



PRESS RELEASE

2022 Krka Group Performance Estimate

Novo mesto, 26 January 2023 – The Management Board of Krka, d. d. held a press conference today to present the Krka Group 2022 preliminary unaudited performance estimate, which the Supervisory Board discussed at their meeting yesterday. The Krka Group generated €1,717.5 million of revenue last year, up 10% on 2021. According to preliminary unaudited financial statement estimates, the Krka Group's net profit totalled €361.1 million, up 17% on 2021. The Krka Group and Krka 2022 unaudited financial statements will be released on Thursday, 16 March 2023.

The President of the Management Board and Chief Executive Jože Colarič stated: "The business operations of the Krka Group in 2022 were successful. Our sound business model and constant adjustments in various areas of operation helped us tackle the challenges we were faced with last year. The recorded revenue was the strongest since incorporation, totalling €1,717.5 million, up 10% year-over-year. Sales increased in all six sales regions, in most of our key markets, and across all product and service groups. Profitability remained high in 2022. The estimated a good €361 million of net profit is an increase by 17% over 2021. We obtained marketing authorisations for 11 new products – 9 prescription pharmaceuticals and 2 non-prescription products – and completed 490 marketing authorisation procedures. Investments at Group level amounted to €106 million and are expected to increase further this year. The Management and Supervisory Board adopted the Krka Group ESG Policy and the key strategic goals for the most important sustainability areas. They clearly set out the direction Krka is taking in respect of sustainable development. We are confident that our good performance will be recognised by our shareholders, which will have a positive impact on Krka's share."

Key Performance Estimates

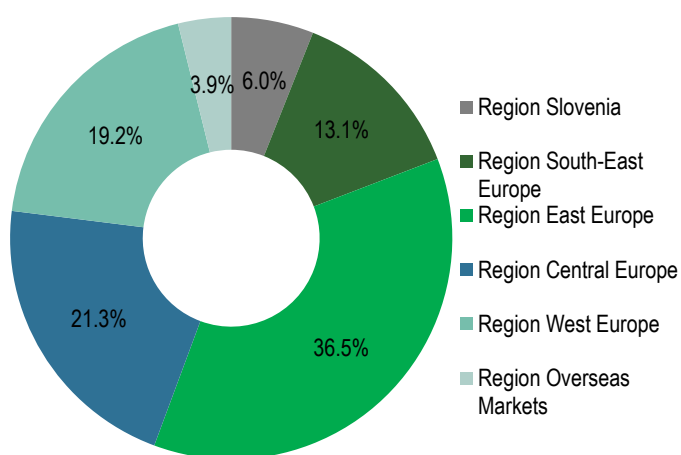
€ thousand	Krka Group		
	2022 Estimate	2021 Realised	Change
Revenue	1,717,453	1,565,802	+10%
– Of that revenue from contracts with customers (products and services)	1,708,542	1,560,288	+10%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	488,160	463,625	+5%
Operating profit (EBIT)	380,348	354,788	+7%
Net financial result	51,827	7,629	
Profit before tax (EBT)	432,175	362,417	+19%
Net profit	361,139	308,150	+17%
Earnings per share – EPS (in €)	11.62	9.88	+18%
RATIOS			
EBITDA margin	28.4%	29.6%	
EBIT margin	22.1%	22.7%	
EBT margin	25.1%	23.1%	
Net profit margin	21.0%	19.7%	

Sales

In 2022, the Krka Group generated €1,717.5 million of revenue, of which revenue from contracts with customers on sales of products and services amounted to €1,708.5 million. Revenue from contracts with customers on sales of materials and other sales revenue constituted the difference. **2022 revenue exceeded the full-year revenue for 2021 by €151.7 million or 10%.**

Product and Service Sales by Region

€ thousand	Krka Group		
	2022	2021	Change
Region Slovenia	103,047	92,880	+11%
Region South-East Europe	224,523	209,166	+7%
Region East Europe	623,377	547,778	+14%
Region Central Europe	364,154	351,501	+4%
Region West Europe	327,343	305,246	+7%
Region Overseas Markets	66,098	53,717	+23%
Total	1,708,542	1,560,288	+10%



Sales growth was recorded in all sales regions and most sales markets.

The largest region in terms of sales was Region East Europe, where the Krka Group generated €623.4 million, accounting for 36.5% of Krka Group's sales total. Sales increased by 14% year on year. Product sales in the Russian Federation totalled €387.0 million, a 16% rise on 2021. Sales growth was also recorded in all other markets of this region, apart from Ukraine where the product sales total of €95.2 million represent a 1% decline year-over-year.

Region Central Europe followed with €364.2 million in sales, which represents

21.3% of total Krka Group sales and a 4% increase compared to the year before. The Region's leading market was Poland, where Krka generated product sales of €168.2 million and recorded a 1% sales growth. Sales also increased in other countries of the Region except in Hungary. Absolute growth was the highest in the Czech Republic, and relative sales growth in the Czech Republic and Lithuania.

The third largest region in terms of sales value was Region West Europe where sales totalled €327.3 million in 2022, accounting for a 19.2% share of overall Krka Group sales, up 7% year on year. The Region's largest market was Germany, where product sales totalled €88.6 million, up 10%. The Scandinavian countries, France, Italy and Portugal followed. The highest growth rates were recorded in the Benelux, Portugal and Germany.

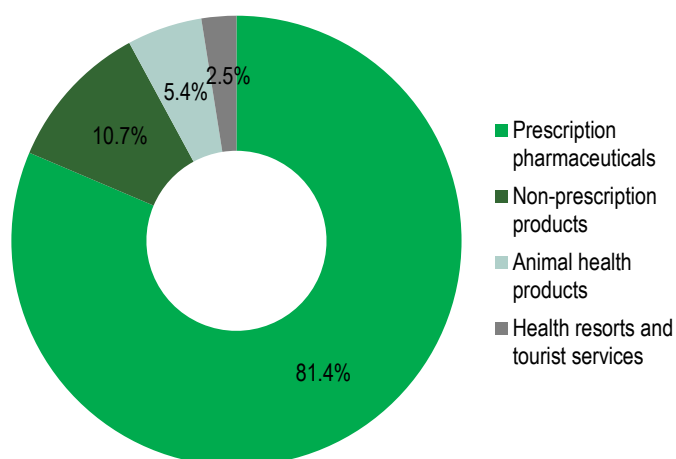
Product sales in Region South-East Europe amounted to €224.5 million, 7% more than in 2021, and constituted 13.1% of total Krka Group sales. The two leading regional markets remained Romania and Croatia, where we also recorded the highest absolute sales growth, with sales increases being recorded in all regional markets.

Region Slovenia recorded sales of €103.0 million, accounting for 6% of total Krka Group sales, up 11%. Products sales increased by 7% and at €60.5 million constituted the bulk of sales total. Health resorts and tourist services sales amounted to €42.6 million, a 17% rise on 2021.

Region Overseas Markets represented a 3.9% share of total Krka Group sales, amounting to €66.1 million, a 23% year-on-year climb.

Sales by Product and Service Group

€ thousand	Krka Group		
	2022	2021	Change
Human health products	1,572,949	1,442,566	+9%
– Prescription pharmaceuticals	1,390,972	1,305,316	+7%
– Non-prescription products	181,977	137,250	+33%
Animal health products	93,041	81,257	+15%
Health resorts and tourist services	42,552	36,465	+17%
Total	1,708,542	1,560,288	+10%



The sales of prescription pharmaceuticals totalled €1,391.0 million, up 7% year-over-year. This accounts for 81.4% of total Krka Group sales of products and services. Sales increased in all regions, rising 25% in Region Overseas Markets, 9% in Region East Europe, 7% in Region Slovenia, 6% in both Region South-East Europe and Region West Europe, and 2% in Region Central Europe. As to the highest relative growth in the sales of prescription pharmaceuticals, it was the Czech Republic, Germany and the Russian Federation that were in the lead among our largest ten individual markets, while China, Uzbekistan and Kazakhstan stood out among the others. Krka's top-ranking therapeutic

classes of prescription pharmaceuticals also in 2022 included cardiovascular agents, central nervous system agents, and products for the gastrointestinal tract.

The ten leading prescription pharmaceuticals in terms of sales were product groups containing APIs:

- Perindopril (Prelessa, Co-Prelessa, Amlessa, Co-Amlessa, Roxiper, Roxampex),
- Valsartan (Valsacor, Valsacombi, Vamloset, Co-Vamloset, Valarox),
- Losartan (Lorista, Lorista H, Lorista HD, Tenloris),
- Pantoprazole (Nolpaza),
- Rosuvastatin (Roswera, Co-Roswera),
- Atorvastatin (Atoris),
- Esomeprazole (Emanera),
- Enalapril (Enap, Enap H, Enap HL, Elernap),
- Tramadol (Doreta, Tadol) and
- Candesartan (Karbic, Karbicombi, Kandoset).

These pharmaceuticals are marketed under different brand names in individual markets.

Non-prescription products sales were up 33% year-over-year and contributed €182.0 million to overall sales (a 10.7% share of sales total). The sales of animal health products increased by 15% and amounted to €93.0 million (5.4% of sales total). Health resorts and tourist services contributed €42.6 million in sales, up 17% on 2021 (2.5% of sales total).

Research and Development

We were granted marketing authorisations for 11 new products, of that 9 prescription pharmaceuticals, and 2 non-prescription products:

- The multiple sclerosis agent Aperany/Aregalu//Teriflago (teriflunomide),
- The antidiabetic Dapafors (dapagliflozin),
- The chronic pain relief for adults Apeneta/Adoben/Tapendolor (tapentadol),
- The cardiovascular agent Tezulix (ranolazine),
- The antithrombotic Dabiksom (dabigatran etexilate),

- The combination product for treating hypertension and/or stable coronary artery disease Neoamlessini/Amlessa/Amlessa NEO/Aramlessa/Tonarssa NEO/Dalnessaneo/Dalnessa AS/Aperneva (perindopril arginine/amlodipine),
- A valsartan agent for the Chinese market,
- A fixed-dose combination agent with perindopril tert-butylamine and indapamid, for the Chinese market,
- Vitamin D3 (cholecalciferol) tablets with 7,000 IU,
- A new non-prescription product containing magnesium, Magnezij Krka 400, and
- A sildenafil-based erectile dysfunction agent available without a prescription.

We finalized 490 marketing authorisation procedures in different markets, obtaining approvals for 358 prescription pharmaceuticals, 22 self-medication products and food supplements, and 110 animal health products.

As to APIs, we obtained 2 new Certificates of Suitability to the monograph of the European Pharmacopoeia (CEP) for losartan and rivaroxaban.

In 2022, we again devoted special attention to our well-established products and their evaluation, complementing and adjusting them with the latest scientific findings and with regulatory and marketing requirements. We submitted marketing authorisation documents and received approvals for more than 28,000 regulatory variations, which facilitates quality assurance and is helping us supply all markets with our products without interruptions.

We filed 14 patent applications for new technological solutions that we consider inventive on the global scale. Based on priority applications from 2021 we submitted 9 international applications. We were granted 3 patents in various countries. Over 200 valid patents protect Krka's technological solutions.

We filed 79 applications for Krka trademarks in Slovenia. We also filed 43 international and 10 national applications for trademarks. We have more than 1,100 registered trademarks in various countries.

Investments

Krka Group investments in 2022 totalled €106 million, of which the controlling company invested €79.5 million.

In 2022 we have completed the next important investments:

- Several highly automated and robotised packaging lines were installed into our state-of-the-art plant for the production of solid dosage forms, Notol 2 (Novo mesto, Slovenia). The plant is now fully technologically equipped. Its full capacity is 5 billion manufactured and 8 billion packaged tablets per year. The most recent investment amounted to €39.2 million, with the total investment value of Notol 2 being €259 million.
- We finished several investments to upgrade the capacities for research, development and analyses in our development-and-control laboratories. They totalled €8.3 million.

In 2023 we continue with the following major investments:

- We dedicated €26 million for additional capacities in the Solid Dosage Forms plant (Novo mesto, Slovenia), which will be completed this year.
- We are doubling the production capacity for animal health products, and ensuring the long-term production of higher volumes of sterile products. The investment is estimated at €29 million.
- We plan to construct a new multi-purpose building in Novo mesto (Slovenia). It will house an extension for our microbiology laboratory and additional rooms for several organisational units. The investment is estimated at €19.3 million.
- New facilities for API development and production are planned in Krško (Slovenia). Based on project documentation and an IED OVD environmental impact assessment we obtained the integral building permit for the Sinteza 2 plant and laboratories for chemical analyses. The environmental permit has been granted, and construction works are planned to start after the environmental permit is final. The investment is in line with our strategy of vertical integration from the development of a product to its production and sales. It is estimated at €163 million.
- We expanded the production capacities in Ljutomer (Slovenia), with the total investment value estimated at €16.4 million.
- Our production and distribution centre in Jastrebarsko (Croatia) is increasing production capacities for solid forms of animal health products. The investment is estimated at €3.5 million.
- Our China-based joint venture Ningbo Krka Menovo has continued the acquisition of manufacturing and quality control equipment.

Employees

At the end of 2022, the Krka Group employed a team of 11,598 of whom 45%, or 5,243, worked outside Slovenia. The Krka team includes 51% of employees with at least university-level qualifications, and 200 of those hold PhD. Together with agency workers, the Krka Group employed 12,592 personnel, 133 more than at the end of 2021.

Investor and Share Information

After surging more than 29% in 2021, the price of Krka shares dropped by 22% last year to trade at €92.00 on 31 December 2022. Krka's shareholders received €5.63 per share for dividends, up 12.6% year-over-year. Considering the 2022 end-of-year share price, this makes for a dividend yield of over 6%.

At the end of the year, Krka had 47,170 shareholders, up 0.7% on the year-end of 2021. Krka's shareholder structure is stable and mainly without major changes, with 40.4% of shareholders being domestic retail investors and 20.9% foreign investors.

In 2022, Krka acquired 101,941 treasury shares. On 31 December 2022, Krka held 1,785,849 treasury shares, which is 5.446% of its share capital.

Sustainability

We are building a sustainability culture and raising awareness of importance of sustainability for the Krka Group and our stakeholders. We have conducted a new materiality assessment of the key sustainability areas in the Krka Group, which include: Product quality and patient safety; Talent attraction and retention; Good leadership and governance practices; Accessible healthcare; Planet and climate change; and Compliance, integrity and transparency.

At its meeting on 16 November 2022 the Krka Supervisory Board adopted the Krka Group ESG Policy and strategic goals for the most important sustainability areas. Krka's ESG Policy is a strategic document on sustainable governance, which sets out the fundamental principles of sustainable operations that the Group pursues both in its business operations and in relations with stakeholders.

The adopted sustainability goals complement the Krka Group Development Strategy 2022–2026 in the area of sustainability, and upgrade our ESG policy. They outline concrete strategic directions and goals as well as key performance indicators (KPI) for individual key sustainability areas.

The EGS Policy and a summary of strategic goals are posted on the Krka website. In 2023 we plan to obtain an EGS rating.

Krka Group Plans for 2023

The Krka Group product and service sales target for 2023 is €1,755 million, and net profit is expected to amount to approximately €300 million. Investments will primarily expand and technologically upgrade our production and development capacities and infrastructure, and will total just over €130 million. We are planning an increase in the number of employees in and outside Slovenia, by a total of 2%.

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