

PRESS RELEASE

Otočec, 9 July 2020 – The 26th Annual General Meeting of Krka, tovarna zdravil, d. d., Novo mesto is held at the Šport Hotel in Otočec today. At the beginning, the President of the Management Board and Chief Executive of Krka Jože Colarič presented key 2019 business results of the Krka Group and certain preliminary operating results of the Krka Group for the first six months of 2020. The Supervisory Board will discuss final unaudited operating results of Krka and the Krka Group for the first half of this year at its regular meeting of 29 July. A press release will be published the following day.

Today, the shareholders will also vote on the proposed resolutions. A separate press release will be published on the subject.

Preliminary Operating Results of the Krka Group for the First Half of 2020

Estimated Krka Group Sales by Region

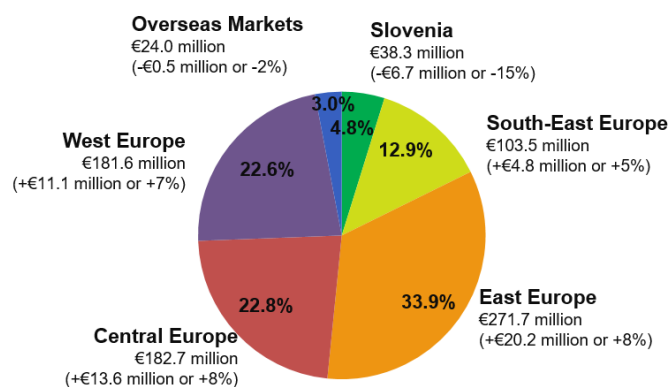
The Krka Group generated €803.8 million in sales, of which revenue from contracts with customers on sales of products and services amounted to €801.8 million. Sales grew by €42.4 million, up 6% over the same period of 2019.

Product sales in markets outside Slovenia totalled €763.5 million and constituted 95% of the Krka Group sales. Sales volume amounted to 8 billion units (tablets, capsules, injections, etc.), an 8% increase over the same period last year.

Product and Service Sales by Region

€ million	Jan–June 2020	Jan–June 2019	Index
Slovenia	38.3	45.0	85
South-East Europe	103.5	98.7	105
East Europe	271.7	251.5	108
Central Europe	182.7	169.1	108
West Europe	181.6	170.4	107
Overseas Markets	24.0	24.6	98
Total	801.8	759.3	106

1st half 2020: €801.8 million of products and services



Accounting for 33.9% of total sales, the largest sales region of the Krka Group was Region East Europe. The regional sales reached €271.7 million, up €20.2 million or an 8% year-over-year rise. Product sales in the Russian Federation, our largest individual market, totalled €180.2 million, an 8% year-over-year increase. Sales growth was also recorded in most other markets of Eastern Europe and Central Asia.

Second largest region in terms of sales was Region Central Europe, accounting for 22.8%

of Krka Group sales. Product sales recorded by this region amounted to €182.7 million, up €13.6 million or an 8% increase compared to the same period last year. In Poland, the largest market in the region, we sold €85.9 million worth of products, recording an 8% year-over-year increase.

In terms of sales, third largest region was **Region West Europe with €181.6 million** accounting for 22.6% of Krka Group sales. Product sales advanced by €11.1 million, a 7% rise, compared to the same period last year. The highest growth was recorded in Germany, Benelux, France, Scandinavia, and Portugal. In Germany, the largest market in the region, we sold €47.9 million worth of products, recording an 18% year-over-year increase.

In Region South-East Europe, product sales amounted to €103.5 million, constituting 12.9% of Krka Group sales. Product sales grew by €4.8 million, up 5% year-over-year. We recorded the highest sales growth in absolute terms in Romania, Bosnia and Herzegovina, Serbia, and North Macedonia. At the beginning of the year, we started an internal investigation into the alleged irregularities in our subsidiary KRKA Romania S. R. L. The investigation showed no evidence to support the allegations of unlawful marketing of medications. KRKA Romania introduced additional measures to further improve transparency of operations and corporate compliance, and submitted the internal investigation findings to the Romanian national anticorruption directorate.

In the domestic market, sales of products and services saw a 15% fall and totalled €38.3 million. The decline in overall sales resulted from a 46% slump in sales of health resort and tourist services due to the impact of the coronavirus pandemic. However, product sales were up 7% year-over-year. Sales in the Slovenian market accounted for 4.8% of Krka Group sales.

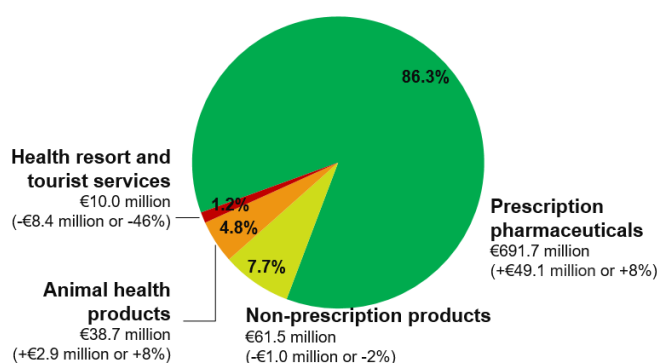
Region Overseas Markets generated product sales of €24 million (down 2%), constituting a 3% share of Krka Group sales.

Estimated Krka Group Sales by Product and Service Groups

Sales by Product and Service Groups

€ million	Jan–June 2020	Jan–June 2019	Index
Human health	753.2	705.1	107
– Prescription pharmaceuticals	691.7	642.6	108
– Non-prescription products	61.5	62.5	98
Animal health products	38.7	35.8	108
Health resorts and tourist services	10.0	18.4	54
Total	801.8	759.3	106

1st half 2020: €801.8 million of products and services



Sales of prescription pharmaceuticals and animal health products grew. We sold €691.7 million worth of prescription pharmaceuticals, an increase of 49.1 million or 8% over the same period last year. Prescription pharmaceuticals accounted for 86.3% of Krka Group sales. Year-over-year comparison shows that sales of non-prescription products were down 2% and generated €61.5 million (7.7% share of Krka Group sales). **Sales of animal health products increased by 8% to €38.7 million**, accounting for 4.8% of Krka

Group sales. Health resorts and tourist services generated €10 million, a 1.2% share of Krka Group sales.

Estimated Operating Results

All estimated operating results in the first half of 2020 improved compared to the same period of 2019.

The Krka Group's estimated operating profit (EBIT) amounted to €216.7 million, up 40% year-over-year, while the estimated operating profit before depreciation and amortization (EBITDA) totalled €273 million, up 30% year-over-year.

The Krka Group recorded estimated net profit of €160.3 million, a 15% increase on the same period last year.

Estimated net profit margin of the Krka Group in the first six months of 2020 was 19.9%, estimated EBIT margin 27.0%, and estimated EBITDA margin 34.0%.

Financial Highlights

€ million	Jan–June 2020	Jan–June 2019	Index
Revenue	803.8	761.3	106
- Of that revenue from contracts with customers of products and services	801.8	759.3	106
EBITDA	273.0	209.7	130
EBIT	216.7	154.5	140
Net profit	160.3	139.9	115
Ratios			
EBITDA margin	34.0%	27.5%	
EBIT margin	27.0%	20.3%	
Net profit margin	19.9%	18.4%	

New Products

Krka has been developing, obtaining marketing authorisations for, and launching numerous new products. **In the first half of 2020, we obtained marketing authorisations for four new products (three prescription pharmaceuticals and one non-prescription product) in thirteen pharmaceutical forms and strengths.**

Investments

According to estimates, the Krka Group allocated €30 million to investments in the first six months, of which over €19 million to the controlling company.

Employees

At the end of June 2020, the Krka Group had 11,658 employees on payroll. Of these, 48% were employed in subsidiaries and representative offices abroad. As many as 52% of employees had at least university-level education. Together with agency workers, Krka had 12,751 employees on payroll in total.

Share Information

At the end of June 2020, Krka had a total of 48,015 shareholders. **On 30 June 2020, Krka share traded at €82.80 on the Ljubljana Stock Exchange, up 13.1% on year-end 2019, when it traded at €73.20.**

In the first half of 2020, Krka repurchased a total of 200,720 treasury shares. At the end of June 2020, it held 1,434,972 treasury shares, accounting for 4.376% total shares.

2020 Business Plan

The 2020 plan projects sales at €1.520 billion and net profit at over €210 million. We intend to allocate €134 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 majority holders to dividend payout with due consideration given to financial needs of the Krka Group related to investments and acquisitions.

There is no way to foresee the pace with which the coronavirus will spread, how the situation will develop, what the aftermath will be, and what measures affected nations will take. Therefore, we are closely monitoring the situation and adapt accordingly in countries where we operate.