

## PRESS RELEASE

### Krka Reports Half-Year 2023 Business Results

**Novo mesto, 20 July 2023** – In the first six months of 2023 Krka Group revenue amounted to €920.4 million, up 7% year on year, resulting in €236.2 million of operating profit – the highest to date. Net profit totalled €170.1 million, which is more than a half of the planned 2023 full-year net profit. The Krka Supervisory Board discussed the 2023 Semi-Annual interim report for the Krka Group and Krka, d. d. at its regular meeting yesterday.

The President of the Management Board and Chief Executive Jože Colarič explained: “The Krka Group operating results for the first half of the year are good. Sales increased in all six sales regions, in most our key markets, and for all product and service groups. The reported half-year operating profit is the highest to date; it increased by 70% despite inflation pressures. Net profit has exceeded one half of the planned 2023 full-year net profit; however, it is down 28% compared to that of the same period last year, when we recorded substantial foreign exchange gains. The gap between this year’s and last year’s net financial result, which is quite large for the first half of the year, is expected to close by the end of the year. The results for the six months to June are encouraging. We thus assume that 2023 targets are realistic and that we will reach the planned €1,755 million of sales and the planned net profit around €300 million.”

### Krka Group Financial Highlights

€ thousand	Jan–Jun 2023	Jan–Jun 2022	Index
Revenue	920,430	857,443	107
– Of that revenue from contracts with customers (products and services)	916,471	853,440	107
Gross profit	543,732	433,687	125
Earnings before interest, tax, depreciation and amortisation (EBITDA)	288,559	192,373	150
Operating profit (EBIT)	236,233	139,250	170
Profit before tax (EBT)	206,856	277,059	75
Net profit	170,128	236,151	72
Effective tax rate	17.8%	14.8%	
R&D expenses	85,654	81,020	106
Investments	45,663	49,479	92

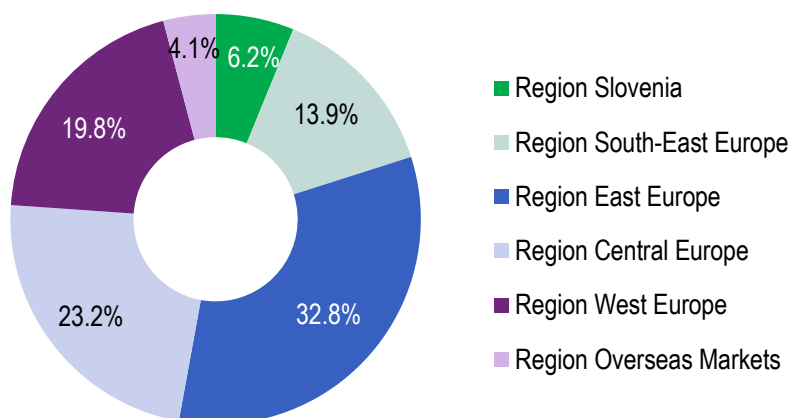
### Performance Ratios

	Jan–Jun 2023	Jan–Jun 2022
Gross profit margin	59.1%	50.6%
EBITDA margin	31.4%	22.4%
EBIT margin	25.7%	16.2%
EBT margin	22.5%	32.3%
Net profit margin (ROS)	18.5%	27.5%
Return on equity (ROE)	15.4%	22.6%
Return on assets (ROA)	12.5%	17.6%
Liabilities/Equity	0.221	0.251
R&D expenses/Revenue	9.3%	9.4%

Product and Service Sales by Region

€ thousand	Jan–Jun 2023	Jan–Jun 2022	Index
Region Slovenia	56,635	49,420	115
Region South-East Europe	127,449	119,261	107
Region East Europe	300,477	287,683	104
Region Central Europe	212,908	196,063	109
Region West Europe	181,360	168,536	108
Region Overseas Markets	37,642	32,477	116
<b>Total</b>	<b>916,471</b>	<b>853,440</b>	<b>107</b>

Sales in the First Half-Year 2023 by Region



The Group's largest region in terms of sales was Region East Europe, where product sales totalled €300.5 million. In the Russian Federation, Krka's largest single market, product sales totalled €179.8, up 4% year on year. In Ukraine, we sold €38.6 million worth of products, down 16% on the same period last year. After our distribution channels emptied the inventories over the first quarter and the consequent decrease in sales was offset over the second quarter, the sales dynamics is expected to pick up considerably in the second half of the year. In all other markets of Eastern Europe and Central Asia Krka's sales were up compared to the same period last year.

The second best result was recorded in Region Central Europe, where we sold €212.9 million worth of products. In Poland, Krka's second largest single market, product sales were €93.1 million, up 5% year on year, and in the Czech Republic product sales advanced by 15% to €34.5 million. Sales also increased in all other regional markets.

With €181.4 million worth of sales recorded there, Region West Europe was the third largest region. In Germany, Krka's largest market in the region and third largest single market, product sales amounted to €49.2 million, up 4% year-on-year. Sales growth was also recorded in all other regional markets, except the UK, with the best results reported from Portugal (up 24%), Ireland (up 20%), Austria (up 11%), and Scandinavia and Spain (up 10% in both).

In Region South-East Europe Krka generated product sales of €127.4 million, with sales increasing in all markets except Bulgaria.

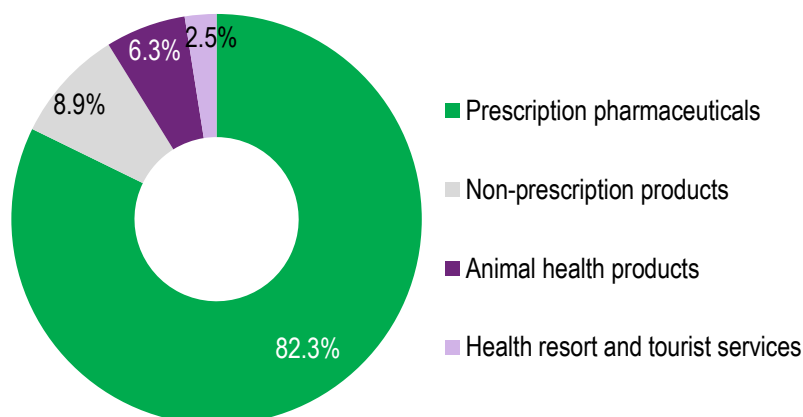
Sales in Region Slovenia totalled €56.6 million. According to the most recent available data, Krka holds a 7.4% share of the Slovenian market in terms of sales value, and thus remains the country's leading supplier of pharmaceuticals.

Sales growth in Region Overseas Markets was fuelled chiefly by the sales results for the Far East and Africa, which increased by more than half.

## Sales by Product and Service Group

€ thousand	Jan–Jun 2023	Jan–Jun 2022	Index
Human health products	835,603	786,814	106
– Prescription pharmaceuticals	753,689	709,172	106
– Non-prescription products	81,914	77,642	106
Animal health products	58,023	47,208	123
Health resort and tourist services	22,845	19,418	118
<b>Total</b>	<b>916,471</b>	<b>853,440</b>	<b>107</b>

## 2023 Half-Year Sales by Product and Service Group



## 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.

The Krka product range in China increased. A marketing authorisation for cardiovascular agent containing perindopril tert-butylamine was obtained. We also obtained approvals to market a modern antithrombotic containing rivaroxaban in the form of film-coated tablets, and a gliclazide agent in the form of modified release tablets, used to treat diabetes.

As to animal health, product for companion animals Robexera/Rogiola (robenacoxib) was approved in the form of chewable tablets for dogs in the countries of the European Union. It treats chronic osteoarthritis and offers postoperative pain relief.

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.

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 we finalised 141 procedures, expanding our product range for companion animals.

## Investments

In the first half of 2023 the Krka Group devoted €45.7 million to investments, of which €36.5 million was allocated by the controlling company.

In Slovenia, we have completed two investments: the €2.5-million modernisation and production capacity increase at the Šentjernej Beta plant, and the refurbishment of Development and Control Centres, worth €1.8 million. Ongoing investments include the modernisation and increase of production capacity at the Notol plant, the Solid Dosage Form Products plant, the Bršljin Powder and Liquid Products plant, and the Ljutomer plant. In Novo mesto, 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.

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. The investment is estimated at €163 million and 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 had 11,653 full-time staff, up 55 on the year-end of 2022. Of these, 45% worked in subsidiaries and representative offices outside of Slovenia. As many as 51% of Krka employees have at least university-level education. Together with agency workers, Krka had a total staff of 12,641.

### **Investor and Share Information**

At the end of June 2023 Krka had 47,125 shareholders. 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, when it traded at €92.00.

In the first half of 2023, Krka had repurchased a total of 41,279 treasury shares. At the end of June 2023, it thus held 1,827,128 treasury shares, accounting for 5.572% of the Company's share capital.