

PRESS RELEASE

Krka reports business results for the first six months of 2024

Novo mesto, 18 July 2024

In the first half of 2024, the Krka Group generated **revenue of €985.4 million, up 7%** year on year, yielding **net profit of €221.6 million, up 30%** on the same period last year. The Krka Supervisory Board discussed the interim report of the Krka Group and Krka, d. d., Novo mesto for the six months ended 30 June 2024 at its regular meeting yesterday.

The President of the Management Board and Chief Executive Jože Colarič explained: 'The first half of the year, when we celebrate our 70th-anniversary, was marked with further good performance. We increased sales in all six regions and most our key markets. We achieved 7% sales growth, and record revenue and operating profit (EBIT) since Krka was founded. Net profit was 30% higher than the amount generated in the same period last year. The results for the six months ended on 30 June are encouraging and we believe that we will meet our plans for 2024.'

Financial highlights

€ thousand	Jan–Jun 2024	Jan–Jun 2023	Index
Revenue	985,418	920,430	107
– Of that revenue from contracts with customers (products and services)	980,838	916,471	107
Gross profit	566,878	543,732	104
Earnings before interest, tax, depreciation and amortisation (EBITDA)	283,676	288,559	98
Operating profit (EBIT)	237,675	236,233	101
Profit before tax (EBT)	267,248	206,856	129
Net profit	221,623	170,128	130
R&D expenses	91,703	85,654	107
Investments	54,942	45,663	120

Performance ratios

	Jan–Jun 2024	Jan–Jun 2023
Gross profit margin	57.5%	59.1%
EBITDA margin	28.8%	31.4%
EBIT margin	24.1%	25.7%
EBT margin	27.1%	22.5%
Net profit margin (ROS)	22.5%	18.5%
Return on equity (ROE)	19.3%	15.4%
Return on assets (ROA)	15.3%	12.5%
Liabilities/Equity	0.252	0.221
R&D expenses/Revenue	9.3%	9.3%

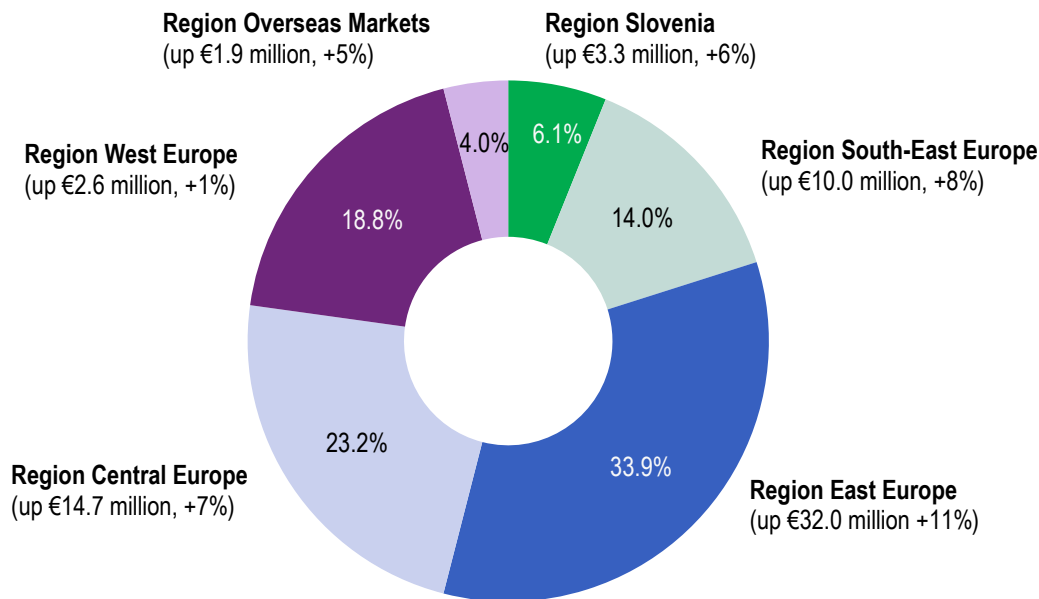
Sales

Product and service sales by region

€ thousand	Jan–Jun 2024	Jan–Jun 2023	Index
Region Slovenia	59,911	56,635	106
Region South-East Europe	137,442	127,449	108
Region East Europe	332,445	300,477	111
Region Central Europe	227,572	212,908	107
Region West Europe	183,918	181,360	101
Region Overseas Markets	39,550	37,642	105
Total	980,838	916,471	107

Sales in the first six months of 2024 by region

The figures in parentheses show year-on-year changes in sales by region compared to the first six months of 2023.



The Krka Group's largest region in terms of sales was Region East Europe, generating €332.4 million in product sales. Product sales totalled €195.2 million in the Russian Federation, our largest individual market in size, up 9% on last year. In Ukraine, Krka's third largest individual market in size, product sales reached €45.9 million, recording a 19% year-on-year increase. We generated €28.5 million in product sales in Uzbekistan, up 22% compared to last year. We also recorded sales growth in all other markets of eastern Europe and central Asia, except in Moldova and Turkmenistan.

The second largest sales region was Region Central Europe, where product sales totalled €227.6 million. In Poland, Krka's second largest individual market in size, we recorded product sales of €108.8 million, up 17% year on year. Product sales decreased by 9% to €31.5 million in Czechia and increased by 4% to €30.9 million in Hungary. We recorded sales growth in most other regional markets.

Generating €183.9 million, Region West Europe was the third region in terms of sales. In Germany, Krka's largest market in the region and fourth largest individual market in size, product sales amounted to €45.6 million, down 7% year on year. Growth was the highest in the United Kingdom, where sales doubled, followed by the Netherlands (up 35%) and Scandinavia (up 18%).

Region South-East Europe generated product sales of €137.4 million, increasing sales in all regional markets. In Romania, product sales totalled €38.4 million, up 8% year on year.

Product and service sales in Region Slovenia totalled €59.9 million. According to the latest available data, Krka holds a 7.4% share of the Slovenian market in terms of sales value, and remains the leading supplier of pharmaceuticals in the country.

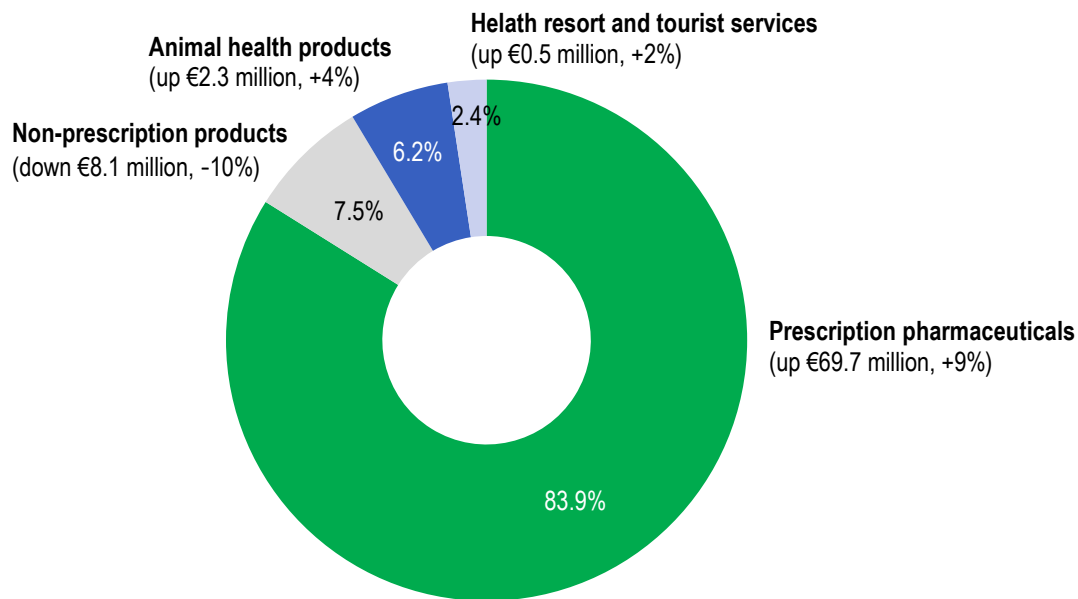
Region Overseas Markets generated product sales mainly on the back of increased sales in the Far East and Africa.

Product and service sales by group

€ thousand	Jan–Jun 2024	Jan–Jun 2023	Index
Human health products	897,143	835,603	107
– Prescription pharmaceuticals	823,356	753,689	109
– Non-prescription products	73,787	81,914	90
Animal health products	60,366	58,023	104
Health resort and tourist services	23,329	22,845	102
Total	980,838	916,471	107

Product and service sales by group in the first six months of 2024

The figures in parentheses show year-on-year changes in product and service sales by group compared to the first six months of 2023.



Research and development

In the first half of 2024, we added ten prescription pharmaceuticals and one animal health product to our product portfolio.

We obtained marketing authorisations for our contemporary agent, Varesta (vortioxetine) film-coated tablets, indicated for the treatment of major depressive episodes in adults. We obtained marketing authorisations for Apremilast Krka (apremilast) film-coated tablets for safe and effective treatment of moderate to severe chronic plaque psoriasis. We also obtained marketing authorisations for Eltrombopag Krka (eltrombopag) film-coated tablets indicated for the treatment of various types of thrombocytopenia and severe aplastic anaemia. We were granted marketing authorisations for our new triple single-pill combination Co-Amlessa Neo (perindopril arginine/amlodipine/indapamide) tablets indicated for the treatment of cardiovascular diseases. We received a positive opinion from the European Medicines Agency for our oncology product Pomalidomide Krka (pomalidomide) hard capsules indicated for multiple myeloma in cancer patients. We also obtained marketing authorisations for 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.

We obtained marketing authorisations for new products in China. Marketing authorisations were granted for three cardiovascular agents, all in film-coated tablets: an agent containing bisoprolol; a single-pill combination of valsartan and amlodipine; and a single-pill combination of atorvastatin and amlodipine. We obtained marketing authorisations for a central nervous system agent, arpiprazole tablets.

We expanded the range of Krka's animal health products for companion animals with marketing authorisations for our new product Otomicol (miconazole nitrate/prednisolone acetate/polymyxin B sulfate) ear drops and cutaneous suspension for dogs, cats, and guinea pigs.

We finalised almost 600 registration procedures in the period and received approvals for more than 11,000 regulatory variations.

Investments

In the first half of 2024, the Krka Group allocated €54.9 million to investments, of that €40.9 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 replacing worn-out packaging lines. We have already replaced thirteen of them and expect to receive the last three by the end of 2024. We also plan to increase capacities for compression mixture preparation and granulation at Notol and Notol 2 in Novo mesto, Slovenia. The logistic system is also due for upgrading, which will allow for reliable operations at Notol in the upcoming 20 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 the Sterile Products Department in Novo mesto, Slovenia. We expect the new production line for sterile solutions to increase production capacities for animal health products and ensure long-term production of high-volume sterile products.

The upgraded Liquid Products Department in Novo mesto, Slovenia, is intended to ensure uninterrupted production of liquid animal health products.

We plan to construct 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 the installation of new packaging lines, production capacities for animal health tablets and liquid products will enjoy a boost.

We finished decreasing the excess effluent temperature at our wastewater treatment plant in Ločna, Novo mesto, Slovenia. The excess temperature is used in heat generation, which increases the energy use efficiency. This investment supports the responsible management of natural resources in line with the strategic environmental goals of our *ESG Policy*.

We aim to expand the capacity for pharmaceutical water production through enhanced drinking water treatment in our Vodarna 2 water plant. This upgrade is intended to ensure redundancy and reliability across all stages of the treatment process and pharmaceutical water production from drinking water.

We increased capacities for granulation and packaging at our production site in Ljutomer, Slovenia. We expect to increase uncoated lozenge production capacity 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 (Kemijsko-analitski center), the liquid raw materials warehouse, and the wastewater treatment plant, based on project documentation and an environmental impact assessment. We are still in the process of obtaining the environmental protection and chemical safety (SEVESO) permit. At the end of 2023, construction of a technically and technologically advanced wastewater treatment plant started, but we intend to postpone the construction of other buildings for a few years.

We are increasing capacities for solid form production of veterinary products at the manufacturing and distribution centre in Jastrebarsko, Croatia.

Employees

At the end of June 2024, the Krka Group had 11,792 employees on payroll, of whom 5,230 or 44% worked outside Slovenia. The proportion of the Krka Group employees with at least university-level qualifications was 50%, of that 201 employees held doctoral degrees. Including agency workers, the Krka Group employed 12,706 persons.

Investor and share information

At the end of June 2024, Krka had 47,081 shareholders. On 30 June 2024, the Krka share traded at €138.00 on the Ljubljana Stock Exchange, up 25.5% on year-end 2023, when it traded at €110.00. Market capitalisation totalled €4.5 billion on 30 June 2024.

In the first six months of 2024, Krka acquired 86,363 treasury shares. As at 30 June 2024, Krka held 2,002,329 treasury shares, accounting for 6.106% of share capital.

Sustainable operations

We have undertaken activities to implement the *EU Corporate Sustainability Reporting Directive (CSRD)* and the *European Sustainability Reporting Standards (ESRS)*, further upgrading sustainability reporting and governance in important sustainability areas. A reassessment of Krka's impacts, risks, and opportunities as well as related material sustainability topics is underway, which also determines the basis for reporting obligation with regard to material topics according to the *ESRS*. Sustainability reporting will be subject to external audit in 2024.

Major events in the first six months of 2024

Establishment of a joint venture in India

Together with Indian company Laurus Labs Ltd. (hereinafter Laurus), Krka established a joint venture, Krka Pharma Pvt. Ltd., in Hyderabad, India, in April 2024. Krka holds a 51% stake and Laurus a 49% stake in the new company. The joint venture will enable Krka to produce finished products for new markets, and penetrate the Indian market and other markets beyond the European Union, where neither party currently offers its finished product.

Judgment of the Court of Justice of the European Union in the perindopril case

In 2014, the European Commission found that Krka had infringed the provision of Article 101 of the *Treaty on the Functioning of the European Union*, thereby distorting competition on the EU market for perindopril, and imposed a fine of €10 million on Krka. Krka paid the fine within the time limit set by the Commission.

In 2014, Krka brought an action against the Commission's decision before the General Court of the European Union. In December 2018, the Court ruled in favour of Krka, as it found that its actions did not constitute a restriction of competition, and that it did not infringe the provision of Article 101 of the *Treaty on the Functioning of the European Union*.

The Commission lodged an appeal against the decision of the General Court to the Court of Justice of the European Union. Krka, therefore, formed non-current provisions of €10 million.

On 27 June 2024, the Court of Justice of the European Union ruled on the Commission's appeal against the decision of the General Court of the European Union. It granted the Commission's appeal and returned the case to the General Court of the European Union for reconsideration.

Krka Group 2024 business objectives

Product and service sales are projected to reach €1,850 million. Net profit is planned at just over €310 million. The total number of employees in Slovenia and abroad is expected to increase by 3%. We plan to allocate €150 million to investments, primarily in expanding production and development facilities, infrastructure, and technological upgrades.

We intend to release the 2024 performance estimates on 14 November 2024.