

PRESS RELEASE

Otočec, 8 July 2021

The 27th Annual General Meeting of Krka, tovarna zdravil, d. d., Novo mesto is currently held at the Šport Hotel in Otočec, Slovenia. President of the Management Board and Chief Executive of Krka Jože Colarič has presented key 2020 Krka Group business results and some preliminary operating results for the first half of 2021. The Supervisory Board is due to discuss the final unaudited operating results of Krka and the Krka Group for the first half of 2021 at their regular meeting of 28 July. A press release follows the next day.

The next item on the agenda is shareholders' voting on the proposed resolutions. The information on adopted resolutions follows in a separate notice.

Preliminary Operating Results of the Krka Group for the First Half of 2021

The Krka Group generated €808.6 million in sales, of which revenue from contracts with customers (products and services) amounted to €806.5 million, Krka's strongest half-year sales to date. Overall sales grew by 4.8 million, or 1% year on year. We can attribute last year's sales results primarily to high sales in the first quarter, which followed the surge in demand for Krka's products during the first wave of the COVID-19 pandemic. The 2021 second quarter sales amounted to €412.8 million, up 21% year on year.

We sold €764.8 million worth of products in markets outside Slovenia, constituting 95% of Krka Group's total product-and-service sales. Sales volume amounted to 8.2 billion units, i.e. tablets, capsules, injections, etc., a 2% increase on the same period last year.

Financial Highlights

€ million	Jan–June 2021	Jan–June 2020	Index
Revenue	808.6	803.8	101
– Of that revenue from contracts with customers (products and services)	806.5	801.8	101
Earnings before interest, tax, depreciation and amortisation (EBITDA)	254.7	272.9	93
Operating profit (EBIT)	200.1	216.7	92
Net profit	177.4	160.3	111
Ratios			
EBITDA margin	31.5%	34.0%	
EBIT margin	24.7%	27.0%	
Net profit margin	21.9%	19.9%	

The Krka Group's estimated operating profit (EBIT) amounted to €200.1 million, down 8% from previous year, while estimated operating profit before depreciation and amortization (EBITDA) totalled €254.7 million.

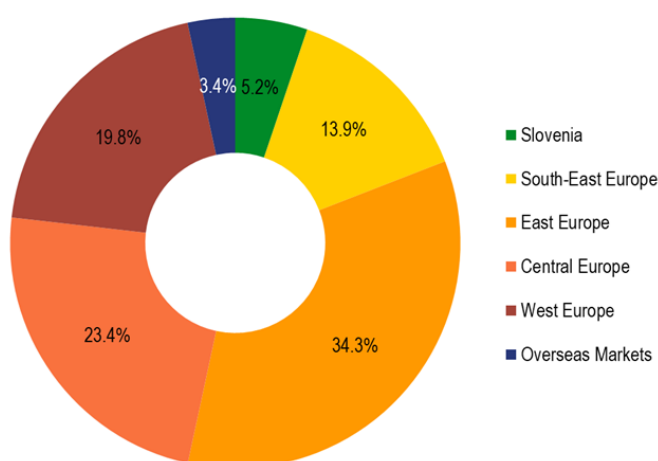
The Krka Group recorded estimated net profit of €177.4 million, an 11% year-on-year increase, Krka's highest half-year net profit to date.

Estimated net profit margin of the Krka Group in the first half of 2021 was 21.9%, estimated EBIT margin 24.7%, and **estimated EBITDA margin 31.5%**.

Estimated Krka Group Sales by Region

Product and Service Sales by Region

€ million	Jan–June 2021	Jan–June 2020	Index
Slovenia	41.8	38.3	109
South-East Europe	112.3	103.5	108
East Europe	276.5	271.7	102
Central Europe	188.9	182.7	103
West Europe	159.6	181.6	88
Overseas Markets	27.5	24.0	114
Total	806.5	801.8	101



Accounting for 34.3% of total sales, the Group's largest region in terms of sales was **Region East Europe**. Sales reached **€276.5 million**, up €4.8 million, or a 2% year-on-year rise. Product sales in the Russian Federation, our largest individual market, totalled €168.2 million, down 7% on last year. Sales denominated in the Russian rouble recorded a 10% year-on-year increase, as the average rouble exchange rate in the first half of 2021 dropped by 15% on the first half of 2020. Sales growth was recorded in most other markets of Eastern Europe and Central Asia.

Second largest sales region was **Region Central Europe**, accounting for 23.4% of total Krka Group sales. **This region generated €188.9 million in product sales**, up €6.2 million or a 3% increase year on year. In Poland, the largest regional market, product sales added up to €87.6 million, a 2% year-on-year increase. Sales denominated in the Polish zloty grew by 5%.

Generating €159.6 million, Region West Europe was the third largest region in terms of sales, accounting for 19.8% of Krka Group sales. Year on year, sales lagged behind by 12%, primarily due to expiry of certain public tenders. We increased sales in the UK, France, Ireland, and Austria. In Germany, the largest market in the region, we sold €43.3 million worth of products, recording a 10% year-on-year decline.

In Region South-East Europe, product sales amounted to €112.3 million, constituting 13.9% of Krka Group total sales. Product sales went up by €8.7 million or 8% year on year. We recorded the highest sales growth in absolute terms in Bulgaria, Romania, North Macedonia, and Serbia.

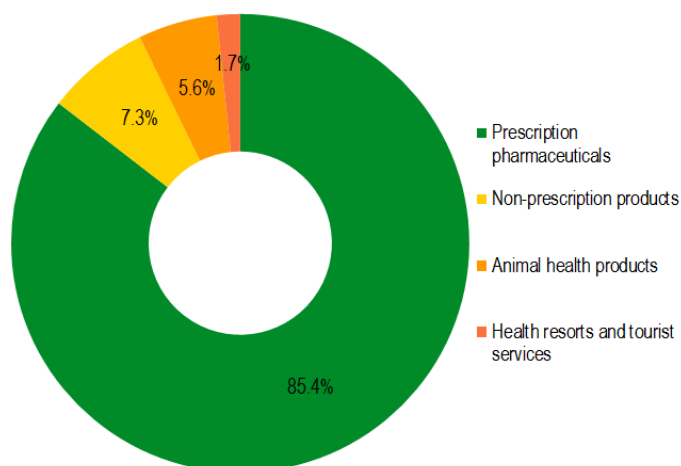
Region Slovenia increased sales of products and services by 9% to €41.8 million. Product sales remained similar as last year and amounted to €28.4 million. Health resorts and tourist services generated €13.3 million, a 33% year-on-year rise. Sales on the domestic market accounted for 5.2% of overall sales.

Region Overseas Markets generated product sales of €27.5 million, up 14%, constituting a 3.4% share of Krka Group sales.

Estimated Krka Group Sales by Product and Service Group

Sales by Product and Service Groups

€ million	Jan–June 2021	Jan–June 2020	Index
Human health	748.2	753.2	99
– Prescription pharmaceuticals	689.1	691.7	100
– Non-prescription products	59.1	61.5	96
Animal health products	45.0	38.7	116
Health resorts and tourist services	13.3	10.0	133
Total	806.5	801.8	101



Sales of prescription pharmaceuticals totalled €689.1 million and remained at similar level as last year. Prescription pharmaceuticals accounted for 85.4% of total Krka Group sales. Year-on-year comparison shows that sales of **non-prescription products** dropped by 4% to **€59.1 million** (i.e. 7.3% share of overall sales). **Sales of animal health products increased by 16% to €45 million**, accounting for 5.6% of Krka Group sales. **Health resorts and tourist services generated €13.3 million**, a 1.7% share of total sales, up 33% year on year.

New Products

Krka develops new products, obtains relevant marketing authorisations for them, and places them on markets. **In the first half of 2021, we obtained marketing authorisations for six new products, of that five prescription pharmaceuticals and one animal health product.**

We obtained marketing authorisations for the following prescription pharmaceuticals:

- one antidiabetic: a single-pill combination of **vildagliptin** and **metformin**;
- two new oncology medicines: **abiraterone** and **sunitinib**;
- one analgesic: **tapentadol**; and
- one antibiotic in a new pharmaceutical form: **amoxicillin** dispersible tablets.

Of animal health products, we obtained marketing authorisations for an antibiotic combining **amoxicillin and clavulanic acid**.

Investments

According to estimates, the Krka Group allocated a good €28 million to investments in the first six months, of which more than €22 million to the controlling company.

Employees

At the end of June 2021, the Krka Group had 11,607 employees on payroll. Of these, 46% were employed in subsidiaries and representative offices abroad. As many as 51% of employees had at least university-level education. Together with agency workers, Krka had a total of 12,524 employees on payroll.

Share Information

At the end of June 2021, Krka had 47,129 shareholders. **On 30 June 2021, Krka share traded at €103.50 on the Ljubljana Stock Exchange, an increase of over 13% on year-end 2020, when it traded at €91.40.**

In the first half of 2021, Krka repurchased a total of 72,548 treasury shares. At the end of June 2021, it held 1,614,322 treasury shares, accounting for 4.923% of total shares.

2021 Business Plan

The 2021 plan projects sales at €1.535 billion and net profit at approximately €265 million. We intend to allocate €114 million to investment projects, primarily to increase and upgrade production facilities and the infrastructure, and 10% of revenue to research and development.

The Management Board remains committed to pursuing the strategy of a stable dividend policy and intends to allocate at least 50% of net profit of the Krka Group attributable to majority holders to dividend payments, and to investments and acquisitions in due consideration of the Group's financial needs.

We expect the 2021 business results also to depend on the spreading of COVID-19, related restrictions imposed by individual countries, global recovery after the pandemic, and fluctuation of exchange rates important for Krka. The achievement of the 2021 performance goals is due for publishing on 18 November 2021, together with the updated 2022–2026 Krka strategy.