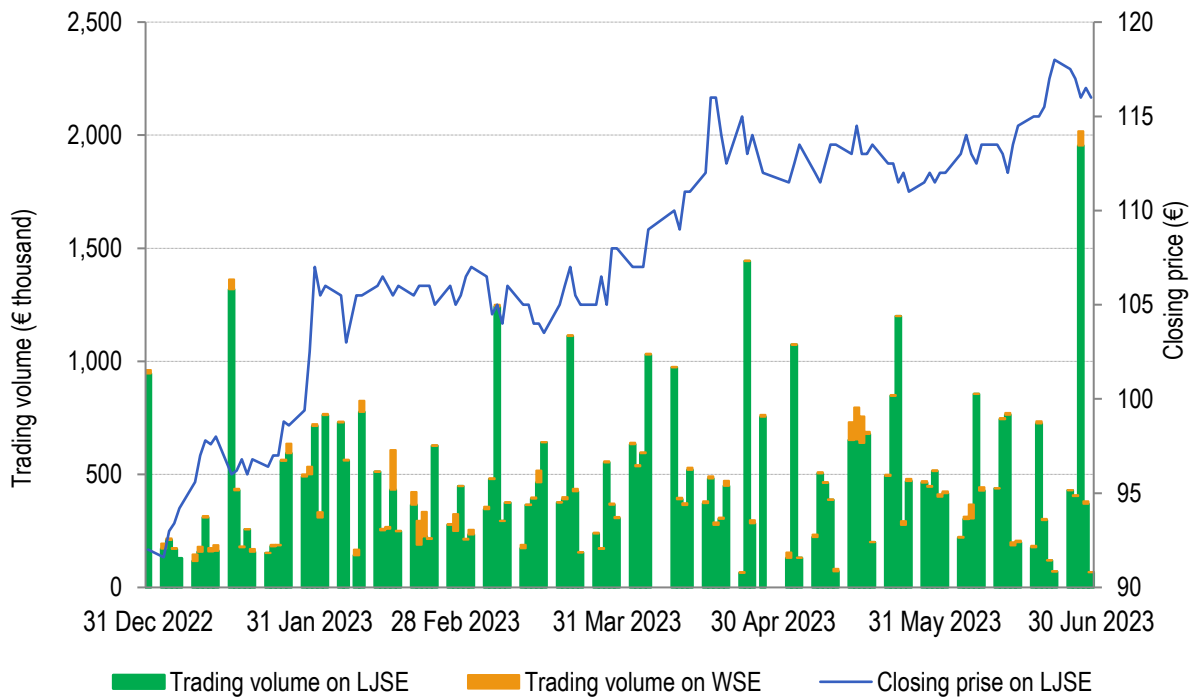
|   | Country    | No. of shares     | Equity (%)   | Voting rights (%) |
|---|------------|-------------------|--------------|-------------------|
| Kapitalska družba, d. d.                      | Slovenia   | 3,493,030         | 10.65        | 11.28             |
| Slovenski državni holding, d. d.              | Slovenia   | 2,949,876         | 9.00         | 9.53              |
| Republic of Slovenia                          | Slovenia   | 2,366,121         | 7.22         | 7.64              |
| OTP banka d.d.*                               | Croatia    | 1,547,420         | 4.72         | 5.00              |
| Erste Group Bank AG – PZB Croatia Osiguranje* | Austria    | 1,331,938         | 4.06         | 4.30              |
| Clearstream Banking SA*                       | Luxembourg | 1,086,567         | 3.31         | 3.51              |
| Luka Koper, d. d.                             | Slovenia   | 433,970           | 1.32         | 1.40              |
| State Street Bank and Trust*                  | USA        | 363,976           | 1.11         | 1.18              |
| KDPW*   | Poland     | 345,718           | 1.05         | 1.12              |
| Privredna banka Zagreb d.d.*                  | Croatia    | 318,434           | 0.97         | 1.03              |
| <b>Total</b>                                  |            | <b>14,237,050</b> | <b>43.41</b> | <b>45.98</b>      |

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

## Equity holdings and voting rights of Management and Supervisory Board members, who held Krka shares as at 30 June 2023

|   | No. of shares | Equity (%)   | Voting rights (%) |
|---|---------------|--------------|-------------------|
| <b>Management Board members</b>                       |               |              |                   |
| Jože Colarič  | 22,500        | 0.069        | 0.073             |
| Aleš Rotar  | 13,915        | 0.042        | 0.045             |
| Vinko Zupančič  | 120           | 0.000        | 0.000             |
| Milena Kastelic                                       | 505           | 0.002        | 0.002             |
| <b>Total Management Board members</b>                 | <b>37,040</b> | <b>0.113</b> | <b>0.120</b>      |
| <b>Supervisory Board members</b>                      |               |              |                   |
| Julijana Kristl                                       | 230           | 0.001        | 0.001             |
| Matej Lahovnik  | 600           | 0.002        | 0.002             |
| Mojca Osolnik Videmšek                                | 617           | 0.002        | 0.002             |
| Franc Šašek   | 500           | 0.002        | 0.002             |
| Tomaž Sever   | 500           | 0.002        | 0.002             |
| <b>Total Supervisory Board members</b>                | <b>2,447</b>  | <b>0.009</b> | <b>0.009</b>      |
| <b>Total Management and Supervisory Board members</b> | <b>39,487</b> | <b>0.122</b> | <b>0.129</b>      |

### Krka share trading January to June 2023



Krka's market capitalisation on the Ljubljana Stock Exchange totalled €3.8 billion as at 30 June 2023. The average daily trading volume in Krka shares amounted to €0.4 million over the reported period. Krka shares have also been listed on the Warsaw Stock Exchange since April 2012.

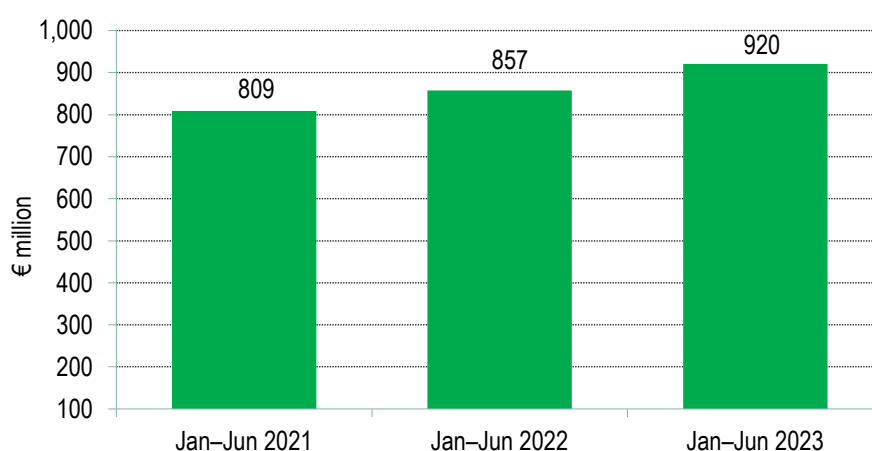


## Krka Group Business Performance

### Revenue

| € thousand   | Jan–Jun 2023   | Jan–Jun 2022     | Index      |
|--|----------------|------------------|------------|
| Revenue from contracts with customers on sales of products and services    | 916,471        | 853,440          | 107        |
| Revenue from contracts with customers on material, and other sales revenue | 3,959          | 4,003            | 99         |
| <b>Total revenue</b>   | <b>920,430</b> | <b>857,443</b>   | <b>107</b> |
| Other operating income   | 2,605          | 3,945            | 66         |
| Financial income   | 10,319         | 139,698          | 7          |
| <b>Total revenue</b>   | <b>933,354</b> | <b>1,001,086</b> | <b>93</b>  |

### Sales by Period



### Expenses

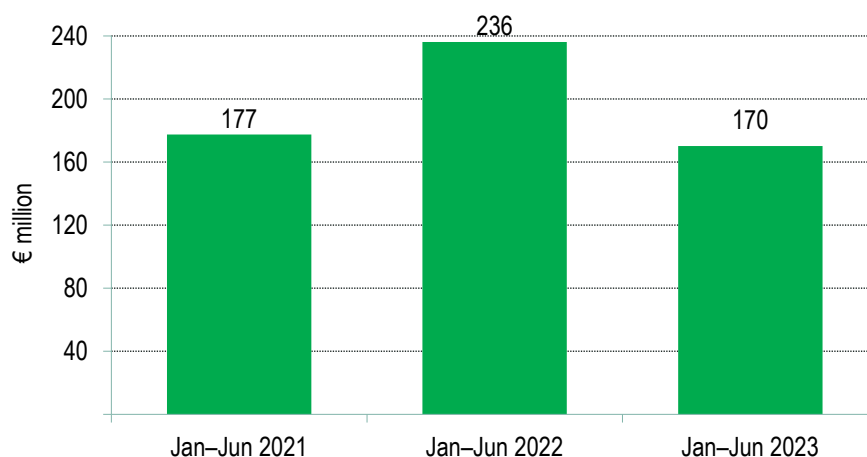
| € thousand                          | Jan–Jun 2023   | Share in sales (%) | Jan–Jun 2022   | Share in sales (%) | Index      |
|-------------------------------------|----------------|--------------------|----------------|--------------------|------------|
| Cost of goods sold                  | 376,698        | 40.9               | 423,756        | 49.4               | 89         |
| Selling and distribution expenses   | 172,490        | 18.7               | 174,617        | 20.4               | 99         |
| R&D expenses                        | 85,654         | 9.3                | 81,020         | 9.4                | 106        |
| General and administrative expenses | 51,960         | 5.7                | 42,745         | 5.0                | 122        |
| <b>Total operating expenses</b>     | <b>686,802</b> | <b>74.6</b>        | <b>722,138</b> | <b>84.2</b>        | <b>95</b>  |
| Financial expenses                  | 39,696         | 4.3                | 1,889          | 0.2                | 2,101      |
| <b>Total expenses</b>               | <b>726,498</b> | <b>78.9</b>        | <b>724,027</b> | <b>84.4</b>        | <b>100</b> |

### Operating Results

| € thousand              | Jan–Jun 2023 | Jan–Jun 2022 | Index |
|-------------------------|--------------|--------------|-------|
| EBITDA                  | 288,559      | 192,373      | 150   |
| Operating profit (EBIT) | 236,233      | 139,250      | 170   |
| Profit before tax       | 206,856      | 277,059      | 75    |
| Net profit              | 170,128      | 236,151      | 72    |

Income tax totalled €36.7 million, down 10% year-over-year, with the effective tax rate at 17.8%.

## Net Profit by Period



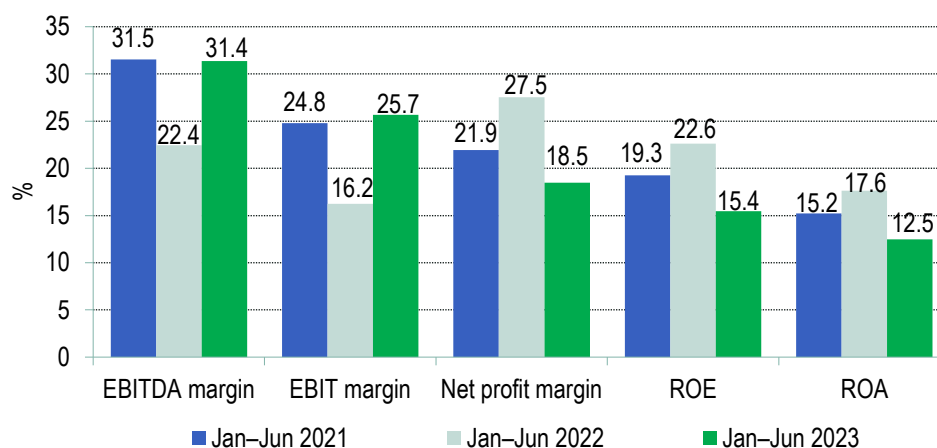
## Assets

| € thousand                                | 30 Jun 2023      | Share (%)    | 31 Dec 2022      | Share (%)    | Index      |
|---|------------------|--------------|------------------|--------------|------------|
| <b>Non-current assets</b>                 | <b>1,037,557</b> | <b>37.5</b>  | <b>1,125,025</b> | <b>41.9</b>  | <b>92</b>  |
| Attributable to:                          |                  |              |                  |              |            |
| – Property, plant and equipment           | 757,208          | 27.4         | 779,336          | 29.0         | 97         |
| – Intangible assets                       | 100,338          | 3.6          | 102,550          | 3.8          | 98         |
| <b>Current assets</b>                     | <b>1,729,394</b> | <b>62.5</b>  | <b>1,562,475</b> | <b>58.1</b>  | <b>111</b> |
| Attributable to:                          |                  |              |                  |              |            |
| – Inventories                             | 556,885          | 20.1         | 553,332          | 20.6         | 101        |
| – Trade receivables and other receivables | 471,298          | 17.0         | 430,458          | 16.0         | 109        |
| <b>Total assets</b>                       | <b>2,766,951</b> | <b>100.0</b> | <b>2,687,500</b> | <b>100.0</b> | <b>103</b> |

## Equity and Liabilities

| € thousand  | 30 Jun 2023      | Share (%)    | 31 Dec 2022      | Share (%)    | Index      |
|---|------------------|--------------|------------------|--------------|------------|
| <b>Equity</b>   | <b>2,266,198</b> | <b>81.9</b>  | <b>2,138,509</b> | <b>79.6</b>  | <b>106</b> |
| <b>Non-current liabilities</b>  | <b>132,358</b>   | <b>4.8</b>   | <b>132,130</b>   | <b>4.9</b>   | <b>100</b> |
| Attributable to provisions:   | 108,527          | 3.9          | 107,235          | 4.0          | 101        |
| – Provisions for post-employment benefits and other non-current employee benefits | 97,499           | 3.5          | 95,959           | 3.6          | 102        |
| – Provisions for lawsuits   | 10,582           | 0.4          | 10,597           | 0.4          | 100        |
| – Other provisions  | 446              | 0.0          | 679              | 0.0          | 66         |
| <b>Current liabilities</b>  | <b>368,395</b>   | <b>13.3</b>  | <b>416,861</b>   | <b>15.5</b>  | <b>88</b>  |
| – Trade payables  | 116,346          | 4.2          | 140,837          | 5.2          | 83         |
| – Contract liabilities  | 153,159          | 5.5          | 157,710          | 5.9          | 97         |
| – Other current liabilities   | 98,890           | 3.6          | 118,314          | 4.4          | 84         |
| <b>Total equity and liabilities</b>   | <b>2,766,951</b> | <b>100.0</b> | <b>2,687,500</b> | <b>100.0</b> | <b>103</b> |

## Performance Ratios



All performance indicators are in line with the Group's key strategic objectives.

## Marketing and Sales

The Krka Group revenue for the first half of 2023 amounted to €920.4 million, of which revenue from contracts with customers on sales of products and services totalled €916.5 million. Sales in markets outside Slovenia amounted to €859.8 million, which is 94% of total Krka Group sales. Sales volume increased by 4% year-over-year.

### Krka Group Product and Service Sales by Region

Sales increased in all sales regions and most markets.

#### Product and Service Sales by Region

| € thousand               | Jan-Jun 2023   | Jan-Jun 2022   | Index      |
|--------------------------|----------------|----------------|------------|
| Region Slovenia          | 56,635         | 49,420         | 115        |
| – Share of total sales   | 6.2%           | 5.8%           |            |
| Region South-East Europe | 127,449        | 119,261        | 107        |
| – Share of total sales   | 13.9%          | 14.0%          |            |
| Region East Europe       | 300,477        | 287,683        | 104        |
| – Share of total sales   | 32.8%          | 33.7%          |            |
| Region Central Europe    | 212,908        | 196,063        | 109        |
| – Share of total sales   | 23.2%          | 23.0%          |            |
| Region West Europe       | 181,360        | 168,536        | 108        |
| – Share of total sales   | 19.8%          | 19.7%          |            |
| Region Overseas Markets  | 37,642         | 32,477         | 116        |
| – Share of total sales   | 4.1%           | 3.8%           |            |
| <b>Total</b>             | <b>916,471</b> | <b>853,440</b> | <b>107</b> |

### Region Slovenia

Krka holds a 7.4% share of the Slovenian market in terms of sales value, and thus remains the country's leading supplier of pharmaceuticals.

The main sales drivers in Slovenia were promoted products from key therapeutic classes: cardiovascular system agents, 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 Amlewel (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 market position of Sorvasta (rosuvastatin), and improved the visibility of the single-pill 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 analgesics Doreta (tramadol/paracetamol), especially its new dosage form, Doreta SR 75 mg/650 mg prolonged-release bilayer tablets, and Nalgesin Forte (naproxen). Visibility was enhanced for our non-opioid analgesic Algominal (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), a newly launched immunomodulator. As to diabetes treatments we strengthened visibility for our antihyperglycemic dipeptidyl-peptidase 4 (DPP-4) inhibitors Maysiglu (sitagliptin) and single-pill combination Maymetisi (sitagliptin/metformin). Marketing and sales activities were also strong for the newly launched Vitamin D3 Krka 7,000 IU (cholecalciferol), a once-a-week product, and Dasselta Control (desloratadine), an antihistamine available without a prescription. As to our non-prescription range, the top sales results were recorded for magnesium products Magnezij Krka 300 and Magnezij Krka 400, followed by the analgesic Nalgesin S (naproxen) and the antiseptic Septabene (benzylamine/cetylpyridinium chloride). Our best-selling animal health products were Floron (florfenicol), Fypryst Combo (fipronil/S-methoprene) and the vitamin and mineral supplement Grovit.

## Region South-East Europe

### Product Sales by Market

| € thousand             | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|------------------------|----------------|----------------|------------|
| Romania                | 35,741         | 34,011         | 105        |
| Croatia                | 24,382         | 20,840         | 117        |
| Serbia                 | 18,355         | 16,553         | 111        |
| Bulgaria               | 14,094         | 14,434         | 98         |
| North Macedonia        | 13,758         | 13,206         | 104        |
| Bosnia and Herzegovina | 11,679         | 11,584         | 101        |
| Kosovo                 | 4,798          | 4,706          | 102        |
| Albania                | 1,969          | 1,954          | 101        |
| Greece                 | 1,410          | 815            | 173        |
| Montenegro             | 1,264          | 1,158          | 109        |
| <b>Total</b>           | <b>127,449</b> | <b>119,261</b> | <b>107</b> |

Holding a 7.9% market share in terms of sales volume in **Romania**, we are the second ranked supplier of prescription pharmaceuticals to pharmacies in this country. The most important medicines in terms of sales were Atoris (atorvastatin), Co-Prenessa (perindopril/indapamide), Nolpaza (pantoprazole), Roswera (rosuvastatin), Doreta (tramadol/paracetamol), and Dulsevia (duloxetine). Our best-selling non-prescription products were Bilobil (ginkgo leaf extract), Nalgesin (naproxen), and Septolete Omni (benzylamine/cetylpyridinium chloride). As to the animal health products, the main brands driving sales have remained Fypryst, Milprazon (milbemycin/praziquantel) and Selehold (selamectin).

In **Croatia** sales increased for all three groups of products. Krka is the second ranked supplier of prescription pharmaceuticals to pharmacies in this country. In this group, the best results were recorded for Emanera (esomeprazole), Atoris (atorvastatin), Co-Perineva (perindopril/indapamide), Co-Dalneva (perindopril/amlodipine/indapamide), Helax (alprazolam), Bortezomib Krka (bortezomib) and Roswera (rosuvastatin). As to non-prescription products, it was Nalgesin (naproxen), Septolete Duo (benzylamine/cetylpyridinium chloride) and B-Complex products that recorded the strongest sales. Fypryst and Enroxil (enrofloxacin) were the strongest brands in terms of sales in the group of animal health products.

## Region East Europe

### Product Sales by Market

| € thousand         | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|--------------------|----------------|----------------|------------|
| Russian Federation | 179,832        | 172,729        | 104        |
| Ukraine            | 38,645         | 45,843         | 84         |
| Uzbekistan         | 23,335         | 19,233         | 121        |
| Belarus            | 12,101         | 10,348         | 117        |
| Kazakhstan         | 10,536         | 9,762          | 108        |
| Mongolia           | 7,482          | 6,819          | 110        |
| Moldova            | 7,073          | 6,750          | 105        |
| Azerbaijan         | 5,607          | 4,080          | 137        |
| Georgia            | 5,015          | 4,600          | 109        |
| Armenia            | 3,871          | 2,705          | 143        |
| Kyrgyzstan         | 3,215          | 2,376          | 135        |
| Tajikistan         | 2,018          | 1,105          | 183        |
| Turkmenistan       | 1,748          | 1,333          | 131        |
| <b>Total</b>       | <b>300,477</b> | <b>287,683</b> | <b>104</b> |

According to available data from independent sources, we have exceeded the average market growth in the **Russian Federation**, ranking second among foreign providers of generic pharmaceuticals. Our best-selling prescription pharmaceuticals included those of the brands Lorista H/HD (losartan/hydrochlorothiazide), Co-Perineva (perindopril/indapamide), Lorista (losartan), Valsacor (valsartan), Roxera (rosuvastatin), Co-Dalneva (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole), Vamloset (valsartan/amlodipine), Valsacor H/HD (valsartan/hydrochlorothiazide) and Atoris (atorvastatin). The highest absolute sales growth was recorded for Co-Perineva (perindopril/indapamide), Flosteron (betamethasone), Dabixom (dabigatran) and Roxera (rosuvastatin). A prominent cardiovascular agent, Dabixom (dabigatran), was launched in March 2023. We have continued to effectively promote the sales of type 2 diabetes treatments Asiglia (sitagliptin) and Asiglia-Met (sitagliptin/metformin), both launched at the end of last year. Krka is the leading provider of prescription pharmaceuticals in the pharmacy segment and remains the leading provider of cardiovascular agents in the Russian Federation.

Among non-prescription products it was Septolete Total (benzylamine/cetylpyridinium chloride), Nalgesin (naproxen), and products sold under the Herbion brand that stood out the most. Effective promotion activities were also carried out for Flebaven (diosmin/hesperidin). The leading animal health products were Milprazon (milbemycin/praziquantel), Selafort (selamectin) and Enroxil (enrofloxacin).

In the six months to June, the Krka-Rus plant supplied 76% of all Krka products sold in the Russian Federation.

The difficult conditions in **Ukraine** continue to shrink the pharmaceuticals market. Nonetheless, the most recent available data has revealed that Krka remains the second ranked foreign provider of generic medicines in the pharmacy segment there. After our distribution channels emptied the inventories over the first quarter and the consequent decrease in sales was offset in the second quarter, the sales dynamics is expected to pick up considerably in the second half of the year.

The leading product group were prescription pharmaceuticals, among which the best results were recorded for Co-Amlessa (perindopril/amlodipine/indapamide), Co-Prenessa (perindopril/indapamide), Nolpaza (pantoprazole) and Roxera (rosuvastatin). As to the non-prescription products, sales were the strongest for the Herbion brand, Nalgesin (naproxen) and Septolete Total (benzylamine/cetylpyridinium chloride), while Prinocate (imidacloprid/moxidectin), Milprazon (milbemycin/praziquantel) and Selafort (selamectin) were the best-selling animal health products.

## Region Central Europe

### Product Sales by Market

| € thousand     | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|----------------|----------------|----------------|------------|
| Poland         | 93,114         | 88,768         | 105        |
| Czech Republic | 34,517         | 30,036         | 115        |
| Hungary        | 29,746         | 27,760         | 107        |
| Slovakia       | 22,130         | 20,766         | 107        |
| Lithuania      | 16,930         | 14,313         | 118        |
| Latvia         | 9,811          | 9,294          | 106        |
| Estonia        | 6,660          | 5,126          | 130        |
| <b>Total</b>   | <b>212,908</b> | <b>196,063</b> | <b>109</b> |

**Poland** has remained Krka's second largest single market. The latest data rank Krka the fifth provider of generic medicines in the country.

Prescription pharmaceuticals are still 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, particularly Coroswera (rosuvastatin/ezetimibe), and Maysiglu (sitagliptin) with Maymetsi (sitagliptin/metformin). As to the other prescription pharmaceuticals, Valtricom (valsartan/amlodipine/hydrochlorothiazide), Pragiola (pregabalin) and Dulsevia (duloxetine) also made notable contributions to overall sales. We remain one of the leading suppliers of reimbursed prescription pharmaceuticals for the over 75s.

The leading non-prescription product brands remain Septolete and Septanazal (xylometazoline/dexpanthenol), while the best-selling animal health products are Milprazon (milbemycin/praziquantel), Floron (florfenicol), Enroxil (enrofloxacin) and the Dehinel brand group.

In the **Czech Republic**, our best-selling product group remained prescription pharmaceuticals, with the leading agents being Atoris (atorvastatin), Lexaurin (bromazepam), Sorvasta (rosuvastatin), Doreta (tramadol/paracetamol), Elicea (escitalopram), Nolpaza (pantoprazole), Tonanda (perindopril/amlodipine/indapamide), Kventiax (quetiapine), Pragiola (pregabalin), Tonarssa (perindopril/amlodipine) and Asentra (sertraline). Good sales results were also recorded for Prenewel (perindopril/indapamide) and Zalasta (olanzapine). The leading non-prescription product brands were Septolete and Nalgesin S (naproxen).

The majority of sales in **Hungary** was generated in prescription pharmaceuticals, particularly Co-Prenessa (perindopril/indapamide), Roxera (rosuvastatin), Emozul (esomeprazole), Co-Dalnessa (perindopril/amlodipine/indapamide), Valsacor (valsartan), Zolsana (zolpidem), Atoris (atorvastatin), Zyllt (clopidogrel), Co-Valsacor (valsartan/hydrochlorothiazide) and Tamloset (telmisartan/amlodipine). The best sales results in the group of non-prescription products were recorded for Septolete Extra (benzylamine/cetylpyridinium chloride), Bilobil (ginkgo leaf extract) and Flebaven (diosmin), while the leading animal health products were Milprazon (milbemycin/praziquantel) and those of the Fypryst brand.

Sales in **Slovakia** were driven mainly by the prescription pharmaceuticals Atoris (atorvastatin), Co-Prenessa (perindopril/indapamide), Nolpaza (pantoprazole), Co-Amlessa (perindopril/amlodipine/indapamide), Prenessa (perindopril), Amlessa (perindopril/amlodipine) and Valsacor (valsartan). The leading non-prescription brands were Septolete, Nalgesin S (naproxen), Flebaven (diosmin), and Nolpaza (pantoprazole).

## Region West Europe

### Product Sales by Market

| € thousand               | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|--------------------------|----------------|----------------|------------|
| Germany                  | 49,207         | 47,228         | 104        |
| Scandinavia              | 21,019         | 19,793         | 106        |
| France                   | 17,402         | 17,168         | 101        |
| Italy                    | 17,052         | 16,066         | 106        |
| Portugal                 | 16,856         | 13,567         | 124        |
| Spain                    | 13,073         | 11,886         | 110        |
| Benelux                  | 10,594         | 10,242         | 103        |
| Finland                  | 8,818          | 7,374          | 120        |
| Ireland                  | 7,479          | 6,213          | 120        |
| Other European countries | 7,205          | 5,972          | 121        |
| United Kingdom           | 7,100          | 8,007          | 89         |
| Austria                  | 5,556          | 5,021          | 111        |
| <b>Total</b>             | <b>181,360</b> | <b>168,536</b> | <b>108</b> |

The best-selling product group was prescription pharmaceuticals, among which the leading agents included esomeprazole, candesartan, valsartan and pantoprazole. Krka has remained one of the leading sartan providers in Western European markets.

The main sales drivers among products for companion animals were antiparasitics with milbemycin/praziquantel combination and fipronil products. High demand agents for farm animals included toltrazuril and flubendazole. As to our non-prescription products, sales were driven by the Septolete brand, and products containing paracetamol.

In **Germany**, Krka's largest regional market, our products in high demand were cardiovascular agents, medicines for the alimentary tract and metabolism, antidiabetics, and central nervous system agents. According to the latest available data, Krka has managed to become the leading generic supplier of gliptins in this market, a diabetes treatment. The best sales results were recorded for our medicinal products with candesartan, valsartan, sitagliptin, pantoprazole and ramipril.

## Region Overseas Markets

### Product Sales by Market

| € thousand          | Jan–Jun 2023  | Jan–Jun 2022  | Index      |
|---------------------|---------------|---------------|------------|
| Far East and Africa | 16,245        | 9,936         | 163        |
| Middle East         | 15,802        | 14,806        | 107        |
| China               | 4,671         | 6,914         | 68         |
| The Americas        | 924           | 821           | 113        |
| <b>Total</b>        | <b>37,642</b> | <b>32,477</b> | <b>116</b> |

The Region's leading sales office in terms of sales over the six months to June was the **Far East and Africa**, chiefly due to sales growth in Vietnam. Despite challenges arising out of the security and economic situation in some markets there, our sales office the **Middle East** witnessed an increase in sales year-over-year. July to December sales in China are expected to exceed those of the first six months this year, with full-year sales growing over 2022.



## Sales by Product and Service Group

### Sales by Product and Service Group

| € thousand                         | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|------------------------------------|----------------|----------------|------------|
| Prescription pharmaceuticals       | 753,689        | 709,172        | 106        |
| – Share of total sales             | 82.3%          | 83.1%          |            |
| Non-prescription products          | 81,914         | 77,642         | 106        |
| – Share of total sales             | 8.9%           | 9.1%           |            |
| Animal health products             | 58,023         | 47,208         | 123        |
| – Share of total sales             | 6.3%           | 5.5%           |            |
| Health resort and tourist services | 22,845         | 19,418         | 118        |
| – Share of total sales             | 2.5%           | 2.3%           |            |
| <b>Total</b>                       | <b>916,471</b> | <b>853,440</b> | <b>107</b> |

### Prescription Pharmaceuticals

Sales increased in all sales regions. In Region Overseas Markets they were up 25%, in Region Slovenia 10%, in Region South-East Europe 8%, in Region Central Europe 7%, in Region West Europe 6%, and in Region East Europe 2%.

Sales advanced in all three of our major markets, being up 3% in Poland and increasing by 2% in the Russian Federation and Germany alike. As to our other major markets, sales growth was the highest in Uzbekistan (22%), Croatia (15%), the Czech Republic (14%), Serbia (13%), Slovenia (10%), Romania (9%) and Scandinavia (7%).

The top ten prescription pharmaceuticals in terms of sales were product groups containing perindopril (Prenessa\*, Co-Prenessa\*, Amlessa\*, Co-Amlessa\*, Roxiper\*, Roxampex\*), valsartan (Valsacor, Valsacombi\*, Vamloset\*, Co-Vamloset\*, Valarox\*), rosuvastatin (Roswera\*, Co-Roswera\*), losartan (Lorista\*, Lorista H\*, Lorista HD\*, Tenloris\*), pantoprazole (Nolpaza\*), atorvastatin (Atoris), esomeprazole (Emanera\*), tramadol (Doreta\*, Tadol\*), candesartan (Karbis\*, Karbicombi\*, Kandoset\*), and telmisartan (Toluene\*, Tolucombi\*, Telassmo\*).

The chief sales growth drivers were product groups containing perindopril, rosuvastatin, sertraline, pantoprazole and the sitagliptin product group, which had been launched on the first markets in September 2022.

The new launches in the first half of 2023 included these brand new Krka medicines:

- Dabixom\* (dabigatran) for preventing venous thromboembolic events, in the Russian Federation;
- Tapendolor\* (tapentadol) for strong pain relief, in Germany, Spain, Portugal and Slovakia; and
- Three perindopril arginine (a new perindopril salt) agents treating high blood pressure: Prenessa Neo\* (perindopril arginine) in the Czech Republic, Slovakia, Ireland, Portugal, Romania, France and Scandinavia; Co-Prenessaneo\* (perindopril arginine/indapamide) in Romania, Estonia, France, the Benelux, the Czech Republic, Slovakia, Ireland and Portugal; and Amlessa Neo\* (perindopril arginine/amlodipine) in Slovakia, the Czech Republic, Ireland, Portugal, France and the Benelux.

### Non-Prescription Products

The sales of non-prescription products increased year-over-year in Region West Europe (by 31%), Region Central Europe (by 25%), Region Slovenia (by 20%) and Region East Europe (by 2%), while decreasing in Region South-East Europe (by 1%) and Region Overseas Markets (by 60%).

The leading product brands in terms of sales during the six months to June 2023 were Septolete\*, Nalgesin\* (naproxen), Herbion\*, Bilobil and Septanazal. Sales growth was driven chiefly by the Septolete\* and Septanazal products.

### Animal Health Products

Sales increased in Region East Europe (by 46%), Region Slovenia (by 23%), Region Central Europe (by 18%) and Region West Europe (by 13%), while decreasing in Region South-East Europe (by 2%).

Sales growth was chiefly driven by Milprazon\* (milbemycin/praziquantel), where chewable tablets were recently added to the range, by Selehold\* (selamectin) and by Fypryst (fipronil)\*.

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

## Health Resort and Tourist Services

In the first half of 2023 there were 162,618 overnight stays in Krka resorts, up 7% year on year. The most were recorded in the Talaso Strunjan resort (56,504), while it was the Terme Šmarješke Toplice resort that reported the highest growth rate (14%). The number of overnights by foreigners was up 18% year-over-year. Foreign guests predominantly included Italians, Croatians and Austrians.

## Research and Development

In the first half of 2023 we obtained marketing authorisations for 5 new products: 4 prescription pharmaceuticals and 1 animal health product.

We finalised 263 marketing authorisation procedures, obtaining approvals for 119 prescription pharmaceuticals and 3 non-prescription products, thus bringing medications closer to patients in numerous markets. As to animal health products, Krka finalised 141 procedures, expanding its product range for companion animals.

Krka manages a wide range of medicinal products from several therapeutic classes in over 70 markets. All our products are continuously being optimized and harmonized with new scientific guidelines. We have received approvals in the course of 2023 for more than 11,000 regulatory variations, which are guaranteeing uninterrupted supply and improving cost efficiency.

### Prescription Pharmaceuticals

We obtained marketing authorisations for 4 new products in the first half of 2023 and acquired approvals to market existing products in new markets.

The Krka product range in China increased. Marketing was approved for our **rivaroxaban** film-coated tablets. It has a wide spectrum of therapeutic use, preventing atherothrombotic events in adults with various cardiovascular diseases. It is an advanced anticoagulant, providing an effective and safe therapy for cardiovascular patients, and improving their quality of life. A marketing authorisation was obtained for a **perindopril tert-butylamine** cardiovascular agent. Perindopril is the most widely researched ACE inhibitor in terms of clinical trials, and is therefore the drug of choice for treating hypertension, heart failure and coronary heart disease.

Krka obtained its first marketing authorisation for an antidiabetic in China: **gliclazide** was approved in the form of modified release tablets. It effectively reduces blood glucose levels in diabetes 2 patients.

We obtained a Certificate of Suitability to the monograph of the European Pharmacopoeia (CEP) for our antibacterial agent **norfloxacin** incorporated into the Krka medicine Nolicin.

Marketing opportunities were expanded in the countries of the European Union for products from established and new therapeutic classes.

We obtained additional marketing authorisations for **sitagliptin** and the combination **sitagliptin/metformin**, both in the form of film-coated tablets, used to treat diabetes. As to pain relief medications, new marketing authorisations were granted for **tapentadol** and the combination **tramadol/paracetamol**, both in the form of prolonged-release tablets. Oncology medication **abiraterone** in the form of film-coated tablets used to treat prostate cancer was additionally approved. The accessibility of several cardiovascular agents was enhanced after Krka obtained approvals to market its **amlodipine** tablets, and its **losartan** and fixed-dose combination **losartan/hydrochlorothiazide** film-coated tablets. As to medications for the central nervous system, we were granted approvals for **lacosamide** film-coated tablets, an epilepsy treatment. New marketing approvals were granted via the decentralised procedure for **Vitamin D3 Krka** (cholecalciferol) 7,000 IU tablets.

In Eastern Europe Krka obtained marketing authorisations for high profile products from its key therapeutic categories. **Tigalant** (ticagrelor) was approved for marketing, and **Rivaroxia** (rivaroxaban) was launched on new markets. Both are antithrombotics, i.e. products that prevent blood clots, and are available in the form of film-coated tablets. As to cardiovascular agents, approvals were granted for the combination product **Roxatenz-Inda** (perindopril/indapamide/rosuvastatin) in the form of film-coated tablets, and for **Co-Prenessa Neo** (perindopril/indapamide) tablets. We supplemented our range of diabetes treatments with the modern single-pill combination **Glipvilo Met** (vildagliptin/metformin) in the form of film-coated tablets.

In the markets of South-Eastern Europe we obtained additional marketing authorisations for our combination product **Co-Roswera** (rosuvastatin/ezetimibe) in the form of film-coated tablets, used to treat resistant hyperlipidemias.

In the Overseas Markets we supplemented our range of cardiovascular agents with **Elnap** (enalapril/lercanidipine) film-coated tablets and with **Telassmo** (telmisartan/amlodipine), **Amlessa** (perindopril/amlodipine), **Enap H** (enalapril/hydrochlorothiazide) and **Vasitimb** (ezetimibe/simvastatin) tablets. Marketing approvals were granted to Krka for our **Bravacor** (ivabradine), **Lorista** (losartan) and **Roswera** (rosuvastatin) film-coated tablets, and for **Nolpaza** (pantoprazole) gastro-resistant tablets. Moreover, pain relief treatment **Aclexa** (celecoxib) in the form of hard capsules, and psychosis treatment **Parnido** (paliperidone) in the form of prolonged-release tablets were also approved for marketing.

### Non-Prescription Products

In the six months to June 2023 we expanded marketing authorisations for our key product brands to new markets.

An additional marketing approval was granted for the nasal decongestant **Septanazal** (xylometazoline/dexpanthenol), and for the **Herbion** Iceland Moss syrup in the Overseas Markets.

### Animal Health Products

In the first half of 2023 Krka was the first producer of generic medicines in the European Union to expand their range of products for companion animals with a new marketing authorisation for **Robexera/Rogiola** (robenacoxib) chewable tablets for dogs, in four strengths. This coxib is a nonsteroidal anti-inflammatory agent used in veterinary medicine for the relief of pain and treatment of chronic osteoarthritis inflammation, and for the relief of pain and reduce inflammation after soft tissue surgical procedures.

Several products were granted new marketing authorisations in additional markets. A combination product used to treat bacterial infections in cats and dogs called **Cladaxxa** (amoxicillin/clavulanic acid) was approved in the form of chewable tablets in three strengths, as were two products treating and preventing worm infestations: **Milprazon Chewable** (milbemycin oxime/praziquantel) palatable film-coated tablets for dogs, and **Milprazon Chewable** (milbemycin oxime/praziquantel) film-coated tablets for cats.

An additional approval for marketing was granted for the antiparasitic combination **Dehinel Plus Flavour** (febantel/praziquantel/pyrantel) in the form of flavoured tablets for dogs.

### Investments

Investments in the Krka Group totalled €45.7 million in the first half of 2023, of which the controlling company invested €36.5 million.

We completed a €2.5 million investment in the Slovenia-based Beta Šentjernejske plant. Systems and equipment were upgraded, and the production capacity for the preparation of dry granules was increased. The investment has contributed to our decreasing water-soluble organic solvent emissions.

Development and Control Centres have undergone a €1.8 million investment, the refurbishment having resulted in additional laboratory space and provided safe conditions for manipulating highly active ingredients.

The renovation of the Notol plant washing room has continued, with packaging lines also being replaced and upgraded. The first four packaging lines have been installed and are already in use, with the next stage of line replacement ongoing. The logistic system is also being modernised.

Another investment is ongoing in the Solid Dosage Form Products plant in Novo mesto, Slovenia. Additional capacities are being set up for compression mixture preparation and granulation in the tablet compression process, and logistic capacities are being upgraded. The works have been separated into several stages, to be gradually completed by the end of 2023.

In our Bršljin Powder and Liquid Products plant (Novo mesto, Slovenia) we are installing a new filling line to increase the capacity for filling liquid veterinary products.

We are increasing production capacities for granulation and packaging at the Ljutomer plant (Slovenia), and refurbishing production facilities in the old section of the plant.

In Novo mesto, Slovenia, construction works have continued for the six-storey multi-purpose building called Paviljon 3. It will house an extension for our microbiology laboratory and additional rooms for several organisational units.

In the production and distribution centre in Jastrebarsko, Croatia we are installing a new secondary packaging line, which will increase production capacities for solid forms of animal health products by one quarter. Other facilities and systems are also subject to ongoing upgrades.

New facilities for API development and production are planned in Krško, Slovenia. This is one of Krka's largest future projects. Based on project documentation and an IED OVD environmental impact assessment we have obtained the integral building permit for the Sinteza 2 plant and laboratories for chemical analyses. The environmental permit has also been granted, and construction works are scheduled to start after the permit becomes final. Estimated at €163 million, the investment pursues our strategy of vertical integration, from the development of a product to its production.

## Employees

At the end of June 2023 the Krka Group employed 11,653 staff, of whom 45% or 5,241 worked outside Slovenia. Of all Krka Group employees, 51% have at least university-level qualifications, and of that, 204 hold a doctoral degree.

Including agency workers, the Krka Group operates a 12,641-strong team.

### Employees by Education

|                               | 30 Jun 2023         |              | 31 Dec 2022         |              |
|-------------------------------|---------------------|--------------|---------------------|--------------|
|                               | Number of employees | Share (%)    | Number of employees | Share (%)    |
| PhD                           | 204                 | 1.8          | 200                 | 1.7          |
| Master of Science             | 409                 | 3.5          | 389                 | 3.4          |
| University degree             | 5,347               | 45.9         | 5,355               | 46.2         |
| Higher professional education | 1,821               | 15.6         | 1,793               | 15.5         |
| Vocational college education  | 305                 | 2.6          | 306                 | 2.6          |
| Secondary school education    | 2,632               | 22.6         | 2,604               | 22.4         |
| Other                         | 935                 | 8.0          | 951                 | 8.2          |
| <b>Total</b>                  | <b>11,653</b>       | <b>100.0</b> | <b>11,598</b>       | <b>100.0</b> |

We provide for continuous recruitment of talented employees by awarding scholarships. At the end of June, we had 81 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 human resource needs for key professionals and managers are filled by Krka Group employees.

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 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 June, 379 employees were enrolled in part-time graduate studies co-funded by Krka, 31 of them in postgraduate studies.

Krka is also included in the national vocational qualification (NVQ) system. Between 2002 and the end of June 2023 we awarded 1,812 NVQ certificates to Krka employees for four vocational qualifications. At the end of June, 177 Krka employees were in the process of obtaining a national vocational qualification.

## CONDENSED FINANCIAL STATEMENTS OF THE KRKA GROUP WITH NOTES

### Consolidated Statement of Financial Position of the Krka Group

| € thousand   | 30 Jun 2023      | 31 Dec 2022      | Index      |
|--|------------------|------------------|------------|
| <b>Assets</b>  |                  |                  |            |
| Property, plant and equipment                          | 757,208          | 779,336          | 97         |
| Intangible assets                                      | 100,338          | 102,550          | 98         |
| Loans  | 75,568           | 77,539           | 97         |
| Investments  | 56,382           | 110,770          | 51         |
| Deferred tax assets                                    | 46,987           | 53,770           | 87         |
| Other non-current assets                               | 1,074            | 1,060            | 101        |
| <b>Total non-current assets</b>                        | <b>1,037,557</b> | <b>1,125,025</b> | <b>92</b>  |
| Assets held for sale                                   | 41               | 41               | 100        |
| Inventories  | 556,885          | 553,332          | 101        |
| Contract assets  | 674              | 946              | 71         |
| Trade receivables                                      | 434,816          | 402,730          | 108        |
| Other receivables                                      | 36,482           | 27,728           | 132        |
| Loans  | 6,660            | 6,327            | 105        |
| Investments  | 554,405          | 52,437           | 1,057      |
| Cash and cash equivalents                              | 139,431          | 518,934          | 27         |
| <b>Total current assets</b>                            | <b>1,729,394</b> | <b>1,562,475</b> | <b>111</b> |
| <b>Total assets</b>                                    | <b>2,766,951</b> | <b>2,687,500</b> | <b>103</b> |
|  |                  |                  |            |
| <b>Equity</b>  |                  |                  |            |
| Share capital  | 54,732           | 54,732           | 100        |
| Treasury shares  | -128,965         | -124,566         | 104        |
| Reserves   | 158,665          | 192,204          | 83         |
| Retained earnings                                      | 2,161,803        | 1,996,246        | 108        |
| <b>Total equity holders of the controlling company</b> | <b>2,246,235</b> | <b>2,118,616</b> | <b>106</b> |
| Non-controlling interests within equity                | 19,963           | 19,893           | 100        |
| <b>Total equity</b>                                    | <b>2,266,198</b> | <b>2,138,509</b> | <b>106</b> |
| <b>Liabilities</b>                                     |                  |                  |            |
| Provisions   | 108,527          | 107,235          | 101        |
| Deferred revenue                                       | 5,781            | 6,048            | 96         |
| Lease liabilities                                      | 7,442            | 8,089            | 92         |
| Deferred tax liabilities                               | 10,608           | 10,758           | 99         |
| <b>Total non-current liabilities</b>                   | <b>132,358</b>   | <b>132,130</b>   | <b>100</b> |
| Trade payables   | 116,346          | 140,837          | 83         |
| Lease liabilities                                      | 3,432            | 3,752            | 91         |
| Income tax payable                                     | 4,132            | 28,194           | 15         |
| Contract liabilities                                   | 153,159          | 157,710          | 97         |
| Other current liabilities                              | 91,326           | 86,368           | 106        |
| <b>Total current liabilities</b>                       | <b>368,395</b>   | <b>416,861</b>   | <b>88</b>  |
| <b>Total liabilities</b>                               | <b>500,753</b>   | <b>548,991</b>   | <b>91</b>  |
| <b>Total equity and liabilities</b>                    | <b>2,766,951</b> | <b>2,687,500</b> | <b>103</b> |

## Consolidated Income Statement of the Krka Group

| € thousand  | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|---|----------------|----------------|------------|
| <b>Revenue</b>  | <b>920,430</b> | <b>857,443</b> | <b>107</b> |
| – Revenue from contracts with customers                 | 917,716        | 855,849        | 107        |
| – Other revenue   | 2,714          | 1,594          | 170        |
| Cost of goods sold                                      | -376,698       | -423,756       | 89         |
| <b>Gross profit</b>                                     | <b>543,732</b> | <b>433,687</b> | <b>125</b> |
| Other operating income                                  | 2,605          | 3,945          | 66         |
| Selling and distribution expenses                       | -172,490       | -174,617       | 99         |
| – Of that net impairments and write-offs of receivables | -3,471         | 8,772          |            |
| R&D expenses  | -85,654        | -81,020        | 106        |
| General and administrative expenses                     | -51,960        | -42,745        | 122        |
| <b>Operating profit</b>                                 | <b>236,233</b> | <b>139,250</b> | <b>170</b> |
| Financial income  | 10,319         | 139,698        | 7          |
| Financial expenses                                      | -39,696        | -1,889         | 2,101      |
| <b>Net financial result</b>                             | <b>-29,377</b> | <b>137,809</b> |            |
| <b>Profit before tax</b>                                | <b>206,856</b> | <b>277,059</b> | <b>75</b>  |
| Income tax  | -36,728        | -40,908        | 90         |
| <b>Net profit</b>                                       | <b>170,128</b> | <b>236,151</b> | <b>72</b>  |
| Attributable to:  |                |                |            |
| – Equity holders of the controlling company             | 169,956        | 235,682        | 72         |
| – Non-controlling interests                             | 172            | 469            | 37         |
| <b>Basic earnings per share* (€)</b>                    | <b>5.49</b>    | <b>7.58</b>    | <b>72</b>  |
| <b>Diluted earnings per share** (€)</b>                 | <b>5.49</b>    | <b>7.58</b>    | <b>72</b>  |

\* 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–Jun 2023   | Jan–Jun 2022   | Index         |
|---|----------------|----------------|---------------|
| <b>Net profit</b>   | <b>170,128</b> | <b>236,151</b> | <b>72</b>     |
| <b>Other comprehensive income for the period</b>  |                |                |               |
| <b>Other comprehensive income for the period reclassified to profit or loss at a future date</b>                      |                |                |               |
| Translation reserve   | -46,769        | 100,599        |               |
| <b>Net other comprehensive income for the period reclassified to profit or loss at a future date</b>                  | <b>-46,769</b> | <b>100,599</b> |               |
| <b>Other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b>     |                |                |               |
| Change in fair value of financial assets  | 9,140          | 15             | 60,933        |
| Deferred tax effect   | -1,732         | -4             | 43,300        |
| <b>Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b> | <b>7,408</b>   | <b>11</b>      | <b>67,345</b> |
| <b>Total other comprehensive income for the period (net of tax)</b>   | <b>-39,361</b> | <b>100,610</b> |               |
| <b>Total comprehensive income for the period (net of tax)</b>   | <b>130,767</b> | <b>336,761</b> | <b>39</b>     |
| Attributable to:  |                |                |               |
| – Equity holders of the controlling company   | 132,018        | 335,666        | 39            |
| – Non-controlling interests   | -1,251         | 1,095          |               |



## 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 |   |                           |              |
| <b>At 1 Jan 2023</b>  | 54,732        | -124,566        | 124,566                      | 105,897       | 14,990         | 30,000             | 2,670              | -85,919             | 1,442,702             | 200,273           | 353,271               | 2,118,616                                       | 19,893                    | 2,138,509    |
| <b>Net profit</b>   | 0             | 0               | 0                            | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | 169,956               | 169,956   | 172                       | 170,128      |
| <b>Total other comprehensive income for the period (net of tax)</b> | 0             | 0               | 0                            | 0             | 0              | 0                  | 7,408              | -45,346             | 0                     | 0                 | 0                     | -37,938   | -1,423                    | -39,361      |
| <b>Total comprehensive income for the period (net of tax)</b>       | 0             | 0               | 0                            | 0             | 0              | 0                  | 7,408              | -45,346             | 0                     | 0                 | 169,956               | 132,018   | -1,251                    | 130,767      |
| <b>Transactions with owners, recognised in equity</b>               |               |                 |                              |               |                |                    |                    |                     |                       |                   |                       |   |                           |              |
| Transfer of previous period's profits to retained earnings          | 0             | 0               | 0                            | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 353,271           | -353,271              | 0   | 0                         | 0            |
| Repurchase of treasury shares                                       | 0             | -4,399          | 0                            | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | 0                     | -4,399  | 0                         | -4,399       |
| Formation of reserves for treasury shares                           | 0             | 0               | 4,399                        | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | -4,399                | 0   | 0                         | 0            |
| Acquisition of non-controlling interests                            | 0             | 0               | 0                            | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | 0                     | 0   | 1,321                     | 1,321        |
| <b>Total transactions with owners, recognised in equity</b>         | 0             | -4,399          | 4,399                        | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 353,271           | -357,670              | -4,399  | 1,321                     | -3,078       |
| <b>At 30 Jun 2023</b>   | 54,732        | -128,965        | 128,965                      | 105,897       | 14,990         | 30,000             | 10,078             | -131,265            | 1,442,702             | 553,544           | 165,557               | 2,246,235                                       | 19,963                    | 2,266,198    |



| € 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 |   |                           |              |
| <b>At 1 Jan 2022</b>  | 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    |
| <b>Net profit</b>   | 0             | 0               | 0                            | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | 235,682               | 235,682   | 469                       | 236,151      |
| <b>Total other comprehensive income for the period (net of tax)</b> | 0             | 0               | 0                            | 0             | 0              | 0                  | 11                 | 99,973              | 0                     | 0                 | 0                     | 99,984  | 626                       | 100,610      |
| <b>Total comprehensive income for the period (net of tax)</b>       | 0             | 0               | 0                            | 0             | 0              | 0                  | 11                 | 99,973              | 0                     | 0                 | 235,682               | 335,666   | 1,095                     | 336,761      |
| <b>Transactions with owners, recognised in equity</b>               |               |                 |                              |               |                |                    |                    |                     |                       |                   |                       |   |                           |              |
| 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             | -2,516          | 0                            | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | 0                     | -2,516  | 0                         | -2,516       |
| Formation of reserves for treasury shares                           | 0             | 0               | 2,516                        | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | -2,516                | 0   | 0                         | 0            |
| Acquisition of non-controlling interests                            | 0             | 0               | 0                            | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 0                 | 0                     | 0   | 3,281                     | 3,281        |
| <b>Total transactions with owners, recognised in equity</b>         | 0             | -2,516          | 2,516                        | 0             | 0              | 0                  | 0                  | 0                   | 0                     | 293,952           | -296,468              | -2,516  | 3,281                     | 765          |
| <b>At 30 Jun 2022</b>   | 54,732        | -117,057        | 117,057                      | 105,897       | 14,990         | 30,000             | -22,066            | 1,699               | 1,370,902             | 449,035           | 233,166               | 2,238,355                                       | 18,256                    | 2,256,611    |

## Consolidated Statement of Cash Flows of the Krka Group

| € thousand   | Jan–Jun 2023    | Jan–Jun 2022    |
|--|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                 |                 |
| Net profit   | 170,128         | 236,151         |
| <b>Adjustments for:</b>                                      | <b>63,869</b>   | <b>147,170</b>  |
| – Amortisation/Depreciation                                  | 52,326          | 53,123          |
| – Net foreign exchange differences                           | -26,961         | 44,745          |
| – Inventory write-offs and allowances (net)                  | 7,914           | 9,753           |
| – Receivable impairments and write-offs (net)                | -3,471          | 8,772           |
| – Investment income  | -10,771         | -12,379         |
| – Investment expenses  | 2,097           | 895             |
| – Financial income   | -4              | -22             |
| – Interest expense and other financial expenses              | 6,012           | 1,376           |
| – Income tax   | 36,727          | 40,907          |
| <b>Operating profit before changes in net current assets</b> | <b>233,997</b>  | <b>383,321</b>  |
| Change in trade receivables                                  | -36,428         | -119,986        |
| Change in inventories  | -11,466         | -42,580         |
| Change in trade payables                                     | -17,945         | 17,208          |
| Change in provisions   | -391            | 831             |
| Change in deferred revenue                                   | -267            | -424            |
| Change in other current liabilities                          | 4,962           | -3,387          |
| Income tax paid  | -59,433         | -31,089         |
| <b>Net cash flow from operating activities</b>               | <b>113,029</b>  | <b>203,894</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                 |                 |
| Interest received  | 6,984           | 891             |
| Dividends received   | 768             | 600             |
| Proceeds from sale of property, plant and equipment          | 1,492           | 1,136           |
| Purchase of property, plant and equipment                    | -53,680         | -46,614         |
| Purchase of intangible assets                                | -3,195          | -1,894          |
| Proceeds from non-current loans                              | 3,392           | 0               |
| Payments for non-current loans                               | -1,525          | -36,918         |
| Net payments for current loans                               | -714            | -72,971         |
| Proceeds from sale of non-current investments                | 32,396          | 3,028           |
| Payments for non-current investments                         | -28             | -32,936         |
| Proceeds from sale of current investments                    | 0               | 52,054          |
| Payments for current investments                             | -471,840        | -101,761        |
| Proceeds from derivatives                                    | 1,024           | 8,170           |
| <b>Net cash flow from investing activities</b>               | <b>-484,926</b> | <b>-227,215</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |                 |                 |
| Interest paid  | -3,559          | -489            |
| Lease liabilities paid                                       | -2,044          | -1,855          |
| Dividends and other profit shares paid                       | -1              | -19             |
| Repurchase of treasury shares                                | -4,399          | -2,516          |
| Proceeds from payment of non-controlling interests           | 1,321           | 3,281           |
| <b>Net cash flow from financing activities</b>               | <b>-8,682</b>   | <b>-1,598</b>   |
| <b>Net decrease in cash and cash equivalents</b>             | <b>-380,579</b> | <b>-24,919</b>  |
| Cash and cash equivalents at beginning of period             | 518,934         | 159,838         |
| Effect of foreign exchange rate fluctuations on cash held    | 1,076           | 6,125           |
| <b>Closing balance of cash and cash equivalents</b>          | <b>139,431</b>  | <b>141,044</b>  |

## Segment Reporting of the Krka Group

| € thousand   | European Union     |                    | Region South-East Europe |                    | Region East Europe |                    | Total segment reporting |                    | Other              |                    | Eliminations       |                    | Total              |                    |
|--|--------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | Jan-Jun 2023       | Jan-Jun 2022       | Jan-Jun 2023             | Jan-Jun 2022       | Jan-Jun 2023       | Jan-Jun 2022       | Jan-Jun 2023            | Jan-Jun 2022       | Jan-Jun 2023       | Jan-Jun 2022       | Jan-Jun 2023       | Jan-Jun 2022       | Jan-Jun 2023       | Jan-Jun 2022       |
| Revenue from sales to non-group customers                        | 515,115            | 471,643            | 51,826                   | 49,165             | 300,561            | 287,752            | 867,502                 | 808,560            | 52,928             | 48,883             |                    |                    | 920,430            | 857,443            |
| Revenue from sales to Group customers                            | 209,562            | 191,597            | 32,543                   | 31,198             | 328,096            | 352,588            | 570,201                 | 575,383            | 16,773             | 17,104             | -586,974           | -592,487           | 0                  | 0                  |
| <b>Total revenue</b>   | <b>724,677</b>     | <b>663,240</b>     | <b>84,369</b>            | <b>80,363</b>      | <b>628,657</b>     | <b>640,340</b>     | <b>1,437,703</b>        | <b>1,383,943</b>   | <b>69,701</b>      | <b>65,987</b>      | <b>-586,974</b>    | <b>-592,487</b>    | <b>920,430</b>     | <b>857,443</b>     |
| Other operating income   | 1,978              | 2,909              | 16                       | 38                 | 193                | 267                | 2,187                   | 3,214              | 418                | 731                |                    |                    | 2,605              | 3,945              |
| Operating expenses   | -434,846           | -376,206           | -34,274                  | -31,451            | -177,132           | -280,482           | -646,252                | -688,139           | -40,550            | -33,999            |                    |                    | -686,802           | -722,138           |
| Intra-group operating expenses, including elimination of profits | -209,562           | -191,597           | -32,543                  | -31,198            | -328,096           | -352,588           | -570,201                | -575,383           | -16,774            | -17,104            | 586,975            | 592,487            | 0                  | 0                  |
| <b>Operating profit</b>  | <b>82,247</b>      | <b>98,346</b>      | <b>17,568</b>            | <b>17,752</b>      | <b>123,622</b>     | <b>7,537</b>       | <b>223,437</b>          | <b>123,635</b>     | <b>12,796</b>      | <b>15,615</b>      | <b>0</b>           | <b>0</b>           | <b>236,233</b>     | <b>139,250</b>     |
| Interest income  | 6,028              | 476                | 3                        | 2                  | 552                | 475                | 6,583                   | 953                | 975                | 304                |                    |                    | 7,558              | 1,257              |
| Interest income from Group companies                             | 1,557              | 282                | 0                        | 0                  | 0                  | 0                  | 1,557                   | 282                | 0                  | 0                  | -1,557             | -282               | 0                  | 0                  |
| Interest expense   | -94                | -902               | -6                       | -6                 | -49                | -74                | -149                    | -982               | -2                 | -2                 |                    |                    | -151               | -984               |
| Interest expense to Group companies                              | -1,557             | -282               | 0                        | 0                  | 0                  | 0                  | -1,557                  | -282               | 0                  | 0                  | 1,557              | 282                | 0                  | 0                  |
| <b>Net financial result</b>                                      | <b>5,603</b>       | <b>-1,723</b>      | <b>-84</b>               | <b>-26</b>         | <b>-34,073</b>     | <b>131,514</b>     | <b>-28,554</b>          | <b>129,765</b>     | <b>-823</b>        | <b>8,044</b>       |                    |                    | <b>-29,377</b>     | <b>137,809</b>     |
| Income tax   | -13,476            | -26,169            | -2,485                   | -4,390             | -19,058            | -7,993             | -35,019                 | -38,552            | -1,709             | -2,356             |                    |                    | -36,728            | -40,908            |
| <b>Net profit</b>  | <b>74,374</b>      | <b>70,454</b>      | <b>14,999</b>            | <b>13,336</b>      | <b>70,491</b>      | <b>131,058</b>     | <b>159,864</b>          | <b>214,848</b>     | <b>10,264</b>      | <b>21,303</b>      | <b>0</b>           | <b>0</b>           | <b>170,128</b>     | <b>236,151</b>     |
| Investments  | 41,100             | 40,657             | 911                      | 181                | 3,239              | 8,560              | 45,250                  | 49,398             | 413                | 81                 |                    |                    | 45,663             | 49,479             |
| Depreciation of property, plant and equipment                    | 34,514             | 32,643             | 1,031                    | 950                | 9,927              | 12,939             | 45,472                  | 46,532             | 1,517              | 1,311              |                    |                    | 46,989             | 47,843             |
| Depreciation of right-of-use assets                              | 1,522              | 1,353              | 54                       | 54                 | 282                | 356                | 1,858                   | 1,763              | 40                 | 29                 |                    |                    | 1,898              | 1,792              |
| Amortisation   | 2,086              | 2,020              | 160                      | 163                | 1,041              | 1,164              | 3,287                   | 3,347              | 152                | 141                |                    |                    | 3,439              | 3,488              |
|  | <b>30 Jun 2023</b> | <b>31 Dec 2022</b> | <b>30 Jun 2023</b>       | <b>31 Dec 2022</b> | <b>30 Jun 2023</b> | <b>31 Dec 2022</b> | <b>30 Jun 2023</b>      | <b>31 Dec 2022</b> | <b>30 Jun 2023</b> | <b>31 Dec 2022</b> | <b>30 Jun 2023</b> | <b>31 Dec 2022</b> | <b>30 Jun 2023</b> | <b>31 Dec 2022</b> |
| <b>Total assets</b>  | <b>2,169,080</b>   | <b>2,069,151</b>   | <b>67,894</b>            | <b>64,802</b>      | <b>437,845</b>     | <b>463,008</b>     | <b>2,674,819</b>        | <b>2,596,961</b>   | <b>92,132</b>      | <b>90,539</b>      |                    |                    | <b>2,766,951</b>   | <b>2,687,500</b>   |
| Non-current assets exclusive of deferred tax assets              | 862,464            | 922,872            | 5,901                    | 5,357              | 81,379             | 99,916             | 949,744                 | 1,028,145          | 40,826             | 43,110             |                    |                    | 990,570            | 1,071,255          |
| <b>Total liabilities</b>   | <b>349,150</b>     | <b>360,495</b>     | <b>13,572</b>            | <b>15,854</b>      | <b>103,276</b>     | <b>129,136</b>     | <b>465,998</b>          | <b>505,485</b>     | <b>34,755</b>      | <b>43,506</b>      |                    |                    | <b>500,753</b>     | <b>548,991</b>     |

## Notes to Consolidated Financial Statements of the Krka Group

### Costs by nature

€686,802 thousand

| € thousand   | Jan–Jun 2023   | Jan–Jun 2022   | Index     |
|--|----------------|----------------|-----------|
| Cost of goods and materials  | 232,344        | 312,154        | 74        |
| Cost of services   | 127,763        | 119,951        | 107       |
| Employee benefits  | 254,965        | 230,055        | 111       |
| Amortisation and depreciation  | 52,326         | 53,123         | 98        |
| Inventory write-offs and allowances (net)                                    | 7,913          | 9,753          | 81        |
| Receivable impairments and write-offs (net)                                  | -3,471         | 8,772          |           |
| Formation of provisions for lawsuits   | 12             | 0              |           |
| Other operating expenses   | 20,729         | 17,392         | 119       |
| <b>Total costs</b>   | <b>692,581</b> | <b>751,200</b> | <b>92</b> |
| Change in the value of inventories of finished products and work in progress | -5,779         | -29,062        | 20        |
| <b>Total</b>   | <b>686,802</b> | <b>722,138</b> | <b>95</b> |

### Employee benefits

€254,965 thousand

| € thousand   | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|--|----------------|----------------|------------|
| Gross wages and salaries and continued pay                       | 197,327        | 176,796        | 112        |
| Social security contributions                                    | 13,835         | 14,470         | 96         |
| Pension insurance contributions                                  | 27,924         | 23,390         | 119        |
| Payroll tax  | 369            | 356            | 104        |
| Post-employment benefits and other non-current employee benefits | 2,476          | 3,617          | 68         |
| Other employee benefits  | 13,034         | 11,426         | 114        |
| <b>Total employee benefits</b>                                   | <b>254,965</b> | <b>230,055</b> | <b>111</b> |

### Other operating expenses

€20,729 thousand

| € thousand   | Jan–Jun 2023  | Jan–Jun 2022  | Index      |
|--|---------------|---------------|------------|
| Grants and assistance for humanitarian and other purposes                          | 900           | 647           | 139        |
| Environmental protection expenditures  | 3,044         | 2,904         | 105        |
| Other taxes and levies   | 13,580        | 10,844        | 125        |
| Loss on sale and write-offs of property, plant and equipment and intangible assets | 786           | 667           | 118        |
| Other operating expenses   | 2,419         | 2,330         | 104        |
| <b>Total other operating expenses</b>  | <b>20,729</b> | <b>17,392</b> | <b>119</b> |

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

## Financial income and expenses

| € thousand                              | Jan–Jun 2023   | Jan–Jun 2022   | Index        |
|---|----------------|----------------|--------------|
| Net foreign exchange differences        | 0              | 127,851        | 0            |
| Interest income                         | 7,558          | 1,257          | 601          |
| Derivatives income                      | 1,024          | 9,495          | 11           |
| – Realised revenue                      | 1,024          | 8,170          | 13           |
| – Fair value change                     | 0              | 1,325          | 0            |
| Income from dividends                   | 778            | 600            | 130          |
| Other financial income                  | 959            | 495            | 194          |
| <b>Total financial income</b>           | <b>10,319</b>  | <b>139,698</b> | <b>7</b>     |
| Net foreign exchange differences        | -32,781        | 0              |              |
| Interest expense                        | -151           | -984           | 15           |
| – Interest paid                         | -4             | -823           | 0            |
| – Interest expense on lease liabilities | -147           | -161           | 91           |
| Derivatives expenses                    | -900           | 0              |              |
| – Fair value change                     | -900           | 0              |              |
| Other financial expenses                | -5,864         | -905           | 648          |
| <b>Total financial expenses</b>         | <b>-39,696</b> | <b>-1,889</b>  | <b>2,101</b> |
| <b>Net financial result</b>             | <b>-29,377</b> | <b>137,809</b> |              |

## Income tax expense

**€36,728 thousand**

Current income tax amounted to €34,714 thousand, which is 16.8% of profit before tax. Taking into account €2,014 thousand of deferred tax, the tax expensed in the income statement totals €36,728 thousand. The effective tax rate was 17.8%.

## Property, plant and equipment

**€757,208 thousand**

| € thousand                                   | 30 Jun 2023    | 31 Dec 2022    | Index     |
|--|----------------|----------------|-----------|
| Land   | 40,600         | 40,721         | 100       |
| Buildings                                    | 348,183        | 356,784        | 98        |
| Equipment                                    | 285,386        | 294,308        | 97        |
| Property, plant and equipment being acquired | 72,555         | 76,139         | 95        |
| Right-of-use assets                          | 10,484         | 11,384         | 92        |
| <b>Total property, plant and equipment</b>   | <b>757,208</b> | <b>779,336</b> | <b>97</b> |

The value of property, plant, and equipment accounted for 27% of the Krka Group balance sheet total. See the 'Investments' section in the business report for details on Krka's major investments.

## Intangible assets

**€100,338 thousand**

| € thousand                           | 30 Jun 2023    | 31 Dec 2022    | Index     |
|--------------------------------------|----------------|----------------|-----------|
| Goodwill                             | 42,644         | 42,644         | 100       |
| Trademark                            | 33,612         | 34,047         | 99        |
| Concessions, trademarks and licences | 13,388         | 14,685         | 91        |
| Other intangible assets              | 7,009          | 7,468          | 94        |
| – Long-term deferred operating costs | 570            | 715            | 80        |
| – Development-related projects       | 4,955          | 5,738          | 86        |
| – Emission coupons                   | 1,484          | 1,015          | 146       |
| Intangible assets being acquired     | 3,685          | 3,706          | 99        |
| <b>Total intangible assets</b>       | <b>100,338</b> | <b>102,550</b> | <b>98</b> |

## Loans

€82,228 thousand

| € thousand  | 30 Jun 2023   | 31 Dec 2022   | Index      |
|---|---------------|---------------|------------|
| <b>Non-current loans</b>                          | <b>75,568</b> | <b>77,539</b> | <b>97</b>  |
| – Loans to others                                 | 45,568        | 47,539        | 96         |
| – Deposits granted to banks                       | 30,000        | 30,000        | 100        |
| <b>Current loans</b>                              | <b>6,660</b>  | <b>6,327</b>  | <b>105</b> |
| – Portion of non-current loans maturing next year | 4,397         | 4,559         | 96         |
| – Loans to others                                 | 27            | 23            | 117        |
| – Deposits granted to banks                       | 3             | 2             | 150        |
| – Current interest receivables                    | 2,233         | 1,743         | 128        |
| <b>Total loans</b>                                | <b>82,228</b> | <b>83,866</b> | <b>98</b>  |

## Investments

€610,787 thousand

| € thousand   | 30 Jun 2023    | 31 Dec 2022    | Index        |
|--|----------------|----------------|--------------|
| <b>Non-current investments</b>                               | <b>56,382</b>  | <b>110,770</b> | <b>51</b>    |
| – Investments at fair value through OCI (equity instruments) | 25,104         | 15,989         | 157          |
| – Investments at amortised cost (debt instruments)           | 31,278         | 94,781         | 33           |
| <b>Current investments including derivatives</b>             | <b>554,405</b> | <b>52,437</b>  | <b>1,057</b> |
| – Investments at amortised cost (debt instruments)           | 80,771         | 50,697         | 159          |
| – Derivatives  | 840            | 1,740          | 48           |
| – Investments at fair value through OCI (debt instruments)   | 472,794        | 0              |              |
| <b>Total investments</b>                                     | <b>610,787</b> | <b>163,207</b> | <b>374</b>   |

Investments at fair value through OCI include €964 thousand of shares and interests in companies in Slovenia, and €24,140 thousand of shares and interests in companies outside Slovenia.

Investments at amortised cost include €6,274 thousand of investments in Slovenian government bonds, and €105,775 thousand of investments in foreign government bonds.

## Inventories

€556,885 thousand

| € thousand               | 30 Jun 2023    | 31 Dec 2022    | Index      |
|--------------------------|----------------|----------------|------------|
| Material                 | 217,346        | 230,094        | 94         |
| Work in progress         | 126,327        | 125,925        | 100        |
| Finished products        | 184,972        | 169,510        | 109        |
| Merchandise              | 8,640          | 8,297          | 104        |
| Advances for inventories | 19,600         | 19,506         | 100        |
| <b>Total inventories</b> | <b>556,885</b> | <b>553,332</b> | <b>101</b> |

## Trade and other receivables

€471,298 thousand

| € thousand                               | 30 Jun 2023    | 31 Dec 2022    | Index      |
|--|----------------|----------------|------------|
| Current trade receivables                | 434,816        | 402,730        | 108        |
| Other current receivables                | 36,482         | 27,728         | 132        |
| <b>Total trade and other receivables</b> | <b>471,298</b> | <b>430,458</b> | <b>109</b> |

## Cash and cash equivalents

€139,431 thousand

| € thousand                             | 30 Jun 2023    | 31 Dec 2022    | Index     |
|--|----------------|----------------|-----------|
| Cash in hand                           | 69             | 64             | 108       |
| Bank balances                          | 139,362        | 518,870        | 27        |
| <b>Total cash and cash equivalents</b> | <b>139,431</b> | <b>518,934</b> | <b>27</b> |

## Equity

€2,266,198 thousand

| € thousand   | 30 Jun 2023      | 31 Dec 2022      | Index      |
|--|------------------|------------------|------------|
| Share capital  | 54,732           | 54,732           | 100        |
| Treasury shares  | -128,965         | -124,566         | 104        |
| Reserves   | 158,665          | 192,204          | 83         |
| – Reserves for treasury shares                         | 128,965          | 124,566          | 104        |
| – Share premium  | 105,897          | 105,897          | 100        |
| – Legal reserves                                       | 14,990           | 14,990           | 100        |
| – Statutory reserves                                   | 30,000           | 30,000           | 100        |
| – Fair value reserve                                   | 10,078           | 2,670            | 377        |
| – Translation reserve                                  | -131,265         | -85,919          | 153        |
| Retained earnings                                      | 2,161,803        | 1,996,246        | 108        |
| <b>Total equity holders of the controlling company</b> | <b>2,246,235</b> | <b>2,118,616</b> | <b>106</b> |
| Non-controlling interests within equity                | 19,963           | 19,893           | 100        |
| <b>Total equity</b>                                    | <b>2,266,198</b> | <b>2,138,509</b> | <b>106</b> |

## Trade payables

€116,346 thousand

| € thousand                     | 30 Jun 2023    | 31 Dec 2022    | Index     |
|--------------------------------|----------------|----------------|-----------|
| <b>Current trade payables</b>  | <b>116,346</b> | <b>140,837</b> | <b>83</b> |
| Payables to domestic suppliers | 53,668         | 55,799         | 96        |
| Payables to foreign suppliers  | 62,678         | 85,038         | 74        |
| <b>Total trade payables</b>    | <b>116,346</b> | <b>140,837</b> | <b>83</b> |

## Provisions

€108,527 thousand

| € thousand   | 30 Jun 2023    | 31 Dec 2022    | Index      |
|--|----------------|----------------|------------|
| Provisions for lawsuits                            | 10,582         | 10,597         | 100        |
| Provisions for post-employment benefits            | 80,764         | 79,750         | 101        |
| Provisions for other non-current employee benefits | 16,735         | 16,209         | 103        |
| Other provisions                                   | 446            | 679            | 66         |
| <b>Total provisions</b>                            | <b>108,527</b> | <b>107,235</b> | <b>101</b> |



## Deferred revenue

€5,781 thousand

| € thousand   | 30 Jun 2023  | 31 Dec 2022  | 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 Noto1 2 plant | 765          | 843          | 91        |
| Grants received from the budget for the Dolenjske and Šmarješke Toplice health resorts and Golf Grad Otočec  | 3,188        | 3,231        | 99        |
| Grants received from the European Regional Development Fund (Farma GRS)  | 1,711        | 1,855        | 92        |
| Subsidy for acquisition of electric drive vehicles   | 2            | 2            | 100       |
| Property, plant and equipment received free of charge  | 13           | 13           | 100       |
| Emission coupons   | 10           | 10           | 100       |
| Subsidy for purchase of joinery  | 91           | 92           | 99        |
| Subsidy for acquisition of other equipment   | 1            | 2            | 50        |
| <b>Total deferred revenue</b>  | <b>5,781</b> | <b>6,048</b> | <b>96</b> |

## Current contract liabilities

€153,159 thousand

| € thousand                                | 30 Jun 2023    | 31 Dec 2022    | Index      |
|---|----------------|----------------|------------|
| <b>Refund liabilities</b>                 | <b>148,440</b> | <b>146,853</b> | <b>101</b> |
| – Bonuses and volume rebates              | 147,481        | 145,924        | 101        |
| – Rights of return                        | 959            | 929            | 103        |
| <b>Contract liabilities</b>               | <b>4,719</b>   | <b>10,857</b>  | <b>43</b>  |
| – Deferred revenue                        | 1,326          | 1,290          | 103        |
| – Advances from other customers           | 3,393          | 9,567          | 35         |
| <b>Total current contract liabilities</b> | <b>153,159</b> | <b>157,710</b> | <b>97</b>  |

## Other current liabilities

€91,326 thousand

| € thousand   | 30 Jun 2023   | 31 Dec 2022   | Index      |
|--|---------------|---------------|------------|
| Payables to employees – gross salaries, other receipts and charges | 79,072        | 69,812        | 113        |
| Other  | 12,254        | 16,556        | 74         |
| <b>Total other current liabilities</b>                             | <b>91,326</b> | <b>86,368</b> | <b>106</b> |

## Contingent liabilities

€19,189 thousand

| € thousand                          | 30 Jun 2023   | 31 Dec 2022   | Index      |
|-------------------------------------|---------------|---------------|------------|
| Guarantees issued                   | 17,567        | 17,291        | 102        |
| Other                               | 1,622         | 1,935         | 84         |
| <b>Total contingent liabilities</b> | <b>19,189</b> | <b>19,226</b> | <b>100</b> |

## Fair value

| € thousand  | 30 Jun 2023     |                | 31 Dec 2022     |               |
|---|-----------------|----------------|-----------------|---------------|
|   | Carrying amount | Fair value     | Carrying amount | Fair value    |
| <b>Non-current financial assets</b>   |                 |                |                 |               |
| Loans   | 75,568          |                | 77,539          |               |
| Investments at fair value through OCI   | 25,104          | 25,104         | 15,989          | 15,989        |
| Investments at amortised cost   | 31,278          |                | 94,781          |               |
| <b>Current financial assets</b>   |                 |                |                 |               |
| Loans   | 6,660           |                | 6,327           |               |
| Investments through profit or loss  | 472,794         | 472,794        | 0               | 0             |
| Investments at amortised cost   | 80,771          |                | 50,697          |               |
| Derivatives   | 840             | 840            | 1,740           | 1,740         |
| Trade receivables   | 434,816         |                | 402,730         |               |
| Cash and cash equivalents   | 139,431         |                | 518,934         |               |
| <b>Non-current financial liabilities</b>  |                 |                |                 |               |
| Lease liabilities   | -7,442          |                | -8,089          |               |
| <b>Current financial liabilities</b>  |                 |                |                 |               |
| Lease liabilities   | -3,432          |                | -3,752          |               |
| Trade payables excluding advances   | -116,346        |                | -140,837        |               |
| Contract liabilities excluding advances   | -147,481        |                | -145,924        |               |
| Other liabilities excluding amounts owed to the state, to employees, and advances | -8,329          |                | -7,478          |               |
| <b>Total</b>  | <b>984,232</b>  | <b>498,738</b> | <b>862,657</b>  | <b>17,729</b> |

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 Jun 2023    |          |              |                | 31 Dec 2022   |          |              |               |
|---------------------------------------|----------------|----------|--------------|----------------|---------------|----------|--------------|---------------|
|                                       | Level 1        | Level 2  | Level 3      | Total          | Level 1       | Level 2  | Level 3      | Total         |
| <b>Assets at fair value</b>           |                |          |              |                |               |          |              |               |
| Investments at fair value through OCI | 23,717         | 0        | 1,387        | 25,104         | 14,602        | 0        | 1,387        | 15,989        |
| Investments through profit or loss    | 472,794        | 0        | 0            | 472,794        | 0             | 0        | 0            | 0             |
| Derivatives                           | 0              | 0        | 840          | 840            | 0             | 0        | 1,740        | 1,740         |
| <b>Total assets at fair value</b>     | <b>496,511</b> | <b>0</b> | <b>2,227</b> | <b>498,738</b> | <b>14,602</b> | <b>0</b> | <b>3,127</b> | <b>17,729</b> |

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

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

| € thousand                           | 30 Jun 2023      | 31 Dec 2022      | Index      |
|--------------------------------------|------------------|------------------|------------|
| <b>Assets</b>                        |                  |                  |            |
| Property, plant and equipment        | 563,119          | 566,780          | 99         |
| Intangible assets                    | 23,371           | 24,960           | 94         |
| Investments in subsidiaries          | 357,265          | 355,763          | 100        |
| Loans                                | 55,866           | 56,013           | 100        |
| Investments                          | 56,381           | 110,769          | 51         |
| Deferred tax assets                  | 6,714            | 8,666            | 77         |
| Other non-current assets             | 649              | 643              | 101        |
| <b>Total non-current assets</b>      | <b>1,063,365</b> | <b>1,123,594</b> | <b>95</b>  |
| Assets held for sale                 | 41               | 41               | 100        |
| Inventories                          | 479,173          | 492,978          | 97         |
| Trade receivables                    | 419,877          | 357,889          | 117        |
| Other receivables                    | 22,665           | 12,639           | 179        |
| Loans                                | 3,990            | 6,669            | 60         |
| Investments                          | 554,405          | 52,437           | 1,057      |
| Cash and cash equivalents            | 98,234           | 470,297          | 21         |
| <b>Total current assets</b>          | <b>1,578,385</b> | <b>1,392,950</b> | <b>113</b> |
| <b>Total assets</b>                  | <b>2,641,750</b> | <b>2,516,544</b> | <b>105</b> |
|                                      |                  |                  |            |
| <b>Equity</b>                        |                  |                  |            |
| Share capital                        | 54,732           | 54,732           | 100        |
| Treasury shares                      | -128,965         | -124,566         | 104        |
| Reserves                             | 291,542          | 279,760          | 104        |
| Retained earnings                    | 2,015,822        | 1,850,866        | 109        |
| <b>Total equity</b>                  | <b>2,233,131</b> | <b>2,060,792</b> | <b>108</b> |
| <b>Liabilities</b>                   |                  |                  |            |
| Provisions                           | 98,211           | 96,608           | 102        |
| Deferred revenue                     | 2,590            | 2,816            | 92         |
| Lease liabilities                    | 2,723            | 2,909            | 94         |
| <b>Total non-current liabilities</b> | <b>103,524</b>   | <b>102,333</b>   | <b>101</b> |
| Trade payables                       | 141,421          | 194,143          | 73         |
| Borrowings                           | 81,859           | 53,524           | 153        |
| Lease liabilities                    | 1,008            | 1,033            | 98         |
| Income tax payable                   | 1,343            | 25,660           | 5          |
| Contract liabilities                 | 16,006           | 21,687           | 74         |
| Other current liabilities            | 63,458           | 57,372           | 111        |
| <b>Total current liabilities</b>     | <b>305,095</b>   | <b>353,419</b>   | <b>86</b>  |
| <b>Total liabilities</b>             | <b>408,619</b>   | <b>455,752</b>   | <b>90</b>  |
| <b>Total equity and liabilities</b>  | <b>2,641,750</b> | <b>2,516,544</b> | <b>105</b> |

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

| € thousand  | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|---|----------------|----------------|------------|
| <b>Revenue</b>  | <b>874,144</b> | <b>846,874</b> | <b>103</b> |
| – Revenue from contracts with customers                 | 868,712        | 843,316        | 103        |
| – Other revenue   | 5,432          | 3,558          | 153        |
| Cost of goods sold                                      | -397,703       | -337,216       | 118        |
| <b>Gross profit</b>                                     | <b>476,441</b> | <b>509,658</b> | <b>93</b>  |
| Other operating income                                  | 498            | 1,967          | 25         |
| Selling and distribution expenses                       | -149,043       | -152,152       | 98         |
| – Of that net impairments and write-offs of receivables | -3,543         | 8,660          |            |
| R&D expenses  | -83,513        | -81,472        | 103        |
| General and administrative expenses                     | -45,412        | -36,224        | 125        |
| <b>Operating profit</b>                                 | <b>198,971</b> | <b>241,777</b> | <b>82</b>  |
| Financial income  | 38,820         | 137,781        | 28         |
| Financial expenses                                      | -40,407        | -1,866         | 2,165      |
| <b>Net financial result</b>                             | <b>-1,587</b>  | <b>135,915</b> |            |
| <b>Profit before tax</b>                                | <b>197,384</b> | <b>377,692</b> | <b>52</b>  |
| Income tax  | -28,029        | -60,166        | 47         |
| <b>Net profit</b>                                       | <b>169,355</b> | <b>317,526</b> | <b>53</b>  |
| <b>Basic earnings per share* (€)</b>                    | <b>5.47</b>    | <b>10.21</b>   | <b>54</b>  |
| <b>Diluted earnings per share** (€)</b>                 | <b>5.47</b>    | <b>10.21</b>   | <b>54</b>  |

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

\*\* All shares issued by the 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–Jun 2023   | Jan–Jun 2022   | Index         |
|---|----------------|----------------|---------------|
| <b>Net profit</b>   | <b>169,355</b> | <b>317,526</b> | <b>53</b>     |
| <b>Other comprehensive income for the period</b>  |                |                |               |
| <b>Other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b>     |                |                |               |
| Change in fair value of financial assets  | 9,115          | 21             | 43,405        |
| Deferred tax effect   | -1,732         | -4             | 43,300        |
| <b>Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b> | <b>7,383</b>   | <b>17</b>      | <b>43,429</b> |
| <b>Total other comprehensive income for the period (net of tax)</b>   | <b>7,383</b>   | <b>17</b>      | <b>43,429</b> |
| <b>Total comprehensive income for the period (net of tax)</b>   | <b>176,738</b> | <b>317,543</b> | <b>56</b>     |

## 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 |
| <b>At 1 Jan 2023</b>  | <b>54,732</b> | <b>-124,566</b> | <b>124,566</b>               | <b>105,897</b> | <b>14,990</b>  | <b>30,000</b>      | <b>4,307</b>       | <b>1,442,702</b>      | <b>69,974</b>     | <b>338,190</b>  | <b>2,060,792</b>      |
| <b>Net profit</b>   | <b>0</b>      | <b>0</b>        | <b>0</b>                     | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>0</b>           | <b>0</b>              | <b>0</b>          | <b>169,355</b>  | <b>169,355</b>        |
| <b>Total other comprehensive income for the period (net of tax)</b> | <b>0</b>      | <b>0</b>        | <b>0</b>                     | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>7,383</b>       | <b>0</b>              | <b>0</b>          | <b>0</b>        | <b>7,383</b>          |
| <b>Total comprehensive income for the period (net of tax)</b>       | <b>0</b>      | <b>0</b>        | <b>0</b>                     | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>7,383</b>       | <b>0</b>              | <b>0</b>          | <b>169,355</b>  | <b>176,738</b>        |
| <b>Transactions with owners, recognised in equity</b>               |               |                 |                              |                |                |                    |                    |                       |                   |                 |                       |
| Transfer of previous period's profits to retained earnings          | 0             | 0               | 0                            | 0              | 0              | 0                  | 0                  | 0                     | 338,190           | -338,190        | 0                     |
| Repurchase of treasury shares                                       | 0             | -4,399          | 0                            | 0              | 0              | 0                  | 0                  | 0                     | 0                 | 0               | -4,399                |
| Formation of reserves for treasury shares                           | 0             | 0               | 4,399                        | 0              | 0              | 0                  | 0                  | 0                     | 0                 | -4,399          | 0                     |
| <b>Total transactions with owners, recognised in equity</b>         | <b>0</b>      | <b>-4,399</b>   | <b>4,399</b>                 | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>0</b>           | <b>0</b>              | <b>338,190</b>    | <b>-342,589</b> | <b>-4,399</b>         |
| <b>At 30 Jun 2023</b>   | <b>54,732</b> | <b>-128,965</b> | <b>128,965</b>               | <b>105,897</b> | <b>14,990</b>  | <b>30,000</b>      | <b>11,690</b>      | <b>1,442,702</b>      | <b>408,164</b>    | <b>164,956</b>  | <b>2,233,131</b>      |

| € 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 |                  |
| <b>At 1 Jan 2022</b>  | <b>54,732</b> | <b>-114,541</b> | <b>114,541</b>               | <b>105,897</b> | <b>14,990</b>  | <b>30,000</b>      | <b>-19,004</b>     | <b>1,370,902</b>      | <b>88,671</b>     | <b>229,954</b>        | <b>1,876,142</b> |
| <b>Net profit</b>   | <b>0</b>      | <b>0</b>        | <b>0</b>                     | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>0</b>           | <b>0</b>              | <b>0</b>          | <b>317,526</b>        | <b>317,526</b>   |
| <b>Total other comprehensive income for the period (net of tax)</b> | <b>0</b>      | <b>0</b>        | <b>0</b>                     | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>17</b>          | <b>0</b>              | <b>0</b>          | <b>0</b>              | <b>17</b>        |
| <b>Total comprehensive income for the period (net of tax)</b>       | <b>0</b>      | <b>0</b>        | <b>0</b>                     | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>17</b>          | <b>0</b>              | <b>0</b>          | <b>317,526</b>        | <b>317,543</b>   |
| <b>Transactions with owners, recognised in equity</b>               |               |                 |                              |                |                |                    |                    |                       |                   |                       |                  |
| 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             | -2,516          | 0                            | 0              | 0              | 0                  | 0                  | 0                     | 0                 | 0                     | -2,516           |
| Formation of reserves for treasury shares                           | 0             | 0               | 2,516                        | 0              | 0              | 0                  | 0                  | 0                     | 0                 | -2,516                | 0                |
| <b>Total transactions with owners, recognised in equity</b>         | <b>0</b>      | <b>-2,516</b>   | <b>2,516</b>                 | <b>0</b>       | <b>0</b>       | <b>0</b>           | <b>0</b>           | <b>0</b>              | <b>229,954</b>    | <b>-232,470</b>       | <b>-2,516</b>    |
| <b>At 30 Jun 2022</b>   | <b>54,732</b> | <b>-117,057</b> | <b>117,057</b>               | <b>105,897</b> | <b>14,990</b>  | <b>30,000</b>      | <b>-18,987</b>     | <b>1,370,902</b>      | <b>318,625</b>    | <b>315,010</b>        | <b>2,191,169</b> |

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

| € thousand   | Jan–Jun 2023    | Jan–Jun 2022    |
|--|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |                 |
| <b>Net profit</b>  | <b>169,355</b>  | <b>317,526</b>  |
| <b>Adjustments for:</b>  | <b>38,531</b>   | <b>94,125</b>   |
| – Amortisation/Depreciation  | 39,951          | 40,953          |
| – Net foreign exchange differences   | 1,229           | -12,115         |
| – Inventory write-offs and allowances (net)  | 6,598           | 5,498           |
| – Receivable impairments and write-offs (net)  | -3,543          | 8,660           |
| – Investment income  | -38,952         | -11,262         |
| – Investment expenses  | 2,067           | 872             |
| – Financial income   | -1              | 0               |
| – Interest expense and other financial expenses  | 3,153           | 1,353           |
| – Income tax   | 28,029          | 60,166          |
| <b>Operating profit before changes in net current assets</b>                                   | <b>207,886</b>  | <b>411,651</b>  |
| Change in trade receivables  | -68,461         | -193,523        |
| Change in inventories  | 7,206           | -21,145         |
| Change in trade payables   | -48,064         | 3,874           |
| Change in provisions   | -106            | 1,462           |
| Change in deferred revenue   | -226            | -375            |
| Change in other current liabilities  | 6,088           | -7,096          |
| Income tax paid  | -52,125         | -21,721         |
| <b>Net cash flow from operating activities</b>   | <b>52,198</b>   | <b>173,127</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                 |                 |
| Interest received  | 5,594           | 225             |
| Dividends received   | 768             | 600             |
| Proportionate profit of subsidiaries   | 29,890          | 0               |
| Proceeds from sale of property, plant and equipment  | 1,101           | 652             |
| Purchase of property, plant and equipment  | -43,770         | -33,284         |
| Purchase of intangible assets  | -3,081          | -1,784          |
| Acquisition of subsidiaries and a share of minority interests net of financial assets acquired | -2,002          | -5,028          |
| Refunds of subsequent contributions to subsidiaries  | 500             | 0               |
| Proceeds from non-current loans  | 3,102           | 1,802           |
| Payments for non-current loans   | -852            | -31,076         |
| Net proceeds from/payments for current loans   | 95              | -74,628         |
| Proceeds from sale of non-current investments  | 32,387          | 3,024           |
| Payments for non-current investments   | -11             | -32,915         |
| Proceeds from sale of current investments  | 0               | 52,054          |
| Payments for current investments   | -471,840        | -101,761        |
| Proceeds from derivatives  | 1,024           | 8,170           |
| <b>Net cash flow from investing activities</b>   | <b>-447,095</b> | <b>-213,949</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                 |                 |
| Interest paid  | -382            | -575            |
| Net proceeds from current borrowings   | 27,903          | 3,891           |
| Lease liabilities paid   | -550            | -563            |
| Dividends and other profit shares paid   | -1              | -19             |
| Repurchase of treasury shares  | -4,399          | -2,516          |
| <b>Net cash flow from financing activities</b>   | <b>22,571</b>   | <b>218</b>      |
| <b>Net decrease in cash and cash equivalents</b>   | <b>-372,326</b> | <b>-40,604</b>  |
| Cash and cash equivalents at beginning of period   | 470,297         | 144,981         |
| Effect of foreign exchange rate fluctuations on cash held                                      | 263             | 6,407           |
| <b>Closing balance of cash and cash equivalents</b>  | <b>98,234</b>   | <b>110,784</b>  |



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

### Costs by nature

€675,671 thousand

| € thousand   | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|--|----------------|----------------|------------|
| Cost of goods and materials  | 270,250        | 236,887        | 114        |
| Cost of services   | 169,089        | 162,243        | 104        |
| Employee benefits  | 178,125        | 156,259        | 114        |
| Amortisation and depreciation  | 39,951         | 40,953         | 98         |
| Inventory write-offs and allowances (net)                                    | 6,598          | 5,498          | 120        |
| Receivable impairments and write-offs (net)                                  | -3,543         | 8,660          |            |
| Other operating expenses   | 15,003         | 12,792         | 117        |
| <b>Total costs</b>   | <b>675,473</b> | <b>623,292</b> | <b>108</b> |
| Change in the value of inventories of finished products and work in progress | 198            | -16,228        |            |
| <b>Total</b>   | <b>675,671</b> | <b>607,064</b> | <b>111</b> |

### Employee benefits

€178,125 thousand

| € thousand   | Jan–Jun 2023   | Jan–Jun 2022   | Index      |
|--|----------------|----------------|------------|
| Gross wages and salaries and continued pay                       | 138,277        | 120,037        | 115        |
| Social security contributions                                    | 9,800          | 9,544          | 103        |
| Pension insurance contributions                                  | 17,947         | 14,808         | 121        |
| Post-employment benefits and other non-current employee benefits | 2,232          | 3,306          | 68         |
| Other employee benefits  | 9,869          | 8,564          | 115        |
| <b>Total employee benefits</b>                                   | <b>178,125</b> | <b>156,259</b> | <b>114</b> |

### Other operating expenses

€15,003 thousand

| € thousand   | Jan–Jun 2023  | Jan–Jun 2022  | Index      |
|--|---------------|---------------|------------|
| Grants and assistance for humanitarian and other purposes                          | 780           | 558           | 140        |
| Environmental protection expenditures  | 2,251         | 2,175         | 103        |
| Other taxes and levies   | 9,638         | 7,937         | 121        |
| Loss on sale and write-offs of property, plant and equipment and intangible assets | 757           | 645           | 117        |
| Other operating expenses   | 1,577         | 1,477         | 107        |
| <b>Total other operating expenses</b>  | <b>15,003</b> | <b>12,792</b> | <b>117</b> |

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

## Financial income and expenses

| € thousand                                    | Jan–Jun 2023   | Jan–Jun 2022   | Index        |
|---|----------------|----------------|--------------|
| Net foreign exchange differences              | 0              | 126,621        | 0            |
| Interest income                               | 6,169          | 593            | 1,040        |
| Derivatives income                            | 1,024          | 9,495          | 11           |
| – Realised revenue                            | 1,024          | 8,170          | 13           |
| – Fair value change                           | 0              | 1,325          | 0            |
| Income from dividends and other profit shares | 30,668         | 600            | 5,111        |
| – Dividends                                   | 778            | 600            | 130          |
| – Profits of subsidiaries                     | 29,890         | 0              |              |
| Other financial income                        | 959            | 472            | 203          |
| <b>Total financial income</b>                 | <b>38,820</b>  | <b>137,781</b> | <b>28</b>    |
| Net foreign exchange differences              | -36,350        | 0              |              |
| Interest expense                              | -1,394         | -1,008         | 138          |
| – Interest paid                               | -1,359         | -982           | 138          |
| – Interest expense on lease liabilities       | -35            | -26            | 135          |
| Derivatives expenses                          | -900           | 0              |              |
| – Fair value change                           | -900           | 0              |              |
| Other financial expenses                      | -1,763         | -858           | 205          |
| <b>Total financial expenses</b>               | <b>-40,407</b> | <b>-1,866</b>  | <b>2,165</b> |
| <b>Net financial result</b>                   | <b>-1,587</b>  | <b>135,915</b> |              |

### Income tax expense

**€28,029 thousand**

Current income tax amounted to €27,809 thousand, which is 14.1% of profit before tax. Taking into account €220 thousand of deferred tax, the tax expensed in the income statement totals €28,029 thousand. The effective tax rate was 14.2%.

### Property, plant and equipment

**€563,119 thousand**

| € thousand                                   | 30 Jun 2023    | 31 Dec 2022    | Index     |
|--|----------------|----------------|-----------|
| Land   | 28,010         | 28,010         | 100       |
| Buildings                                    | 235,491        | 243,918        | 97        |
| Equipment                                    | 233,277        | 238,871        | 98        |
| Property, plant and equipment being acquired | 62,681         | 52,107         | 120       |
| Right-of-use assets                          | 3,660          | 3,874          | 94        |
| <b>Total property, plant and equipment</b>   | <b>563,119</b> | <b>566,780</b> | <b>99</b> |

The value of property, plant and equipment accounts for 21% of the Krka balance sheet total. See the 'Investments' section in the business report for details on Krka's major investments.

### Intangible assets

**€23,371 thousand**

| € thousand                           | 30 Jun 2023   | 31 Dec 2022   | Index     |
|--------------------------------------|---------------|---------------|-----------|
| Concessions, trademarks and licences | 13,038        | 14,334        | 91        |
| Other intangible assets              | 6,676         | 7,007         | 95        |
| – Long-term deferred operating costs | 249           | 282           | 88        |
| – Development-related projects       | 4,943         | 5,710         | 87        |
| – Emission coupons                   | 1,484         | 1,015         | 146       |
| Intangible assets being acquired     | 3,657         | 3,619         | 101       |
| <b>Total intangible assets</b>       | <b>23,371</b> | <b>24,960</b> | <b>94</b> |

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

## Loans

€59,856 thousand

| € thousand  | 30 Jun 2023   | 31 Dec 2022   | Index      |
|---|---------------|---------------|------------|
| <b>Non-current loans</b>                          | <b>55,866</b> | <b>56,013</b> | <b>100</b> |
| – Loans to subsidiaries                           | 14,100        | 14,100        | 100        |
| – Loans to others                                 | 11,766        | 11,913        | 99         |
| – Deposits granted to banks                       | 30,000        | 30,000        | 100        |
| <b>Current loans</b>                              | <b>3,990</b>  | <b>6,669</b>  | <b>60</b>  |
| – Portion of non-current loans maturing next year | 3,038         | 5,140         | 59         |
| – Loans to subsidiaries                           | 605           | 888           | 68         |
| – Loans to others                                 | 27            | 23            | 117        |
| – Current interest receivables                    | 320           | 618           | 52         |
| <b>Total loans</b>                                | <b>59,856</b> | <b>62,682</b> | <b>95</b>  |

## Investments

€610,786 thousand

| € thousand  | 30 Jun 2023    | 31 Dec 2022    | Index        |
|---|----------------|----------------|--------------|
| <b>Non-current investments</b>  | <b>56,381</b>  | <b>110,769</b> | <b>51</b>    |
| – Investments at fair value through OCI (equity instruments)                        | 25,103         | 15,988         | 157          |
| – Investments at amortised cost (debt instruments)                                  | 31,278         | 94,781         | 33           |
| <b>Current investments including derivatives</b>                                    | <b>554,405</b> | <b>52,437</b>  | <b>1,057</b> |
| – Investments at amortised cost (debt instruments)                                  | 80,771         | 50,697         | 159          |
| – Derivatives   | 840            | 1,740          | 48           |
| – Other current investments at fair value through profit or loss (debt instruments) | 472,794        | 0              |              |
| <b>Total investments</b>  | <b>610,786</b> | <b>163,206</b> | <b>374</b>   |

Investments at fair value through OCI include €963 thousand of shares and interests in companies in Slovenia, and €24,140 thousand of shares and interests in companies outside Slovenia.

Investments at amortised cost include €6,274 thousand of investments in Slovenian government bonds, and €105,775 thousand of investments in foreign government bonds.

## Inventories

€479,173 thousand

| € thousand               | 30 Jun 2023    | 31 Dec 2022    | Index     |
|--------------------------|----------------|----------------|-----------|
| Material                 | 203,431        | 215,961        | 94        |
| Work in progress         | 119,026        | 122,864        | 97        |
| Finished products        | 124,018        | 122,144        | 102       |
| Merchandise              | 13,266         | 12,711         | 104       |
| Advances for inventories | 19,432         | 19,298         | 101       |
| <b>Total inventories</b> | <b>479,173</b> | <b>492,978</b> | <b>97</b> |

## Trade and other receivables

€442,542 thousand

| € thousand  | 30 Jun 2023    | 31 Dec 2022    | Index      |
|---|----------------|----------------|------------|
| Current trade receivables                                   | 419,877        | 357,889        | 117        |
| – Receivables due from subsidiaries                         | 229,266        | 196,166        | 117        |
| – Receivables due from customers other than Group companies | 190,611        | 161,723        | 118        |
| Current receivables for dividends                           | 181            | 171            | 106        |
| Other current receivables                                   | 22,484         | 12,468         | 180        |
| <b>Total trade and other receivables</b>                    | <b>442,542</b> | <b>370,528</b> | <b>119</b> |

## Cash and cash equivalents

€98,234 thousand

| € thousand                             | 30 Jun 2023   | 31 Dec 2022    | Index     |
|--|---------------|----------------|-----------|
| Bank balances                          | 98,234        | 470,297        | 21        |
| <b>Total cash and cash equivalents</b> | <b>98,234</b> | <b>470,297</b> | <b>21</b> |

## Equity

€2,233,131 thousand

| € thousand                     | 30 Jun 2023      | 31 Dec 2022      | Index      |
|--------------------------------|------------------|------------------|------------|
| Share capital                  | 54,732           | 54,732           | 100        |
| Treasury shares                | -128,965         | -124,566         | 104        |
| Reserves                       | 291,542          | 279,760          | 104        |
| – Reserves for treasury shares | 128,965          | 124,566          | 104        |
| – Share premium                | 105,897          | 105,897          | 100        |
| – Legal reserves               | 14,990           | 14,990           | 100        |
| – Statutory reserves           | 30,000           | 30,000           | 100        |
| – Fair value reserve           | 11,690           | 4,307            | 271        |
| Retained earnings              | 2,015,822        | 1,850,866        | 109        |
| <b>Total equity</b>            | <b>2,233,131</b> | <b>2,060,792</b> | <b>108</b> |

## Trade payables

€141,421 thousand

| € thousand                     | 30 Jun 2023    | 31 Dec 2022    | Index     |
|--------------------------------|----------------|----------------|-----------|
| <b>Current trade payables</b>  | <b>141,421</b> | <b>194,143</b> | <b>73</b> |
| Payables to subsidiaries       | 50,525         | 87,559         | 58        |
| Payables to domestic suppliers | 49,860         | 52,271         | 95        |
| Payables to foreign suppliers  | 41,036         | 54,313         | 76        |
| <b>Total trade payables</b>    | <b>141,421</b> | <b>194,143</b> | <b>73</b> |

## Provisions

€98,211 thousand

| € thousand   | 30 Jun 2023   | 31 Dec 2022   | Index      |
|--|---------------|---------------|------------|
| Provisions for lawsuits                            | 10,543        | 10,543        | 100        |
| Provisions for post-employment benefits            | 72,037        | 70,898        | 102        |
| Provisions for other non-current employee benefits | 15,631        | 15,167        | 103        |
| <b>Total provisions</b>                            | <b>98,211</b> | <b>96,608</b> | <b>102</b> |

## Deferred revenue

€2,590 thousand

| € thousand   | 30 Jun 2023  | 31 Dec 2022  | 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 | 765          | 843          | 91        |
| Subsidy for acquisition of electric drive vehicles   | 2            | 2            | 100       |
| Property, plant and equipment received free of charge  | 10           | 12           | 83        |
| Emission coupons   | 10           | 10           | 100       |
| Subsidy for purchase of joinery  | 91           | 92           | 99        |
| Subsidy for acquisition of other equipment   | 1            | 2            | 50        |
| Grants received from the European Regional Development Fund (Farma GRS)  | 1,711        | 1,855        | 92        |
| <b>Total deferred revenue</b>  | <b>2,590</b> | <b>2,816</b> | <b>92</b> |

## Loans

€81,859 thousand

| € thousand                     | 30 Jun 2023   | 31 Dec 2022   | Index      |
|--------------------------------|---------------|---------------|------------|
| <b>Current borrowings</b>      | <b>81,859</b> | <b>53,524</b> | <b>153</b> |
| – Borrowings from subsidiaries | 81,280        | 53,375        | 152        |
| – Current interest payable     | 579           | 149           | 389        |
| <b>Total borrowings</b>        | <b>81,859</b> | <b>53,524</b> | <b>153</b> |

## Current contract liabilities

€16,006 thousand

| € thousand                                | 30 Jun 2023   | 31 Dec 2022   | Index      |
|---|---------------|---------------|------------|
| <b>Refund liabilities</b>                 | <b>13,279</b> | <b>13,094</b> | <b>101</b> |
| – Bonuses and volume rebates              | 13,279        | 13,094        | 101        |
| <b>Contract liabilities</b>               | <b>2,727</b>  | <b>8,593</b>  | <b>32</b>  |
| – Advances from other customers           | 2,727         | 8,593         | 32         |
| <b>Total current contract liabilities</b> | <b>16,006</b> | <b>21,687</b> | <b>74</b>  |

## Other current liabilities

€63,458 thousand

| € thousand   | 30 Jun 2023   | 31 Dec 2022   | Index      |
|--|---------------|---------------|------------|
| Payables to employees – gross salaries, other receipts and charges | 61,552        | 55,304        | 111        |
| Other  | 1,906         | 2,068         | 92         |
| <b>Total other current liabilities</b>                             | <b>63,458</b> | <b>57,372</b> | <b>111</b> |

## Contingent liabilities

€16,828 thousand

| € thousand                          | 30 Jun 2023   | 31 Dec 2022   | Index     |
|-------------------------------------|---------------|---------------|-----------|
| Guarantees issued                   | 15,205        | 15,195        | 100       |
| Other                               | 1,623         | 1,935         | 84        |
| <b>Total contingent liabilities</b> | <b>16,828</b> | <b>17,130</b> | <b>98</b> |

## Fair value

| € thousand  | 30 Jun 2023     |                | 31 Dec 2022     |               |
|---|-----------------|----------------|-----------------|---------------|
|   | Carrying amount | Fair value     | Carrying amount | Fair value    |
| <b>Non-current financial assets</b>   |                 |                |                 |               |
| Loans   | 55,866          |                | 56,013          |               |
| Investments at fair value through OCI   | 25,103          | 25,103         | 15,988          | 15,988        |
| Investments at amortised cost   | 31,278          |                | 94,781          |               |
| <b>Current financial assets</b>   |                 |                |                 |               |
| Loans   | 3,990           |                | 6,669           |               |
| Investments through profit or loss  | 472,794         | 472,794        | 0               | 0             |
| Investments at amortised cost   | 80,771          |                | 50,697          |               |
| Derivatives   | 840             | 840            | 1,740           | 1,740         |
| Trade receivables   | 419,877         |                | 357,889         |               |
| Cash and cash equivalents   | 98,234          |                | 470,297         |               |
| <b>Non-current financial liabilities</b>  |                 |                |                 |               |
| Lease liabilities   | -2,723          |                | -2,909          |               |
| <b>Current financial liabilities</b>  |                 |                |                 |               |
| Borrowings  | -81,859         |                | -53,524         |               |
| Lease liabilities   | -1,008          |                | -1,033          |               |
| Trade payables excluding advances   | -141,421        |                | -194,143        |               |
| Contract liabilities excluding advances   | -13,279         |                | -13,094         |               |
| Other liabilities excluding amounts owed to the state, to employees, and advances | -1,357          |                | -1,328          |               |
| <b>Total</b>  | <b>947,106</b>  | <b>498,737</b> | <b>788,043</b>  | <b>17,728</b> |

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 Jun 2023    |          |              |                | 31 Dec 2022   |          |              |               |
|---------------------------------------|----------------|----------|--------------|----------------|---------------|----------|--------------|---------------|
|                                       | Level 1        | Level 2  | Level 3      | Total          | Level 1       | Level 2  | Level 3      | Total         |
| <b>Assets at fair value</b>           |                |          |              |                |               |          |              |               |
| Investments at fair value through OCI | 23,717         | 0        | 1,386        | 25,103         | 14,602        | 0        | 1,386        | 15,988        |
| Investments through profit or loss    | 472,794        | 0        | 0            | 472,794        |               |          |              |               |
| Derivatives                           | 0              | 0        | 840          | 840            | 0             | 0        | 1,740        | 1,740         |
| <b>Total assets at fair value</b>     | <b>496,511</b> | <b>0</b> | <b>2,226</b> | <b>498,737</b> | <b>14,602</b> | <b>0</b> | <b>3,126</b> | <b>17,728</b> |

## STATEMENT OF COMPLIANCE

The Management Board of Krka, d. d., Novo mesto hereby states that the condensed financial statements of Krka d. d. and the condensed consolidated financial statements of the Krka Group for the period ended 30 June 2023 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 d. d. The condensed statements for the first half of 2023 have been prepared using the same accounting policies as for the 2022 annual financial statements of the Krka Group and Krka d. d.

The condensed financial statements for the period ended 30 June 2023 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 2022.

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 market prices of products and services. No significant business transactions were concluded with other related parties.

Novo mesto, 10 July 2023



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