



Krka and Krka Group Unaudited Report Q1 2024

Novo mesto, May 2024

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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 quarters of 2024 and 2023 are unaudited, while financial statements for the full financial year 2023 are audited. Krka, d. d., Novo mesto has no authorised capital and made no conditional share capital increase.

Krka promptly announces all significant data changes in its listing prospectus via the Ljubljana Stock Exchange electronic information dissemination system (SEOnet) and the Polish Financial Supervision Authority electronic information dissemination system (ESPI). Reports on business operations of the Krka Group and the Company are available on the Krka website www.krka.biz.

At its regular meeting of 15 May 2024, the Supervisory Board of Krka discussed the unaudited report of the Krka Group and the Company for the first quarter of 2024.

Q1 2024 business performance highlights

- The Krka Group recorded €484.1 million in sales of products and services, of which product sales accounted for almost 98%.
- Product and service sales increased by 6% year on year.
- We generated 94% of product and service sales outside Slovenia. Exports accounted for 96% of product sales.
- Krka's largest sales region was Region East Europe, accounting for 32.3% of total sales, followed by Region Central Europe and Region West Europe.
- The Krka Group generated operating profit (EBIT) of €114.2 million, down 5% year on year. The EBIT margin was 23.5%. Earnings before interest, tax, depreciation, and amortisation (EBITDA) amounted to €138.5 million, while EBITDA margin reached 28.5%.
- The Krka Group net finance result was positive and totalled €4.5 million, while in the first quarter of last year it was negative in the amount of €13.6 million.
- The Krka Group profit before tax increased by 11% year on year, and totalled €118.6 million.
- The Krka Group recorded net profit of €98.8 million, up 11% on the same period last year. Net profit margin was 20.3%.
- As at 31 March 2024, the Krka share traded at €128.50 on the Ljubljana Stock Exchange, up 17% on the year-end 2023. Market capitalisation totalled €4.2 billion. From January to the end of March 2024, Krka repurchased treasury shares in total of €6.6 million.
- We extended our product portfolio with five new prescription pharmaceuticals.
- The Krka Group allocated €27.0 million to investments, of that €20.0 million to the controlling company.
- At the end of March 2024, the Krka Group had 11,795 regularly employed persons on payroll. Total headcount, including agency workers, was 12,675.

Financial highlights

€ thousand	Krka Group			Company		
	Jan–Mar 2024	Jan–Mar 2023	Index	Jan–Mar 2024	Jan–Mar 2023	Index
Revenue	486,145	458,184	106	458,696	443,241	103
– Of that revenue from contracts with customers (products and services)	484,104	456,253	106	399,670	374,589	107
Gross profit	279,941	279,595	100	260,024	247,406	105
Earnings before interest, tax, depreciation and amortisation (EBITDA)	138,468	146,192	95	129,139	124,080	104
Operating profit (EBIT) ¹	114,188	120,094	95	111,561	104,186	107
Profit before tax (EBT)	118,644	106,520	111	115,886	89,475	130
Net profit	98,772	89,011	111	97,825	75,579	129
Effective tax rate	16.7%	16.4%		15.6%	15.5%	
R&D expenses	46,864	43,914	107	46,023	42,851	107
Investments	26,996	21,843	124	19,958	18,072	110

€ thousand	31 Mar 2024	31 Dec 2023	Index	31 Mar 2024	31 Dec 2023	Index
Non-current assets	1,010,292	1,059,267	95	1,028,431	1,076,235	96
Current assets	1,847,053	1,705,024	108	1,634,407	1,537,636	106
– Inventories	604,139	604,621	100	508,426	513,892	99
– Trade receivables	565,833	509,070	111	529,364	463,126	114
– Cash and cash equivalents	246,599	174,011	142	165,787	140,993	118
Equity	2,275,130	2,181,766	104	2,225,994	2,133,258	104
Non-current liabilities	150,847	149,218	101	119,845	118,930	101
Current liabilities	431,368	433,307	100	316,999	361,683	88
– Trade payables	162,430	153,762	106	176,615	175,847	100

RATIOS	Jan–Mar 2024	Jan–Mar 2023	Jan–Mar 2024	Jan–Mar 2023
Gross profit margin	57.6%	61.0%	56.7%	55.8%
EBITDA margin	28.5%	31.9%	28.2%	28.0%
EBIT margin	23.5%	26.2%	24.3%	23.5%
EBT margin	24.4%	23.2%	25.3%	20.2%
Net profit margin (ROS)	20.3%	19.4%	21.3%	17.1%
Return on equity (ROE) ²	17.7%	16.4%	18.0%	14.4%
Return on assets (ROA) ³	14.1%	13.1%	14.8%	11.8%
Liabilities/Equity	0.256	0.250	0.196	0.222
R&D expenses/Revenue	9.6%	9.6%	10.0%	9.7%

NUMBER OF EMPLOYEES	31 Mar 2024	31 Dec 2023	Index	31 Mar 2024	31 Dec 2023	Index
Balance	11,795	11,780	100	6540	6509	100

SHARE INFORMATION	Jan–Mar 2024	Jan–Mar 2023	Index
Total number of shares issued	32,793,448	32,793,448	100
Earnings per share (EPS) in € ⁴	12.82	11.49	112
Closing price at end of period in € ⁵	128.50	108.00	119
Price/Earnings ratio (P/E)	10.02	9.40	107
Book value in € ⁶	69.38	67.38	103
Price/Book value (P/B)	1.85	1.60	116
Market capitalisation in € thousand (end of period)	4,213,958	3,541,692	119

¹ The difference between operating income and expenses

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

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

⁴ Net profit attributable to majority equity holders of the Krka Group, annualised/Average number of shares issued in the period, excluding treasury shares

⁵ Share price on the Ljubljana Stock Exchange

⁶ Equity at end of period/Total number of shares issued

Krka d. d. 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 21200

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 since 1997 under the KRKG stock symbol, 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, a subsidiary in Slovenia, Terme Krka, d. o. o., Novo mesto, and 33 subsidiaries outside Slovenia. The controlling company has 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 in the controlling company in Slovenia and at Krka subsidiaries in the Russian Federation, Poland, Croatia, and Germany. These subsidiaries, apart from Krka-Rus in the Russian Federation, deal with marketing and sales in addition to production. 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 provides health resort and tourist services and is the owner of Golf Grad Otočec.

Krka Group business objectives for 2024

- Product and service sales are projected to reach €1,850 million.
- The proportion of sales in markets outside Slovenia is estimated at 94%.
- Prescription pharmaceuticals are expected to remain the most important product class, accounting for 81% of total sales.
- Net profit is planned at just over €310 million.
- The total number of employees in Slovenia and abroad is projected to increase by 3%.
- €150 million primarily in expanding production and development facilities, infrastructure, and technological upgrades.

The 2024 business objectives derive from the *2024–2028 Krka Group Development Strategy* and are 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 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.

BUSINESS REPORT

Financial risks

Foreign exchange risk

Krka's key currency risk management policy remains to mitigate currency risk exposure by natural hedging. We also use financial instruments to a limited extent.

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

The value of the Russian rouble denominated in the euro was stable over the course of the first three months of 2024, while the average value of the rouble expressed in the euro dropped by 20.3% year on year.

We continued to hedge the risk exposure to US dollar with financial instruments in the first quarter of 2024. Unlike with other currencies, exposure to the US dollar arises from a surplus of liabilities over assets from regular business operations, or in other words, the currency position is short. Exposure to the US dollar arises primarily from purchasing raw and other materials.

The value of the US dollar denominated in euros increased by 2.2% during the first quarter, while year on year the dollar's average value dropped by 1.2%.

Krka's other important currencies on the sell-side remained stable in the first quarter of 2024.

Total net financial gain for the first quarter of 2024 amounted to €4.5 million, taking into account net foreign exchange differences, income and expenses from financial instruments, interest income and expense, and other financial income and expenses.

Credit risk

The key credit risk of the Krka Group arises from trade receivables. The centralised credit control process at the Krka Group level includes all customers with credit limits exceeding €20,000. The list included over 670 such customers at the end of the first quarter of 2024, accounting for more than 95% of total trade receivables. Credit control of small customers is decentralised and carried out in the sales network under the constant supervision of the controlling company.

Our credit risk management policy remained unchanged in the first three months of 2024. At the end of this period, more than 90% of Krka Group trade receivables were insured with a credit insurance company.

At the end of the first quarter, the total value of trade receivables denominated in euros was up 11% from the beginning of the year. The maturity structure of receivables remained stable. The percentage of overdue receivables compared to total trade receivables remained within acceptable limits at the end of the first quarter.

Investor and share information

The Krka share price on the Ljubljana Stock Exchange increased by 16.8% during the first three months of 2024, trading at €128.50 on 31 March 2024. There were no major changes in the shareholder structure in the reported period. Krka had 47,059 shareholders at the end of March 2024.

Shareholder structure (%)

	31 Mar 2024	31 Dec 2023
Slovenian retail investors	41.1	41.1
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	5.5	5.5
Foreign investors	20.3	20.5
Treasury shares	6.0	5.8
Total	100.0	100.0

In first quarter of 2024, Krka repurchased a total of 54,634 treasury shares, thus holding 1,970,600 treasury shares at the end of March 2024, accounting for 6.009% of its share capital.

Ten largest shareholders as at 31 March 2024

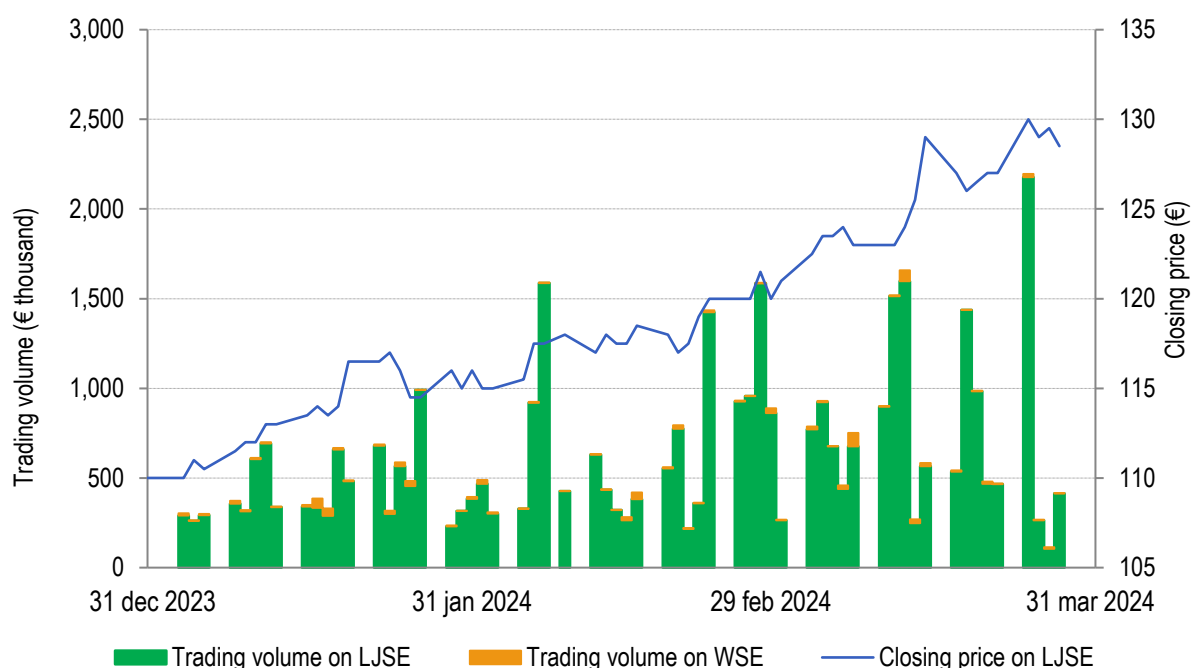
	Country	No. of shares	Equity (%)	Voting rights (%)
Kapitalska družba, d. d.	Slovenia	3,493,030	10.65	11.33
Slovenski državni holding, d. d.	Slovenia	2,949,876	9.00	9.57
Republic of Slovenia	Slovenia	2,366,141	7.22	7.68
OTP banka d.d.*	Croatia	1,526,910	4.66	4.95
Erste Group Bank AG – PBZ Croatia Osiguranje*	Austria	1,331,938	4.06	4.32
Clearstream Banking S.A.*	Luxembourg	1,029,827	3.14	3.34
Luka Koper, d. d.	Slovenia	433,970	1.32	1.41
KDPW*	Poland	345,851	1.05	1.12
State Street Bank and Trust*	USA	344,979	1.05	1.12
Privredna banka Zagreb d.d.*	Croatia	318,434	0.97	1.03
Total		14,140,956	43.12	45.88

* 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 as at 31 March 2024

	No. of shares	Equity (%)	Voting rights (%)
Management Board members			
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
Total Management Board members	37,040	0.113	0.120
Supervisory Board members			
Julijana Kristl	230	0.001	0.001
Matej Lahovnik	1,000	0.003	0.003
Mojca Osolnik Videmšek	617	0.002	0.002
Franc Šašek	500	0.002	0.002
Tomaž Sever	500	0.002	0.002
Total Supervisory Board members	2,847	0.009	0.009
Total Management and Supervisory Board members	39,887	0.122	0.129

Krka share trading from January to March 2024



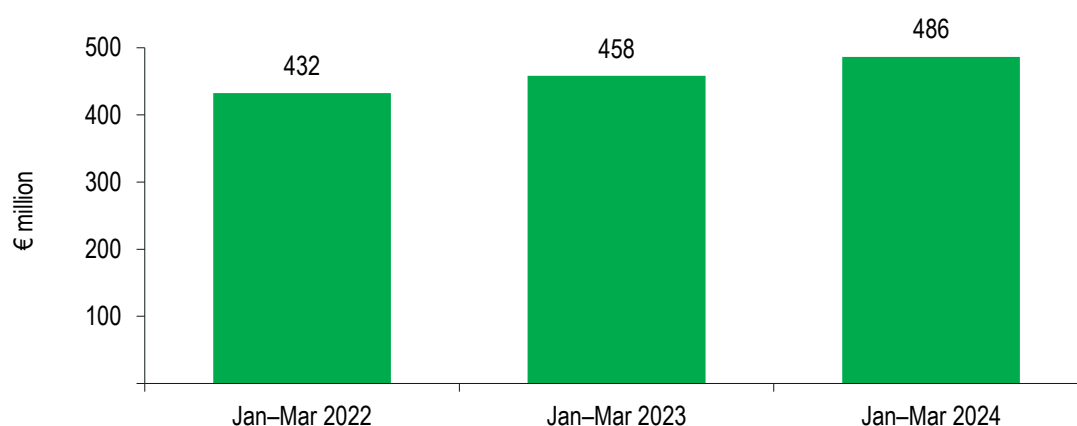
Krka had a market capitalisation of €4.2 billion on the Ljubljana Stock Exchange as at 31 March 2024. The average daily trading volume in the Krka share was €0.6 million over the reported period.

Krka Group performance analysis

Income

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Revenue from contracts with customers on sales of products and services	484,104	456,253	106
Revenue from contracts with customers on sales of material, and other revenue	2,042	1,931	106
Total revenue	486,145	458,184	106
Other operating income	2,049	1,184	173
Finance income	8,788	4,510	195
Total income	496,982	463,878	107

Sales by period



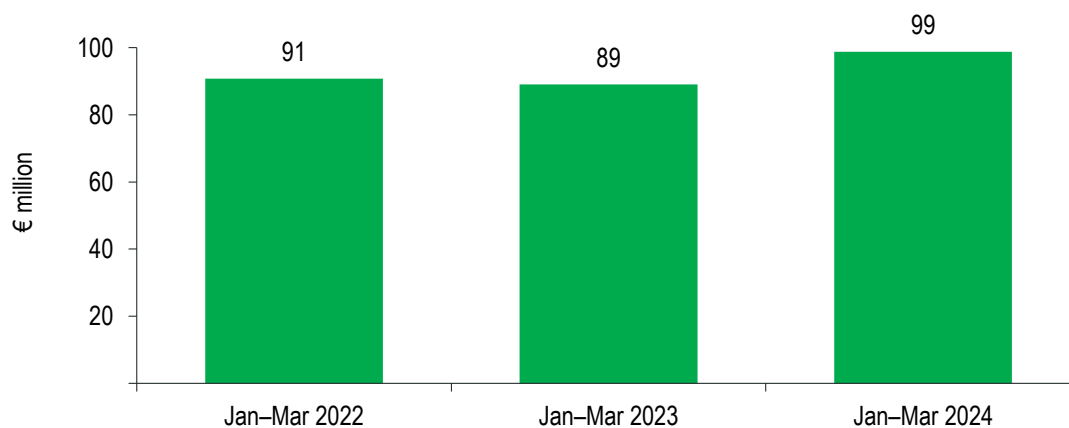
Expenses

€ thousand	Jan-Mar 2024	Percent of revenue	Jan-Mar 2023	Percent of revenue	Index
Cost of goods sold	206,204	42.4	178,589	39.0	115
Selling and distribution expenses	90,662	18.7	88,914	19.4	102
R&D expenses	46,864	9.6	43,914	9.6	107
General and administrative expenses	30,276	6.2	27,857	6.1	109
Total operating expenses	374,006	76.9	339,274	74.1	110
Finance expenses	4,332	0.9	18,084	3.9	24
Total expenses	378,338	77.8	357,358	78.0	106

Operating results

€ thousand	Jan-Mar 2024	Jan-Mar 2023	Index
Earnings before interest, tax, depreciation and amortisation (EBITDA)	138,468	146,192	95
Operating profit (EBIT)	114,188	120,094	95
Profit before tax (EBT)	118,644	106,520	111
Net profit	98,772	89,011	111

Net profit by period



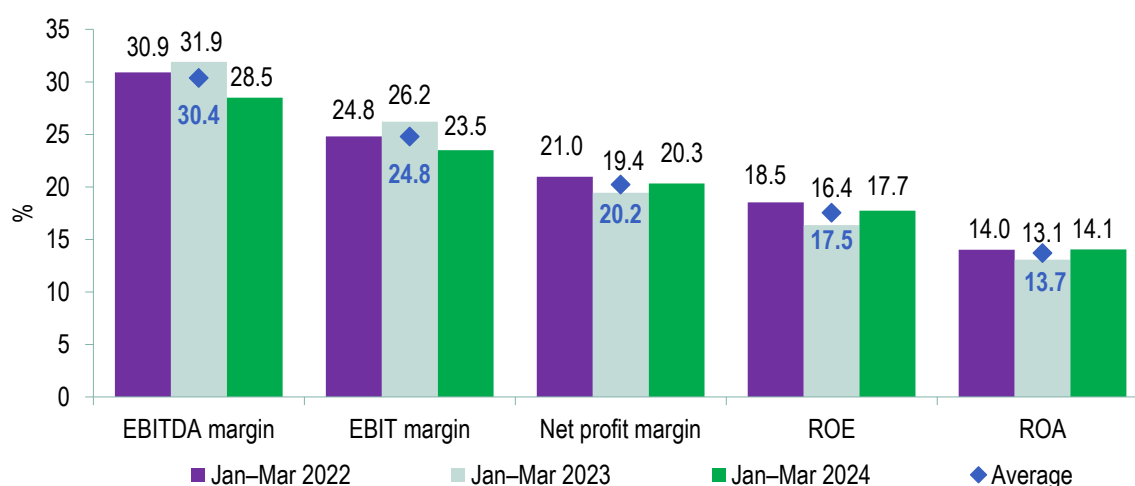
Assets

€ thousand	31 Mar 2024	%	31 Dec 2023	%	Index
Non-current assets	1,010,292	35.4	1,059,267	38.3	95
Attributable to:					
– Property, plant and equipment	795,232	27.8	790,345	28.6	101
– Intangible assets	101,136	3.5	102,348	3.7	99
Current assets	1,847,053	64.6	1,705,024	61.7	108
Attributable to:					
– Inventories	604,139	21.1	604,621	21.9	100
– Trade receivables and other receivables	618,630	21.7	560,434	20.3	110
Total assets	2,857,345	100.0	2,764,291	100.0	103

Equity and liabilities

€ thousand	31 Mar 2024	%	31 Dec 2023	%	Index
Equity	2,275,130	79.6	2,181,766	78.9	104
Non-current liabilities	150,847	5.3	149,218	5.4	101
Attributable to provisions:	125,566	4.4	124,398	4.5	101
– Provisions for post-employment benefits and other non-current employee benefits	114,478	4.0	113,286	4.1	101
– Provisions for lawsuits	10,582	0.4	10,582	0.4	100
– Other provisions	506	0.0	530	0.0	95
Current liabilities	431,368	15.1	433,307	15.7	100
– Trade payables	162,430	5.7	153,762	5.6	106
– Contract liabilities	170,306	6.0	162,173	5.9	105
– Other current liabilities	98,632	3.4	117,372	4.2	84
Total equity and liabilities	2,857,345	100.0	2,764,291	100.0	103

Performance ratios



All performance ratios are in line with the Krka Group key strategic objectives.

Marketing and Sales

The Krka Group revenue amounted to €486.1 million in the first quarter of 2024, of which revenue from contracts with customers on sales of products and services totalled €484.1 million. Sales in markets outside Slovenia amounted to €454.0 million, accounting for 94% of total Krka Group sales. Sales volume increased by 3% year on year.

Krka Group product and service sales by region

Sales increased in all sales regions and most markets, except in Region Overseas Markets.

Product and service sales by Region

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Region Slovenia	30,124	28,077	107
– Percent of total revenue	6.2	6.2	
Region South-East Europe	69,100	63,526	109
– Percent of total revenue	14.3	13.9	
Region East Europe	156,422	143,493	109
– Percent of total revenue	32.3	31.4	
Region Central Europe	116,797	110,262	106
– Percent of total revenue	24.1	24.2	
Region West Europe	92,773	91,744	101
– Percent of total revenue	19.2	20.1	
Region Overseas Markets	18,888	19,151	99
– Percent of total revenue	3.9	4.2	
Total	484,104	456,253	106

Region Slovenia

Krka held a 7.7% market share as to sales value, and remained the leading supplier of pharmaceuticals in Slovenia.

Products promoted in marketing campaigns from our key therapeutic categories generated the major sales proportion: cardiovascular agents; the central nervous system; the gastrointestinal tract; pain relief; cough and cold products; and vitamins and minerals.

Our key prescription pharmaceuticals for the treatment of cardiovascular diseases Prenessa (perindopril), Renewel (perindopril/indapamide), Amlessa (perindopril/amlodipine), and Amlewel (perindopril/amlodipine/indapamide) helped us reinforce our leading market position and recognition in the market of antihypertensive agents. Of our statin product group, we strengthened the leading market position of Sorvasta (rosuvastatin) and improved the visibility of the single-pill combination Sorvitimb (rosuvastatin/ezetimibe). We increased the visibility of Tezulix (ranolazine) indicated for the symptomatic treatment of patients with stable angina pectoris. Of our antidiabetic agents, we increased the visibility of two antihyperglycemic agents from the dipeptidyl-peptidase 4 (DPP-4) inhibitor product group, a mono-component agent Maysiglu (sitagliptin) and a single-pill combination Maymetsi (sitagliptin/metformin). As regards our pain relief range, we primarily focused on our non-opioid analgesic Algominal (metamizole), the analgesic Doreta (tramadol/paracetamol), in particular Doreta SR 75 mg/650 mg prolonged-release bilayer tablets, and the analgesic Nalgessin Forte (naproxen). We further strengthened visibility of two central nervous agents, the antipsychotic Parnido (paliperidone) and the antidepressant Dulsevia (duloxetine). We increased visibility of Vitamin D3 Krka 7000 IU (cholecalciferol), which is taken once per week.

Daleron (paracetamol), magnesium products Magnezij Krka 300 and Magnezij Krka 400, the antiseptic Septabene (benzylamine/cetylpyridinium chloride), and the analgesic Nalgessin S (naproxen) generated the strongest sales of our non-prescription product range. The wide-spectrum parasiticide Milprazon (milbemycin oxime/praziquantel), followed by Fypryst Combo (fipronil/S-methoprene) for protection against fleas and ticks were our two leading animal health products.

Region South-East Europe

Product sales by market

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Romania	18,722	17,547	107
Croatia	13,440	11,824	114
Serbia	9,640	8,917	108
Bulgaria	7,704	7,214	107
North Macedonia	7,560	7,077	107
Bosnia and Herzegovina	6,648	6,067	110
Kosovo	2,623	2,602	101
Albania	985	1,027	96
Greece	910	632	144
Montenegro	868	618	140
Total	69,100	63,526	109

The latest available data show we are the most successful foreign provider of prescription pharmaceuticals in the pharmacy segment of **Romania**, holding a 7.4% market share as regards volume. Atoris (atorvastatin), Nolpaza (pantoprazole), Co-Prenessa (perindopril/indapamide), Karbis (candesartan), Doreta (tramadol/paracetamol), Roswera (rosuvastatin), and Co-Roswera (rosuvastatin/ezetimibe) generated the strongest sales. Our best-selling non-prescription products were Bilobil (ginkgo leaf extract) and Nalgesin (naproxen). Products sold under the Fypryst brand, Milprazon (milbemycin oxime/praziquantel), and Selehold (selamectin) remained our leading animal health products in terms of sales.

We increased sales of prescription pharmaceuticals and animal health products, but recorded a year-on-year drop in non-prescription product sales in **Croatia**. We ranked second as regards prescription pharmaceutical sales in the pharmacy segment. The leading prescription pharmaceuticals were Panatus (butamirate), Emanera (esomeprazole), Atoris (atorvastatin), Co-Perineva (perindopril/indapamide), Helex (alprazolam), Co-Dalneva (perindopril/amlodipine/indapamide), Roswera (rosuvastatin), Dalneva (perindopril/amlodipine), and Valsacombi (valsartan/hydrochlorothiazide). Nalgesin (naproxen), Septolete Duo (benzylamine/cetylpyridinium chloride), and B-Complex recorded the strongest sales of non-prescription products. The Fypryst brand products and Enroxil (enrofloxacin) generated the strongest sales of animal health products.

Region East Europe

Product sales by market

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Russian Federation	85,336	87,793	97
Ukraine	25,086	10,697	235
Uzbekistan	15,094	12,995	116
Belarus	6,945	6,751	103
Kazakhstan	6,145	6,323	97
Mongolia	3,418	3,533	97
Moldova	3,231	3,815	85
Azerbaijan	2,854	3,144	91
Georgia	2,700	2,713	100
Kyrgyzstan	2,050	1,564	131
Armenia	1,988	1,939	103
Tajikistan	1,141	1,156	99
Turkmenistan	433	1,069	40
Total	156,422	143,493	109

According to the latest available data from independent sources, we exceeded average market growth expressed in the rouble in the **Russian Federation**. This, however, was not reflected in the sales increase denominated in the euro due to the depreciation of the national currency. We increased sales volume as well, ranking second largest foreign provider of generic medicines in the country.

Co-Dalveva (perindopril/amlodipine/indapamide), Lorista (losartan), Roxera (rosuvastatin), Co-Perineva (perindopril/indapamide), Lorista H, HD (losartan/hydrochlorothiazide), Valsacor (valsartan), Vamloset (valsartan/amlodipine), Dabixom (dabigatran), Nolpaza (pantoprazole), and Perineva (perindopril) generated the strongest sales. We achieved the highest absolute growth with Dabixom (dabigatran) launched a year ago, Lorista (losartan), and Co-Dalveva (perindopril/amlodipine/indapamide). We remained the leading provider of prescription pharmaceuticals for the treatment of cardiovascular diseases.

Nalgesin (naproxen) and Herbion brand products generated the highest sales of non-prescription products. We successfully marketed Flebaven (diosmin/hesperidin) as well. The leading animal health products included Milprazon (milbemycin oxime/praziquantel), Selafort (selamectin), and Fypryst (fipronil), which also recorded the highest absolute growth.

Our subsidiary Krka-Rus manufactured 76% of Krka products on demand in the Russian Federation in this period.

The uncertain situation in **Ukraine** further impacts the pharmaceutical market. As to the latest available data, we retained the second place among foreign providers of generic medicines in the pharmacy segment.

Prescription pharmaceuticals were the leading product group, with Co-Amlessa (perindopril/amlodipine/indapamide), Co-Prenessa (perindopril/indapamide), Nolpaza (pantoprazole), and Roxera (rosuvastatin) at the forefront. The strongest sales were generated by the Herbion brand products, Nalgesin (naproxen), and Septolete Total (benzylamine/cetylpyridinium chloride) of non-prescription products, and Selafort (selamectin) and Milprazon (milbemycin oxime/praziquantel) of animal health products.

In **Uzbekistan**, a country with stable growth and favourable climate for company development, we remained one of the leading medicine providers, and sales increased by 16% year on year. As to sales, prescription pharmaceuticals, in particular Amlessa (perindopril/amlodipine), Lorista (losartan), Valodip (valsartan/amlodipine), and Nolpaza (pantoprazole), and Septolete Total and Herbion of non-prescription products retained leadership.

Region Central Europe

Product sales by market

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Poland	56,303	47,643	118
Hungary	16,006	15,073	106
Czechia	14,988	17,460	86
Slovakia	11,045	10,865	102
Lithuania	9,227	9,069	102
Latvia	5,968	6,463	92
Estonia	3,261	3,690	88
Total	116,797	110,262	106

Poland remained Krka's second largest single market. As per latest data, we ranked fifth largest provider of generic medicines in the country. Of all manufacturers, we had most products listed on the new reimbursement list for patients aged 65 and older.

Prescription pharmaceuticals remained the leading sales group, primarily due to strong sales of Atoris (atorvastatin), Roswera (rosuvastatin), Doreta (tramadol/paracetamol), Valsacor (valsartan), Co-Valsacor (valsartan/hydrochlorothiazide), and Emanera (esomeprazole). Of other prescription pharmaceuticals, Coroswera (rosuvastatin/ezetimibe), Nolpaza (pantoprazole), Karbis (candesartan), and Dulsevia (duloxetine) also generated strong sales.

The leading non-prescription products remained Septanazal (xylometazoline/dexpanthenol) and the Septolete brand products. Best-selling animal health products were Milprazon (milbemycin oxime/praziquantel), Floron (florfenicol), Enroxil (enrofloxacin), and the Dehinel brand products.

Prescription pharmaceuticals remained the leading product group also in **Czechia**, in particular Sorvasta (rosuvastatin), Atoris (atorvastatin), Pragiola (pregabalin), Doreta (tramadol/paracetamol), Elicea (escitalopram), Nolpaza (pantoprazole), Tonanda (perindopril/amlodipine/indapamide), Kventiax (quetiapine), Emanera (esomeprazole), Asentra (sertraline), Zalasta (olanzapine), Prenewel (perindopril/indapamide), and Lexaurin

(bromazepam). Cezera (levocetirizine) and Prenessa (perindopril) also generated strong sales. The best-selling non-prescription products were Nalgesin S (naproxen) and the Septolete brand products.

Prescription pharmaceuticals generated the major part of sales in **Hungary**, above all Co-Prenessa (perindopril/indapamide), Roxera (rosuvastatin), Emozul (esomeprazole), Zyllt (clopidogrel), Ralago (rasagiline), Co-Dalnessa (perindopril/amlodipine/indapamide), Co-Valsacor (valsartan/hydrochlorothiazide), Atoris (atorvastatin), Valsacor (valsartan), and Tamloset (telmisartan/amlodipine). Of non-prescription products, Septolete Extra (benzylamine/cetylpyridinium chloride), Bilobil (ginkgo leaf extract), and the Herbion brand products generated the strongest sales. Milprazon (milbemycin oxime/praziquantel) and Enroxil (enrofloxacin) were the leading animal health products.

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

Region West Europe

Product sales by market

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Germany	23,298	23,394	100
Scandinavia	12,350	11,323	109
Portugal	8,550	8,703	98
United Kingdom	7,470	4,209	177
Spain	7,464	6,089	123
Italy	7,295	8,754	83
France	6,248	9,704	64
Benelux	5,369	5,501	98
Finland	4,833	4,395	110
Ireland	4,149	3,560	117
Austria	2,390	2,763	87
Other European countries	3,357	3,349	100
Total	92,773	91,744	101

Agents containing esomeprazole, candesartan, sitagliptin, and valsartan were our leading prescription pharmaceuticals – our main product group. We remained one of the leading suppliers of sartan-based products and proton pump inhibitors in the markets of western Europe.

Two antiparasitic combinations, milbemycin oxime/praziquantel and imidacloprid/permethrin were best-selling companion animal products. Toltrazuril- and flubendazole-based products generated the strongest sales of our products for farm animals.

Sales of non-prescription products were driven by the Septolete brand products and products containing paracetamol.

Germany remained the largest regional market, where cardiovascular agents and antidiabetics, followed by central nervous system agents and medicines for the treatment of gastrointestinal tract and metabolism, recorded the highest sales.

According to the latest available data, we were the leading provider of generic gliptin varieties for the treatment of diabetes in the pharmacy segment. We remain the leading supplier of ramipril/amlodipine and candesartan/amlodipine single-pill combinations in the country.

Agents containing candesartan, sitagliptin, valsartan, and ramipril generated the strongest sales.

Region Overseas Markets

Product sales by market

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Far East and Africa	9,102	8,928	102
Middle East	6,989	7,755	90
China	2,276	1,959	116
Americas	522	509	103
Total	18,888	19,151	99

We recorded growth in three out of four sales offices in the first quarter of 2024, the highest in **China**. Our **Middle East** sales office, however, recorded a drop in sales owing to tensions in the Near East, affecting business operations in certain markets. We expect the growth to continue in all regional sales offices when the situation improves in the upcoming months.

Sales by product and service group

Sales by product and service group

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Prescription pharmaceuticals	400,179	370,309	108
– Percent of total revenue	82.7	81.2	
Non-prescription products	42,809	47,148	91
– Percent of total revenue	8.8	10.3	
Animal health products	30,163	28,402	106
– Percent of total revenue	6.2	6.2	
Health resort and tourist services	10,953	10,394	105
– Percent of total revenue	2.3	2.3	
Total	484,104	456,253	106

Prescription pharmaceuticals

All our regions increased product sales as follows: Region East Europe by 13%, Region South-East Europe by 9%, Region Central Europe by 8%, Region Slovenia by 7%, Region West Europe by 2%, and Region Overseas Markets by 1%.

Of our three largest markets, sales increased by 18% in Poland, levelled off at the last year's figure in Germany, and dropped by 1% in the Russian Federation. On our other major markets, year-on-year sales saw the highest increases in Ukraine (more than double), Uzbekistan (25%), Croatia (15%), Serbia (8%), Scandinavia, Slovenia and Hungary (7%), and Slovakia and Romania (5%).

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

Sales were driven in particular by product groups containing perindopril, rosuvastatin, and candesartan; sitagliptin (first put on markets at the end of 2022), and dabigatran (first launched in 2023).

Non-prescription products

Overall, year-on-year non-prescription product sales dropped owing to sales decreases in Region Central Europe (18%), Region East Europe (16%), and Region Overseas Markets. However, the following regions increased their non-prescription product sales as follows: Region Slovenia (14%), Region West Europe (6%), and Region South-East Europe (3%).

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

The Septolete* brand products, Nalgesin* (naproxen), and products sold under Herbion*, Septanazal, and Bilobil brands generated the highest sales.

Animal health products

The following regions saw sales increases in animal health products: Region South-East Europe (23%), Region Central Europe (21%), Region East Europe (14%), and Region Slovenia (3%). Region West Europe recorded a 10% drop in sales of animal health products.

Fypryst (fipronil)*, Ataxxa* (imidacloprid/permethrin), and Cladaxxa* (amoxicillin/clavulanic acid) generated the strongest sales.

Health resort and tourist services

Terme Krka recorded 76,910 overnight stays in the first quarter of 2024, up 3% year on year. Terme Šmarješke Toplice recorded 27,969 overnight stays, and Terme Dolenjske Toplice followed with 26,897 overnight stays. Foreign guests accounted for 10% of total overnight stays, a 20% year-on-year increase. Most foreign guests came from Italy, Croatia, and Germany.

Research and development

In the first quarter of 2024, we added five new prescription pharmaceuticals to our product portfolio.

We finalised 203 marketing authorisation procedures, out of which 174 were for prescription pharmaceuticals, 9 for non-prescription products, and 20 for animal health products.

We regularly make regulatory and technological upgrades to all our products. We were granted over 7,000 regulatory variations in the first quarter of 2024.

Prescription pharmaceuticals

We obtained marketing authorisations for five new products and were granted marketing authorisations for our established products in additional markets.

We obtained marketing authorisations for our contemporary central nervous system agent **Varesta** (vortioxetine) in film-coated tablets indicated for the treatment of major depressive episodes in adults. Vortioxetine differs from other antidepressants in its mechanism of action, which simultaneously modulates neurotransmission in several systems, and is therefore a medicine of choice for patients with severe forms of the disease.

A new perindopril arginine-based product was granted a marketing authorisation. Under the decentralised procedure, we were granted marketing authorisations under the decentralised procedure for our triple single-pill combination **Co-Amlessa Neo*** (perindopril arginine/amlodipine/indapamide) tablets. The vertically integrated model was applied in its production. Development, API synthesis, and finished product manufacturing processes are the result of our in-house expertise. The new formulation allows for adaptation to special requirements of individual markets.

We developed and registered a new strength of **Vitamin D3 Krka** (cholecalciferol) 30,000 IU tablets indicated for the prevention and treatment of vitamin D deficiency and as adjunctive therapy in the treatment of osteoporosis. The new strength allows for even better adaptation to patients' needs.

We obtained marketing authorisations for new products in China. Marketing authorisations were obtained for our cardiovascular agent containing **bisoprolol** in film-coated tablets, one of the essential therapies for many cardiovascular conditions, for example hypertension, coronary artery disease, and heart failure. We obtained marketing authorisations for a central nervous system agent containing **aripiprazole** in tablets. This atypical antipsychotic has fewer adverse reactions compared to other agents of the same product group.

We obtained additional marketing authorisations for already established products from various therapeutic categories in markets of the EU and the United Kingdom. We were granted marketing authorisations in several countries under the decentralised procedure for **ticagrelor** film-coated tablets, an advanced platelet aggregation inhibitor. We were granted an extended marketing authorisation for our antithrombotic agent **dabigatran** capsules, used for the treatment and prevention of atherothrombotic and thromboembolic events in adults with various cardiovascular diseases. We also received marketing authorisations for our **naproxen** film-coated tablets for relieving pain, and for **lacosamide** film-coated tablets for the treatment of epilepsy.

In eastern Europe, we obtained marketing authorisations for high-profile products from our key therapeutic categories. In new markets, we obtained additional marketing authorisations for our single-pill combination **Co-Roswera** (rosuvastatin/ezetimibe) film-coated tablets, also available as **Co-Roxera** or **Roxera Plus**, indicated for hyperlipidemia. We also obtained marketing authorisations for **Telmista** (telmisartan), **Telmista H** (telmisartan/hydrochlorothiazide), and **Telmista AM** (telmisartan/amlodipine) tablets. We were granted approvals for marketing a new perindopril salt, **Perindopril Krka** (perindopril arginine), **Perindopril/Indapamide Krka** (perindopril arginine/indapamide), and **Perindopril/Amlodipine Krka** (perindopril arginine/amlodipine) tablets. We obtained additional approvals for an antithrombotic agent **Tigalant** (ticagrelor) film-coated tablets, and for two antidiabetic agents, **Glypviso Met** (vildagliptin/metformin) and **Asiglia Met** (sitagliptin/metformin) film-coated tablets.

In the markets of south-eastern Europe, we obtained marketing authorisations for a contemporary antidiabetic agent **Dagrafors** (dapagliflozin) film-coated tablets. We obtained approvals on a new market for two agents containing our new perindopril salt **Prenessaneo** (perindopril arginine) and **Prenewelneo** (perindopril arginine/indapamide) tablets. We also obtained marketing authorisations for a triple single-pill combination, **Roxampex** (perindopril/amlodipine/rosuvastatin) film-coated tablets.

We extended our range of cardiovascular agents in overseas markets with **Sobycor** (bisoprolol) film-coated tablets. We were also granted marketing authorisations for **Galsya** (galantamin) prolonged-release tablets.

Non-prescription products

We obtained additional marketing authorisations in the first quarter of 2024 for our established products. We received approvals in new markets for **Septolete Total** (benzylamine/cetylpyridinium chloride) lozenges and **Septanazal** (xylometazoline/dexpanthenol) nasal spray and **Nolpaza Control** (pantoprazole) gastro-resistant tablets.

Animal health products

Approvals granted in the first quarter of 2024 for veterinarian products **Robexera** (robenacoxib) chewable tablets indicated for relieving pain and treating inflammation associated with chronic osteoarthritis and soft tissue surgeries in dogs, and single-pill combinations **Milprazon Chewable** (milbemycin oxime/praziquantel) palatable chewable tablets for dogs and chewable tablets for cats indicated for the treatment and prevention of internal parasite infections extended our marketing opportunities in new markets. We also added marketing authorisations for our triple combination **Dehinel Plus Flavour** (febantel/pyrantel/praziquantel) flavoured tablets indicated for the treatment of internal parasite infections in dogs and for a **fipronil/S-methoprene** combination indicated for the treatment and prevention of external parasite infections in dogs and cats.

Investments

In the first quarter of 2024, the Krka Group allocated €27.0 million to investments, of that €20.0 million to the controlling company.

We upgraded water supply systems and automated washing systems in Notol, our solid dosage forms production plant in Novo mesto, Slovenia. We are also gradually upgrading worn-out packaging lines. We replaced nine packaging lines by the end of 2023, and the delivery of the last seven is due by the end of 2024. We also plan to increase tablet compression capacities at Notol and Notol 2 and upgrade and increase granulation capacities. We intend to upgrade the logistic system in upcoming two years.

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

We are about to extend Sterile Products Department in Novo mesto, Slovenia. We expect the new production line for sterile solutions to increase the production capacity for animal health products and ensure long-term production of high-volume sterile products.

The upgraded Liquid Products Department is intended to ensure uninterrupted production of liquid animal health products.

We plan to build a new building for Powders and Solutions at the Bršljin Department in Novo mesto, Slovenia in order to increase production capacities for animal health products. With new packaging lines, capacities for packaging animal health tablets and liquid products will enjoy a boost.

In Novo mesto, Slovenia, the construction of a new multi-purpose building called Paviljon 3 is drawing to a close. The building design incorporates our microbiology laboratory extension and additional rooms for Supply Chain Management and other organisational units.

In Novo mesto, Slovenia, construction works for a new multi-purpose building is about to start. This new construction design also features a roofed cargo entry and a cargo vehicle control point.

We increased capacities for granulation and packaging at our production site in Ljutomer, Slovenia. We aim to increase production capacity for uncoated lozenges and optimise packaging by installing new equipment.

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

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

Employees

At the end of March 2024, the Krka Group employed 11,795 people, of whom 5,241 or 44% worked outside Slovenia. The Krka Group employees with at least university-level qualifications accounted for 51% of total headcount, and 203 held doctoral degrees. Including agency workers, the Krka Group employed 12,675 persons.

Krka Group employees by education

	31 Mar 2024		31 Dec 2023	
	Headcount	%	Headcount	%
PhD	203	1.7	204	1.7
MSc	405	3.4	400	3.4
University degree	5,360	45.5	5,374	45.6
Higher professional education	1,936	16.4	1,914	16.2
Vocational college education	306	2.6	303	2.6
Secondary school education	2,669	22.6	2,634	22.4
Other	916	7.8	951	8.1
Total	11,795	100.0	11,780	100.0

We continuously attract new talented employees by providing scholarships. At the end of March, Krka had 77 scholarship holders, primarily pharmacy and chemistry students. We also offer scholarships to exceptional students from Krka's other fields of interest. Our staff development and succession planning system ensures that Krka Group employees fill the majority of our key professional and managerial positions. We also invest in the knowledge and development of our employees. They receive further professional training in their specialised fields and participate in training programmes on quality, management, informatics, personal growth, and foreign languages in Slovenia as well as abroad. We deliver most educational programmes in-house and tailor them to employee needs, technological processes, market situations, and development needs of the Krka Group. We update the programmes regularly and introduce new forms of education adapted to the contemporary approaches to work.

At the end of March, 331 employees were enrolled in part-time studies co-funded by Krka, 24 of them at the postgraduate level.

Krka is also included in the national vocational qualification (NVQ) system. Between 2002 and the end of March 2024, we awarded 2010 NVQ certificates to Krka employees for four vocational qualifications. At the end of March 2024, 216 Krka employees were included in the process of obtaining a national vocational qualification.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP, WITH NOTES

Consolidated statement of financial position of the Krka Group

€ thousand	31 Mar 2024	31 Dec 2023	Index
Assets			
Property, plant and equipment	795,232	790,345	101
Intangible assets	101,136	102,348	99
Loans	36,299	70,098	52
Investments	28,799	47,674	60
Deferred tax assets	47,752	47,728	100
Other non-current assets	1,074	1,074	100
Total non-current assets	1,010,292	1,059,267	95
Assets held for sale	41	41	100
Inventories	604,139	604,621	100
Contract assets	390	429	91
Trade receivables	565,833	509,070	111
Other receivables	52,797	51,364	103
Loans	59,525	58,719	101
Investments	317,729	306,769	104
Cash and cash equivalents	246,599	174,011	142
Total current assets	1,847,053	1,705,024	108
Total assets	2,857,345	2,764,291	103
Equity			
Share capital	54,732	54,732	100
Treasury shares	-145,058	-138,489	105
Reserves	162,133	154,495	105
Retained earnings	2,183,627	2,091,317	104
Total equity holders of the controlling company	2,255,434	2,162,055	104
Non-controlling interests	19,696	19,711	100
Total equity	2,275,130	2,181,766	104
Liabilities			
Provisions	125,566	124,398	101
Deferred income	5,428	5,547	98
Lease liabilities	9,170	8,547	107
Deferred tax liabilities	10,683	10,726	100
Total non-current liabilities	150,847	149,218	101
Trade payables	162,430	153,762	106
Lease liabilities	3,567	3,452	103
Income tax payables	4,004	8,960	45
Contract liabilities	170,306	162,173	105
Other current liabilities	91,061	104,960	87
Total current liabilities	431,368	433,307	100
Total liabilities	582,215	582,525	100
Total equity and liabilities	2,857,345	2,764,291	103

Consolidated income statement of the Krka Group

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Revenue	486,145	458,184	106
– Revenue from contracts with customers	485,473	456,409	106
– Other revenue	672	1,775	38
Cost of goods sold	-206,204	-178,589	115
Gross profit	279,941	279,595	100
Other operating income	2,049	1,184	173
Selling and distribution expenses	-90,662	-88,914	102
– Of that net impairments and write-offs of receivables	-214	1,321	
R&D expenses	-46,864	-43,914	107
General and administrative expenses	-30,276	-27,857	109
Operating profit	114,188	120,094	95
Finance income	8,788	4,510	195
Finance expenses	-4,332	-18,084	24
Net finance result	4,456	-13,574	
Profit before tax	118,644	106,520	111
Income tax expense	-19,872	-17,509	113
Net profit	98,772	89,011	111
Attributable to:			
– Equity holders of the controlling company	98,879	89,016	111
– Non-controlling interests	-107	-5	2,140
Basic earnings per share* (€)	3.21	2.87	112
Diluted earnings per share** (€)	3.21	2.87	112

* 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–Mar 2024	Jan–Mar 2023	Index
Net profit	98,772	89,011	111
Other comprehensive income for the period			
Other comprehensive income reclassified to profit or loss at a future date			
Translation reserve	-319	-16,892	2
Net other comprehensive income reclassified to profit or loss at a future date	-319	-16,892	2
Other comprehensive income that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	1,898	2,875	66
Deferred tax effect	-418	-546	77
Net other comprehensive income that will not be reclassified to profit or loss at a future date	1,480	2,329	64
Total other comprehensive income for the period (net of tax)	1,161	-14,563	
Total comprehensive income for the period (net of tax)	99,933	74,448	134
Attributable to:			
– Equity holders of the controlling company	99,948	74,767	134
– Non-controlling interests	-15	-319	5

Consolidated statement of changes in equity of the Krka Group

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Total equity attributable to the 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 from previous periods	Profit for the period			
Balance at 1 Jan 2024	54,732	-138,489	138,489	105,897	14,990	30,000	-511	-134,370	1,544,595	246,699	300,023	2,162,055	19,711	2,181,766
Net profit	0	0	0	0	0	0	0	0	0	0	98,879	98,879	-107	98,772
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	1,483	-414	0	0	0	1,069	92	1,161
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	1,483	-414	0	0	98,879	99,948	-15	99,933
Transactions with owners, recognised in equity														
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	0	300,023	-300,023	0	0	0
Repurchase of treasury shares	0	-6,569	0	0	0	0	0	0	0	0	0	-6,569	0	-6,569
Formation of reserves for treasury shares	0	0	6,569	0	0	0	0	0	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total transactions with owners, recognised in equity	0	-6,569	6,569	0	0	0	0	0	0	300,023	-306,592	-6,569	0	-6,569
Balance at 31 Mar 2024	54,732	-145,058	145,058	105,897	14,990	30,000	972	-134,784	1,544,595	546,722	92,310	2,255,434	19,696	2,275,130

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Total equity attributable to the 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 from previous periods	Profit for the period			
Balance at 1 Jan 2023	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
Net profit	0	0	0	0	0	0	0	0	0	0	89,016	89,016	-5	89,011
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	2,329	-16,578	0	0	0	-14,249	-314	-14,563
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	2,329	-16,578	0	0	89,016	74,767	-319	74,448
Transactions with owners, recognised in equity														
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	0	353,271	-353,271	0	0	0
Repurchase of treasury shares	0	-3,387	0	0	0	0	0	0	0	0	0	-3,387	0	-3,387
Formation of reserves for treasury shares	0	0	3,387	0	0	0	0	0	0	0	-3,387	0	0	0
Total transactions with owners, recognised in equity	0	-3,387	3,387	0	0	0	0	0	0	353,271	-356,658	-3,387	0	-3,387
Balance at 31 Mar 2023	54,732	-127,953	127,953	105,897	14,990	30,000	4,999	-102,497	1,442,702	553,544	85,629	2,189,996	19,574	2,209,570

Consolidated statement of cash flows of the Krka Group

€ thousand	Jan–Mar 2024	Jan–Mar 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	98,772	89,011
Adjustments for:	40,451	36,102
– Amortisation/Depreciation	24,280	26,098
– Net foreign exchange gains and losses	-1,176	-8,942
– Net write-offs and allowances for inventories	2,354	2,763
– Net impairments and write-offs of receivables	214	-1,321
– Investment income	-9,521	-5,254
– Investment expenses	2,036	1,699
– Interest expense and other finance expenses	2,392	3,550
– Income tax expense	19,872	17,509
Operating profit before changes in net current assets	139,223	125,113
Change in trade receivables	-59,877	-68,260
Change in inventories	-1,873	-23,342
Change in trade payables	19,883	13,416
Change in provisions	103	-648
Change in deferred income	-119	-135
Change in other current liabilities	-11,246	-4,292
Income tax paid	-23,829	-15,279
Net cash flow from operating activities	62,265	26,573
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,293	3,682
Proceeds from sale of property, plant and equipment	939	343
Acquisition of property, plant and equipment	-29,145	-27,195
Acquisition of intangible assets	-976	-1,410
Proceeds from non-current loans	30,332	1,025
Payments for non-current loans	-118	-995
Net proceeds from/payments for current loans	2,512	-297
Proceeds from sale of non-current investments	29,769	1,249
Payments for acquiring non-current investments	-7	-17
Proceeds from sale of current investments	30,000	0
Payments for acquiring current investments	-45,870	0
Proceeds from derivatives	14	662
Payments for derivatives	-1,584	0
Net cash flow from investing activities	19,159	-22,953
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-1,209	-2,677
Lease liabilities paid	-1,048	-1,055
Repurchase of treasury shares	-6,569	-3,387
Net cash flow from financing activities	-8,826	-7,119
Net increase/decrease in cash and cash equivalents	72,598	-3,499
Cash and cash equivalents at beginning of period	174,011	518,934
Effect of movements in exchange rates on cash held	-10	479
Closing balance of cash and cash equivalents	246,599	515,914

Segment reporting of the Krka Group

€ thousand	European Union		South-Eastern Europe		Eastern Europe		Total segment reporting		Other		Eliminations		Total	
	Jan-Mar 2024	Jan-Mar 2023	Jan-Mar 2024	Jan-Mar 2023	Jan-Mar 2024	Jan-Mar 2023	Jan-Mar 2024	Jan-Mar 2023	Jan-Mar 2024	Jan-Mar 2023	Jan-Mar 2024	Jan-Mar 2023	Jan-Mar 2024	Jan-Mar 2023
Revenue from sales to non-group customers	270,228	261,428	28,327	26,311	156,446	143,532	455,001	431,271	31,144	26,913			486,145	458,184
Revenue from sales to intra-group customers	106,047	107,849	18,841	15,486	158,864	169,499	283,752	292,834	7,242	7,477	-290,994	-300,311	0	0
Total revenue	376,275	369,277	47,168	41,797	315,310	313,031	738,753	724,105	38,386	34,390	-290,994	-300,311	486,145	458,184
Other operating income	1,918	1,028	6	4	125	152	2,049	1,184	0	0			2,049	1,184
Operating expenses	-224,526	-219,375	-18,376	-16,204	-106,853	-84,150	-349,755	-319,729	-24,251	-19,545			-374,006	-339,274
Intra-group operating expenses, including elimination of profits	-106,047	-107,849	-18,841	-15,486	-158,864	-169,499	-283,752	-292,834	-7,242	-7,477	290,994	300,311	0	0
Operating profit	47,620	43,081	9,957	10,111	49,718	59,534	107,295	112,726	6,893	7,368	0	0	114,188	120,094
Interest income	2,312	2,992	0	0	254	400	2,566	3,392	313	456			2,879	3,848
Intra-group interest income	1,675	640	0	0	0	0	1,675	640	0	0	-1,675	-640	0	0
Interest expense	-55	-45	-6	-3	-54	-26	-115	-74	-8	-1			-123	-75
Intra-group interest expense	-1,675	-640	0	0	0	0	-1,675	-640	0	0	1,675	640	0	0
Net finance result	3,443	1,208	-60	-221	-1,371	-13,010	2,012	-12,023	2,444	-1,551			4,456	-13,574
Income tax expense	-9,285	-6,521	-1,593	-1,323	-7,907	-8,959	-18,785	-16,803	-1,087	-706			-19,872	-17,509
Net profit	41,778	37,768	8,304	8,567	40,440	37,565	90,522	83,900	8,250	5,111	0	0	98,772	89,011
Investments	25,879	20,157	103	883	1,003	752	26,985	21,792	11	51			26,996	21,843
Depreciation of property, plant and equipment	15,459	17,002	531	511	4,892	5,202	20,882	22,715	727	718			21,609	23,433
Depreciation of the right-of-use assets	758	748	39	27	134	150	931	925	20	19			951	944
Amortisation of intangible assets	1,056	1,057	91	79	489	514	1,636	1,650	84	71			1,720	1,721
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Total assets	2,088,595	2,072,570	78,220	71,279	579,470	519,234	2,746,285	2,663,083	111,060	101,208			2,857,345	2,764,291
Non-current assets exclusive of deferred tax assets	842,043	886,473	6,649	6,670	81,023	81,973	929,715	975,116	32,825	36,423			962,540	1,011,539
Total liabilities	400,281	309,726	18,003	28,286	118,737	191,753	537,021	529,765	45,194	52,760			582,215	582,525

Notes to consolidated financial statements of the Krka Group

Costs by nature

€374,006 thousand

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Cost of goods and materials	140,332	123,334	114
Cost of services	70,255	66,833	105
Employee benefits	134,616	127,020	106
Amortisation and depreciation	24,280	26,098	93
Net write-offs and allowances for inventories	2,354	2,763	85
Net impairments and write-offs of receivables	214	-1,321	
Other operating expenses	11,246	10,423	108
Total costs	383,297	355,150	108
Change in the value of inventories of finished products and work in progress	-9,291	-15,876	59
Total	374,006	339,274	110

Employee benefits

€134,616 thousand

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Gross wages and salaries and continued pay	104,278	98,414	106
Social security contributions	8,195	7,518	109
Pension insurance contributions	13,717	13,381	103
Payroll tax	185	174	106
Post-employment benefits and other non-current employee benefits	1,498	1,243	121
Other employee benefits	6,743	6,290	107
Total employee benefits	134,616	127,020	106

Other operating expenses

€11,246 thousand

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Grants and assistance for humanitarian and other purposes	361	426	85
Environmental protection expenditures	1,763	1,605	110
Other taxes and levies	6,863	6,470	106
Loss on sale and write-offs of property, plant and equipment and intangible assets	567	553	103
Other operating expenses	1,692	1,369	124
Total other operating expenses	11,246	10,423	108

Other levies include various taxes and levies paid on pharmaceuticals and fees paid to associates in individual foreign countries for pursuing promotional activities.

Finance income and expenses

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Interest income	2,879	3,848	75
Derivative income	3,378	662	510
– Realised revenue	14	662	2
– Change in fair value	3,364	0	
Income from other financial instruments	2,531	0	
– Realised revenue	772	0	
– Change in fair value	1,759	0	
Total finance income	8,788	4,510	195
Net foreign exchange losses	-350	-13,338	
Interest expense	-123	-75	164
– Interest paid	-5	-1	500
– Interest expense on lease liabilities	-118	-74	159
Derivative expenses	-1,584	-1,196	
– Realised expenses	-1,584	0	
– Change in fair value	0	-1,196	0
Other finance expenses	-2,275	-3,475	65
Total finance expenses	-4,332	-18,084	24
Net finance result	4,456	-13,574	

Income tax expense

€19,872 thousand

Current income tax amounted to €20,357 thousand or 17.2% of profit before tax. Taking into account deferred tax of -€485 thousand, the tax expensed in the income statement totalled €19,872 thousand. The effective tax rate was 16.7%.

Property, plant and equipment

€795,232 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Land	64,343	64,368	100
Buildings	347,039	353,495	98
Equipment	290,509	292,123	99
Property, plant and equipment being acquired	80,943	68,666	118
Right-of-use assets	12,398	11,693	106
Total property, plant and equipment	795,232	790,345	101

The value of property, plant, and equipment accounted for 28% of the Krka Group balance sheet total. See the 'Investments' section in the business report for details on Krka's major investments.

Intangible assets

€101,136 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Goodwill	42,644	42,644	100
Trademark	32,959	33,176	99
Concessions, trademarks and licences	14,574	15,556	94
Other intangible assets	8,338	7,592	110
– Long-term deferred operating costs	235	252	93
– Development-related projects	4,644	4,478	104
– Emission coupons	3,459	2,862	121
Intangible assets being acquired	2,621	3,380	78
Total intangible assets	101,136	102,348	99

Loans

€95,824 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Non-current loans	36,299	70,098	52
– Loans to others	36,299	40,098	91
– Deposits granted to banks	0	30,000	0
Current loans	59,525	58,719	101
– Portion of non-current loans maturing next year	7,946	6,956	114
– Loans to others	9	13	69
– Deposits granted to banks	50,002	50,002	100
– Current interest receivables	1,568	1,748	90
Total loans	95,824	128,817	74

Investments

€346,528 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Non-current investments	28,799	47,674	60
– Investments at fair value through OCI (equity instruments)	28,799	26,901	107
– Investments at amortised cost (debt instruments)	0	20,773	0
Current investments including derivatives	317,729	306,769	104
– Investments at fair value through profit or loss	255,470	236,751	108
– Investments at amortised cost (debt instruments)	61,549	70,018	88
– Derivatives	710	0	
Total investments	346,528	354,443	98

Investments at fair value through OCI comprised €1,045 thousand of investments in shares and interests in companies in Slovenia (end of 2023: €954 thousand), and €27,754 thousand of shares and interests in companies located outside Slovenia (end of 2023: €25,947 thousand).

Current investments at amortised cost (debt instruments) are bonds with a maturity of less than one year and with a credit risk rating that corresponds the globally understood definition of investment grade. Of all investments, 35% belong to the upper medium investment grade and 65% to the lower medium investment grade. Investments at amortised cost included no investments in Slovenian government bonds (end of 2023: €6,033 thousand), while investments in foreign government bonds amounted to €61,549 thousand (end of 2023: €84,758 thousand).

The decrease in investments at amortised cost of €29,242 thousand (included current and non-current investments at amortised costs) was due to the maturity of government bonds. The increase in investments at fair value through profit or loss amounting to €18,719 thousand included acquisitions of treasury bills of €45,870 thousand, disposal of treasury bills due to their maturity totalling €29,228 thousand, revaluation of treasury bills of €318 thousand, and allowance for treasury bills totalling €1,759 thousand.

Inventories

€604,139 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Material	257,049	265,019	97
Work in progress	125,354	128,610	97
Finished products	188,865	177,247	107
Merchandise	14,406	11,476	126
Advances for inventories	18,465	22,269	83
Total inventories	604,139	604,621	100

Trade and other receivables

€618,630 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Current trade receivables	565,833	509,070	111
Current receivables due from others	52,797	51,364	103
Total trade and other receivables	618,630	560,434	110

Cash and cash equivalents

€246,599 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Cash in hand	61	71	86
Bank balances	246,538	173,940	142
Total cash and cash equivalents	246,599	174,011	142

Bank balances included a deposit of €141,125 thousand with a maturity of less than 90 days (31 December 2023: €118,000 thousand).

Equity

€2,275,130 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Share capital	54,732	54,732	100
Treasury shares	-145,058	-138,489	105
Reserves	162,133	154,495	105
– Reserves for treasury shares	145,058	138,489	105
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	972	-511	
– Translation reserve	-134,784	-134,370	100
Retained earnings	2,183,627	2,091,317	104
Total equity attributable to the holders of the controlling company	2,255,434	2,162,055	104
Non-controlling interests	19,696	19,711	100
Total equity	2,275,130	2,181,766	104

Trade payables

€162,430 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Current trade payables	162,430	153,762	106
Payables to domestic suppliers	57,273	57,459	100
Payables to foreign suppliers	105,157	96,303	109
Total trade payables	162,430	153,762	106

Provisions

€125,566 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Provisions for lawsuits	10,582	10,582	100
Provisions for post-employment benefits	95,136	94,282	101
Provisions for other non-current employee benefits	19,342	19,004	102
Other provisions	506	530	95
Total provisions	125,566	124,398	101

Deferred income

€5,428 thousand

€ thousand	31 Mar 2024	31 Dec 2023	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	658	687	96
Grants received from the budget for the Dolenjske and Šmarješke Toplice health resorts and Golf Grad Otočec	3,123	3,144	99
Grants received from the European Regional Development Fund (Farma GRS)	1,526	1,567	97
Subsidy for acquisition of electric drive vehicles	1	1	100
Property, plant and equipment received free of charge	19	14	136
Emission coupons	10	10	100
Subsidy for purchase of joinery	90	90	100
Subsidy for acquisition of other equipment	1	1	100
Subsidy for increased gas prices	0	33	0
Total deferred income	5,428	5,547	98

Current contract liabilities

€170,306 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Refund liabilities	158,176	154,065	103
– Bonuses and volume rebates	156,564	152,347	103
– Rights of return	1,612	1,718	94
Contract liabilities	12,130	8,108	150
– Deferred income	1,432	1,381	104
– Advances from other customers	10,698	6,727	159
Total current contract liabilities	170,306	162,173	105

Other current liabilities

€91,061 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Payables to employees – gross salaries, other receipts and charges	74,721	88,803	84
Derivatives	0	2,653	0
Other	16,340	13,504	121
Total other current liabilities	91,061	104,960	87

Contingent liabilities

€18,669 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Guarantees issued	17,656	17,823	99
Other	1,013	1,417	71
Total contingent liabilities	18,669	19,240	97

Fair value

€ thousand	31 Mar 2024		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	36,299		70,098	
Investments at fair value through OCI (equity instruments)	28,799	28,799	26,901	26,901
Investments at amortised cost (debt instruments)	0		20,773	
Current financial assets				
Loans	59,525		58,719	
Investments at fair value through profit or loss	255,470	255,470	236,751	236,751
Investments at amortised cost (debt instruments)	61,549		70,018	
Derivatives	710	710	0	0
Trade receivables	565,833		509,070	
Cash and cash equivalents	246,599		174,011	
Non-current financial liabilities				
Lease liabilities	-9,170		-8,547	
Current financial liabilities				
Derivatives	0	0	-2,653	-2,653
Lease liabilities	-3,567		-3,452	
Trade payables excluding advances	-162,430		-153,762	
Contract liabilities excluding advances	-156,564		-152,347	
Other liabilities excluding amounts owed to the state, to employees, and advances	-9,674		-8,629	
Total	913,379	284,979	836,951	260,999

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	31 Mar 2024				31 Dec 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI	27,412	0	1,387	28,799	25,514	0	1,387	26,901
Investments through profit or loss	255,470	0	0	255,470	236,751	0	0	236,751
Derivatives	0	0	710	710	0	0	0	0
Total assets at fair value	538,352	0	2,097	540,449	499,016	0	1,387	500,403

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

Statement of financial position of Krka, d. d., Novo mesto

€ thousand	31 Mar 2024	31 Dec 2023	Index
Assets			
Property, plant and equipment	598,423	595,525	100
Intangible assets	25,098	26,043	96
Investments in subsidiaries	357,265	357,265	100
Loans	10,913	41,243	26
Investments	28,798	47,673	60
Deferred tax assets	7,288	7,846	93
Other non-current assets	646	640	101
Total non-current assets	1,028,431	1,076,235	96
Assets held for sale	41	41	100
Inventories	508,426	513,892	99
Trade receivables	529,364	463,126	114
Other receivables	45,835	47,116	97
Loans	67,225	65,699	102
Investments	317,729	306,769	104
Cash and cash equivalents	165,787	140,993	118
Total current assets	1,634,407	1,537,636	106
Total assets	2,662,838	2,613,871	102
Equity			
Share capital	54,732	54,732	100
Treasury shares	-145,058	-138,489	105
Reserves	298,530	290,481	103
Retained earnings	2,017,790	1,926,534	105
Total equity	2,225,994	2,133,258	104
Liabilities			
Provisions	115,144	113,999	101
Deferred income	2,295	2,366	97
Lease liabilities	2,406	2,565	94
Total non-current liabilities	119,845	118,930	101
Trade payables	176,615	175,847	100
Borrowings	66,936	88,061	76
Lease liabilities	1,031	1,022	101
Contract liabilities	12,583	18,953	66
Other current liabilities	59,834	77,800	77
Total current liabilities	316,999	361,683	88
Total liabilities	436,844	480,613	91
Total equity and liabilities	2,662,838	2,613,871	102

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

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Revenue	458,696	443,241	103
– Revenue from contracts with customers	456,614	440,197	104
– Other revenue	2,082	3,044	68
Cost of goods sold	-198,672	-195,835	101
Gross profit	260,024	247,406	105
Other operating income	1,036	265	391
Selling and distribution expenses	-76,991	-76,441	101
– Of that net impairments and write-offs of receivables	16	1,387	1
R&D expenses	-46,023	-42,851	107
General and administrative expenses	-26,485	-24,193	109
Operating profit	111,561	104,186	107
Finance income	8,452	3,727	227
Finance expenses	-4,127	-18,438	22
Net finance result	4,325	-14,711	
Profit before tax	115,886	89,475	130
Income tax expense	-18,061	-13,896	130
Net profit	97,825	75,579	129
Basic earnings per share* (€)	3.17	2.44	130
Diluted earnings per share** (€)	3.17	2.44	130

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

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

Statement of other comprehensive income of Krka, d. d., Novo mesto

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Net profit	97,825	75,579	129
Other comprehensive income for the period			
Other comprehensive income that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	1,898	2,875	66
Deferred tax effect	-418	-546	77
Net other comprehensive income that will not be reclassified to profit or loss at a future date	1,480	2,329	64
Total other comprehensive income for the period (net of tax)	1,480	2,329	64
Total comprehensive income for the period (net of tax)	99,305	77,908	127

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 from previous periods		Profit for the period
Balance at 1 Jan 2024	54,732	-138,489	138,489	105,897	14,990	30,000	1,105	1,544,595	101,381	280,558	2,133,258
Net profit	0	0	0	0	0	0	0	0	0	97,825	97,825
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	1,480	0	0	0	1,480
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	1,480	0	0	97,825	99,305
Transactions with owners, recognised in equity											
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	280,558	-280,558	0
Repurchase of treasury shares	0	-6,569	0	0	0	0	0	0	0	0	-6,569
Formation of reserves for treasury shares	0	0	6,569	0	0	0	0	0	0	-6,569	0
Total transactions with owners, recognised in equity	0	-6,569	6,569	0	0	0	0	0	280,558	-287,127	-6,569
Balance at 31 Mar 2024	54,732	-145,058	145,058	105,897	14,990	30,000	2,585	1,544,595	381,939	91,256	2,225,994

€ 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 from previous periods	Profit for the period	
Balance at 1 Jan 2023	54,732	-124,566	124,566	105,897	14,990	30,000	4,307	1,442,702	69,974	338,190	2,060,792
Net profit	0	0	0	0	0	0	0	0	0	75,579	75,579
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	2,329	0	0	0	2,329
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	2,329	0	0	75,579	77,908
Transactions with owners, recognised in equity											
Transfer of previous periods' profit to retained earnings	0	0	0	0	0	0	0	0	338,190	-338,190	0
Repurchase of treasury shares	0	-3,387	0	0	0	0	0	0	0	0	-3,387
Formation of reserves for treasury shares	0	0	3,387	0	0	0	0	0	0	-3,387	0
Total transactions with owners, recognised in equity	0	-3,387	3,387	0	0	0	0	0	338,190	-341,577	-3,387
Balance at 31 Mar 2023	54,732	-127,953	127,953	105,897	14,990	30,000	6,636	1,442,702	408,164	72,192	2,135,313

Statement of cash flows of Krka, d. d., Novo mesto

€ thousand	Jan–Mar 2024	Jan–Mar 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	97,825	75,579
Adjustments for:	33,789	33,175
– Amortisation/Depreciation	17,578	19,894
– Net foreign exchange gains and losses	-1,016	1,036
– Net write-offs and allowances for inventories	3,466	878
– Net impairments and write-offs of receivables	-16	-1,387
– Investment income	-8,820	-4,261
– Investment expenses	1,994	1,679
– Income on financing activities	0	-1
– Interest expense and other finance expenses	2,542	1,441
– Income tax expense	18,061	13,896
Operating profit before changes in net current assets	131,614	108,754
Change in trade receivables	-67,640	-77,253
Change in inventories	2,001	-7,376
Change in trade payables	-2,952	12,234
Change in provisions	79	-487
Change in deferred income	-71	-113
Change in other current liabilities	-15,313	-1,379
Income tax paid	-15,949	-10,257
Net cash flow from operating activities	31,769	24,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,808	2,859
Proportionate profit of subsidiaries	718	0
Proceeds from sale of property, plant and equipment	537	83
Acquisition of property, plant and equipment	-21,668	-22,732
Acquisition of intangible assets	-940	-1,373
Acquisition of subsidiaries and a share of non-controlling interests net of financial assets acquired	0	-9
Proceeds from non-current loans	30,462	2,104
Payments for non-current loans	-95	-323
Net payments for current loans	-1,712	-62
Proceeds from sale of non-current investments	29,764	1,244
Payments for acquiring non-current investments	-7	-5
Proceeds from sale of current investments	30,000	0
Payments for acquiring current investments	-45,870	0
Proceeds from derivatives	14	662
Payments for derivatives	-1,584	0
Net cash flow from investing activities	22,427	-17,552
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-1,359	-575
Net payments for/proceeds from current borrowings	-21,225	9,068
Lease liabilities paid	-297	-296
Repurchase of treasury shares	-6,569	-3,387
Net cash flow from financing activities	-29,450	4,810
Net increase in cash and cash equivalents	24,746	11,381
Cash and cash equivalents at beginning of period	140,993	470,297
Effect of movements in exchange rates on cash held	48	111
Closing balance of cash and cash equivalents	165,787	481,789

Notes to financial statements of Krka, d. d., Novo mesto

Costs by nature

€348,171 thousand

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Cost of goods and materials	139,100	143,867	97
Cost of services	88,827	87,974	101
Employee benefits	95,111	88,221	108
Amortisation and depreciation	17,578	19,894	88
Net write-offs and allowances for inventories	3,466	878	395
Net impairments and write-offs of receivables	-16	-1,387	1
Other operating expenses	8,436	7,653	110
Total costs	352,502	347,100	102
Change in the value of inventories of finished products and work in progress	-4,331	-7,780	56
Total	348,171	339,320	103

Employee benefits

€95,111 thousand

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Gross wages and salaries and continued pay	73,730	68,360	108
Social security contributions	5,965	5,523	108
Pension insurance contributions	8,765	8,250	106
Post-employment benefits and other non-current employee benefits	1,358	1,116	122
Other employee benefits	5,293	4,972	106
Total employee benefits	95,111	88,221	108

Other operating expenses

€8,436 thousand

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Grants and assistance for humanitarian and other purposes	342	368	93
Environmental protection expenditures	1,296	1,187	109
Other taxes and levies	5,217	4,621	113
Loss on sale and write-offs of property, plant and equipment and intangible assets	482	535	90
Other operating expenses	1,099	942	117
Total other operating expenses	8,436	7,653	110

Other levies include various taxes and levies paid on pharmaceuticals and fees paid to associates in individual foreign countries for pursuing promotional activities.

Finance income and expenses

€ thousand	Jan–Mar 2024	Jan–Mar 2023	Index
Net foreign exchange gains	30	0	
Interest income	2,513	3,065	82
Derivative income	3,378	662	510
– Realised revenue	14	662	2
– Change in fair value	3,364	0	
Income from other financial instruments	2,531	0	
– Realised revenue	772	0	
– Change in fair value	1,759	0	
Total finance income	8,452	3,727	227
Net foreign exchange losses	0	-15,800	0
Interest expense	-1,438	-555	259
– Interest paid	-1,417	-539	263
– Interest expense on lease liabilities	-21	-16	131
Derivative expenses	-1,584	-1,196	132
– Realised expenses	-1,584	0	
– Change in fair value	0	-1,196	0
Other finance expenses	-1,105	-887	125
Total finance expenses	-4,127	-18,438	22
Net finance result	4,325	-14,711	

Income tax expense

€18,061 thousand

Current income tax amounted to €17,921 thousand or 15.5% of profit before tax. Taking into account deferred tax of €140 thousand, the tax totalling €18,061 thousand was expensed in the income statement. The effective tax rate was 15.6%.

Property, plant and equipment

€598,423 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Land	51,786	51,786	100
Buildings	237,653	242,811	98
Equipment	240,275	240,106	100
Property, plant and equipment being acquired	65,316	57,273	114
Right-of-use assets	3,393	3,549	96
Total property, plant and equipment	598,423	595,525	100

The value of property, plant and equipment accounted for 22% of the Krka balance sheet total. See the 'Investments' section in the business report for details on Krka's major investments.

Intangible assets

€25,098 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Concessions, trademarks and licences	14,213	15,138	94
Other intangible assets	8,302	7,556	110
– Long-term deferred operating costs	199	216	92
– Development-related projects	4,644	4,478	104
– Emission coupons	3,459	2,862	121
Intangible assets being acquired	2,583	3,349	77
Total intangible assets	25,098	26,043	96

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

Loans

€78,138 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Non-current loans	10,913	41,243	26
– Loans to others	10,913	11,243	97
– Deposits granted to banks	0	30,000	0
Current loans	67,225	65,699	102
– Portion of non-current loans maturing next year	12,789	12,827	100
– Loans to subsidiaries	3,613	1,697	213
– Loans to others	9	13	69
– Deposits granted to banks	50,000	50,000	100
– Current interest receivables	814	1,162	70
Total loans	78,138	106,942	73

Current bank deposits included a €50,000 thousand deposit with a maturity of more than 90 days and less than one year at a foreign bank with a high credit rating.

Investments

€346,527 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Non-current investments	28,798	47,673	60
– Investments at fair value through OCI (equity instruments)	28,798	26,900	107
– Investments at amortised cost (debt instruments)	0	20,773	0
Current investments including derivatives	317,729	306,769	104
– Investments at fair value through profit or loss	255,470	236,751	108
– Investments at amortised cost (debt instruments)	61,549	70,018	88
– Derivatives	710	0	
Total investments	346,527	354,442	98

Investments at fair value through OCI comprised €1,044 thousand of investments in shares and interests in companies in Slovenia (end of 2023: €953 thousand), and €27,754 thousand of shares and interests in companies located outside Slovenia (end of 2023: €25,947 thousand).

Current investments at amortised cost (debt instruments) are bonds with a maturity of less than one year and with a credit risk rating that corresponds the globally understood definition of investment grade. Of all investments, 35% belong to the upper medium investment grade and 65% to the lower medium investment grade. Investments at amortised cost included no investments in Slovenian government bonds (end of 2023: €6,033 thousand), while investments in foreign government bonds amounted to €61,549 thousand (end of 2023: €84,758 thousand).

The decrease in investments at amortised cost of €29,242 thousand (included current and non-current investments at amortised costs) was due to the maturity of government bonds. The increase in investments at fair value through profit or loss amounting to €18,719 thousand included acquisitions of treasury bills of €45,870 thousand, disposal of treasury bills due to their maturity totalling €29,228 thousand, revaluation of treasury bills of €318 thousand, and allowance for treasury bills totalling €1,759 thousand.

Inventories

€508,426 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Material	241,059	249,217	97
Work in progress	111,653	113,596	98
Finished products	114,905	110,199	104
Merchandise	22,409	18,705	120
Advances for inventories	18,400	22,175	83
Total inventories	508,426	513,892	99

Trade and other receivables

€575,199 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Current trade receivables	529,364	463,126	114
– Receivables due from subsidiaries	305,895	268,438	114
– Receivables due from customers other than Group companies	223,469	194,688	115
Current dividend receivables	9,121	9,837	93
Current receivables due from others	36,714	37,279	98
Total trade and other receivables	575,199	510,242	113

Cash and cash equivalents

€165,787 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Bank balances	165,787	140,993	118
Total cash and cash equivalents	165,787	140,993	118

Bank balances included a deposit of €141,125 thousand with a maturity of less than 90 days (31 December 2023: €118,000 thousand).

Equity

€2,225,994 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Share capital	54,732	54,732	100
Treasury shares	-145,058	-138,489	105
Reserves	298,530	290,481	103
– Reserves for treasury shares	145,058	138,489	105
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	2,585	1,105	234
Retained earnings	2,017,790	1,926,534	105
Total equity	2,225,994	2,133,258	104

Trade payables

€176,615 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Current trade payables	176,615	175,847	100
Payables to subsidiaries	47,815	53,490	89
Payables to domestic suppliers	51,681	53,639	96
Payables to foreign suppliers	77,119	68,718	112
Total trade payables	176,615	175,847	100

Provisions

€115,144 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Provisions for lawsuits	10,543	10,543	100
Provisions for post-employment benefits	86,398	85,564	101
Provisions for other non-current employee benefits	18,203	17,892	102
Total provisions	115,144	113,999	101

Deferred income

€2,295 thousand

€ thousand	31 Mar 2024	31 Dec 2023	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	658	687	96
Subsidy for acquisition of electric drive vehicles	1	1	100
Property, plant and equipment received free of charge	9	10	90
Emission coupons	10	10	100
Subsidy for purchase of joinery	90	90	100
Subsidy for acquisition of other equipment	1	1	100
Grants received from the European Regional Development Fund (Farma GRS)	1,526	1,567	97
Total deferred income	2,295	2,366	97

Borrowings

€66,936 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Current borrowings	66,936	88,061	76
– Borrowings from subsidiaries	66,432	87,655	76
– Current interest payable	504	406	124
Total borrowings	66,936	88,061	76

Current contract liabilities

€12,583 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Refund liabilities	5,738	13,900	41
– Bonuses and volume rebates	5,738	13,900	41
Contract liabilities	6,845	5,053	135
– Advances from other customers	6,845	5,053	135
Total current contract liabilities	12,583	18,953	66

Other current liabilities

€59,834 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Payables to employees – gross salaries, other receipts and charges	56,965	72,498	79
Derivatives	0	2,653	0
Other	2,869	2,649	108
Total other current liabilities	59,834	77,800	77

Contingent liabilities

€16,256 thousand

€ thousand	31 Mar 2024	31 Dec 2023	Index
Guarantees issued	15,243	15,238	100
Other	1,013	1,417	71
Total contingent liabilities	16,256	16,655	98

Fair value

€ thousand	31 Mar 2024		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	10,913		41,243	
Investments at fair value through OCI (equity instruments)	28,798	28,798	26,900	26,900
Investments at amortised cost (debt instruments)	0		20,773	
Current financial assets				
Loans	67,225		65,699	
Investments at fair value through profit or loss	255,470	255,470	236,751	236,751
Investments at amortised cost (debt instruments)	61,549		70,018	
Derivatives	710	710	0	0
Trade receivables	529,364		463,126	
Cash and cash equivalents	165,787		140,993	
Non-current financial liabilities				
Lease liabilities	-2,406		-2,565	
Current financial liabilities				
Borrowings	-66,936		-88,061	
Derivatives	0	0	-2,653	-2,653
Lease liabilities	-1,031		-1,022	
Trade payables excluding advances	-176,615		-175,847	
Contract liabilities excluding advances	-5,738		-13,900	
Other liabilities excluding amounts owed to the state, to employees, and advances	-1,736		-1,333	
Total	865,354	284,978	780,122	260,998

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	31 Mar 2024				31 Dec 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI	27,412	0	1,386	28,798	25,514	0	1,386	26,900
Investments through profit or loss	255,470	0	0	255,470	236,751	0	0	236,751
Derivatives	0	0	710	710	0	0	0	0
Total assets at fair value	282,882	0	2,096	284,978	262,265	0	1,386	263,651

STATEMENT OF COMPLIANCE

The Management Board of Krka, d. d., Novo mesto hereby states that the condensed financial statements of Krka and the condensed consolidated financial statements of the Krka Group for the period ended 31 March 2024 have been prepared so as to provide a true and fair view of the financial position and operating results of the Krka Group and Krka. The condensed financial statements for the first quarter of 2024 have been prepared using the same accounting policies as for the 2023 annual financial statements of the Krka Group and Krka.

The condensed financial statements for the period ended 31 March 2024 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 2023.

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, 6 May 2024



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