



**Unaudited Consolidated  
Financial Statements of the Krka Group and  
Unaudited Financial Statements of  
Krka, d. d., Novo mesto  
for 2020  
with Relevant Notes**

Novo mesto, March 2021

## CONTENTS

Krka Group at a Glance.....	3
Financial Highlights .....	4
Business Performance .....	5
Sales .....	10
Research and Development .....	13
Investments .....	16
Employees.....	16
Share and Investor Information .....	17
Subsequent events.....	17
Unaudited Consolidated Statement of Financial Position of the Krka Group.....	18
Unaudited Consolidated Income Statement of the Krka Group.....	19
Unaudited Consolidated Statement of Other Comprehensive Income of the Krka Group.....	19
Unaudited Consolidated Statement of Changes in Equity of the Krka Group for 2020 .....	20
Unaudited Consolidated Statement of Changes in Equity of the Krka Group for 2019 .....	21
Unaudited Consolidated Statement of Cash Flows of the Krka Group.....	22
Unaudited Statement of Financial Position of Krka, d. d. , Novo mesto .....	23
Unaudited Income Statement of Krka, d. d., Novo mesto.....	24
Unaudited Statement of Other Comprehensive Income of Krka, d. d., Novo mesto.....	24
Unaudited Statement of Changes in Equity of Krka, d. d., Novo mesto for 2020 .....	25
Unaudited Statement of Changes in Equity of Krka, d. d., Novo mesto for 2019 .....	26
Unaudited Statement of Cash Flows of Krka, d. d., Novo mesto.....	27

Based on the provisions of the *Ljubljana Stock Exchange Rules* and Article 17 of the Regulation (EU) No 569/2014, Krka, d. d., Novo mesto hereby presents

## UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP AND UNAUDITED FINANCIAL STATEMENTS OF KRKA, D. D., NOVO MESTO FOR 2020 WITH RELEVANT NOTES

Unaudited consolidated financial statements of the Krka Group and unaudited financial statements of Krka, d. d., Novo mesto for 2020, and comparative data for 2019 have been prepared in accordance with the *International Financial Reporting Standards* (IFRS). The 2019 comparative statements have been audited.

Krka, d. d., Novo mesto has no authorised capital and has not made a conditional share capital increase.

### Krka Group at a Glance

Krka, d. d., Novo mesto (hereinafter the Company or Krka) is the controlling company of the Krka Group, which comprised the following companies as at 31 December 2020:

	Ownership share of the controlling company 31 Dec 2020 (%)
TERME KRKA, d. o. o., Novo mesto	100
KRKA-FARMA d.o.o., Zagreb, Croatia	100
KRKA ROMANIA S.R.L., Bucharest, Romania	100
KRKA-FARMA DOO BEOGRAD, Belgrade, Serbia	100
KRKA-FARMA DOOEL Skopje, Skopje, North Macedonia	100
KRKA Bulgaria EOOD, Sofia, Bulgaria	100
KRKA FARMA d.o.o., Sarajevo, Sarajevo, Bosnia and Herzegovina	100
KRKA HELLAS E.P.E., Athens, Greece	100
KRKA-RUS LLC, Istra, Russian Federation	100
KRKA FARMA LLC, Istra, Russian Federation	100
KRKA UKRAINE LLC, Kiev, Ukraine	100
LLC 'KRKA Kazakhstan', Almaty, Kazakhstan	100
KRKA - POLSKA Sp. z o.o., Warsaw, Poland	100
KRKA ČR, s. r. o., Prague, Czech Republic	100
KRKA Magyarország Kft., Budapest, Hungary	100
KRKA Slovensko, s.r.o., Bratislava, Slovakia	100
UAB KRKA Lietuva, Vilnius, Lithuania	100
SIA KRKA Latvija, Riga, Latvia	100
TAD Pharma GmbH, Cuxhaven, Germany	100
Krka Sverige AB, Stockholm, Sweden	100
KRKA Pharma GmbH, Wien, Vienna, Austria	100
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	100
KRKA FARMACÉUTICA, S.L., Madrid, Spain	100
KRKA Farmaceutici Milano S.r.l., Milan, Italy	100
KRKA France Eurl, Paris, France	100
KRKA PHARMA DUBLIN LIMITED, Dublin, Ireland	100
KRKA Belgium, SA, Brussels, Belgium	95
KRKA Finland Oy, Espoo, Finland	100
KRKA UK Ltd, London, United Kingdom	100
KRKA USA LLC, Wilmington, USA	100
Ningbo Krka Menovo Pharmaceutical Company Limited, Ningbo, PRC	60

As at 31 December 2020, the subsidiary Terme Krka, d. o. o. held a 100-percent interest in Golf Grad Otočec, d. o. o., while the subsidiary Krka France Eurl held a 100-percent interest in HCS bvba in Belgium and a 5-percent interest in the subsidiary KRKA Belgium, SA. Ningbo Menovo Pharmaceutical Company Limited owns 40% of Ningbo Krka Menovo.

Pursuant to the Contract on Merger by Acquisition, Krka, d. d., Novo mesto merged the acquired subsidiary Farma GRS, d. o. o. The merger by acquisition was entered in the business register on 2 October 2020. As at this date, the merged company ceased to exist.

## Financial Highlights

€ thousand	Krka Group			Company		
	2020	2019	Index 2020/19	2020	2019	Index 2020/19
Revenue	1,534,941	1,493,409	103	1,447,112	1,390,248	104
– Of that revenue from contracts with customers (products and services)	1,529,959	1,489,080	103	1,222,011	1,195,677	102
Gross profit	911,325	847,361	108	823,007	792,879	104
Earnings before interest, tax, depreciation and amortisation (EBITDA)	502,432	385,437	130	424,028	345,929	123
Operating profit (EBIT) <sup>1</sup>	390,744	274,195	143	338,882	263,852	128
Profit before tax (EBT)	338,992	284,368	119	297,831	283,511	105
Net profit	288,949	244,272	118	258,474	249,411	104
Effective tax rate	14.8%	14.1%		13.2%	12.0%	
R&D expenses	153,447	152,421	101	150,727	155,495	97
Investments	76,613	112,568	68	61,311	90,481	68
	31. 12. 2020	31. 12. 2019	Index 2020/19	31. 12. 2020	31. 12. 2019	Index 2020/19
Non-current assets	990,998	1,041,833	95	1,032,949	1,069,616	97
Current assets	1,244,544	1,142,785	109	1,175,430	1,060,344	111
– Inventories	453,690	421,578	108	389,178	367,007	106
– Trade receivables	383,560	434,695	88	415,286	443,840	94
– Cash and cash equivalents	313,568	218,667	143	296,398	195,236	152
Equity	1,751,812	1,667,516	105	1,791,850	1,664,178	108
Non-current liabilities	172,796	160,905	107	136,380	119,789	114
Current liabilities	310,934	356,197	87	280,149	345,993	81
– Trade payables	107,116	128,560	83	143,294	182,409	79
<b>RATIOS</b>	2020	2019		2020	2019	
Gross profit margin	59.4%	56.7%		56.9%	57.0%	
EBITDA margin	32.7%	25.8%		29.3%	24.9%	
EBIT margin	25.5%	18.4%		23.4%	19.0%	
EBT margin	22.1%	19.0%		20.6%	20.4%	
Net profit margin (ROS)	18.8%	16.4%		17.9%	17.9%	
Return on equity (ROE) <sup>2</sup>	16.9%	15.2%		15.0%	15.5%	
Return on assets (ROA) <sup>3</sup>	13.1%	11.7%		11.9%	12.3%	
Liabilities/Equity	0.276	0.310		0.232	0.280	
R&D expenses/Revenue	10.0%	10.2%		10.4%	11.2%	
<b>NUMBER OF EMPLOYEES</b>	2020	2019		2020	2019	
Year-end	11,677	11,696		6,191	5,907	
Average	11,631	11,484		6,005	5,616	
<b>SHARE INFORMATION FOR THE KRKA GROUP</b>	2020	2019	Index 2020/19			
Total number of shares issued	32,793,448	32,793,448	100			
Earnings per share (EPS) in € <sup>4</sup>	9.27	7.73	120			
Dividend per share in €	4.25	3.20	133			
Closing price at the end of the period in € <sup>5</sup>	91.40	73.20	125			
Price/Earnings ratio (P/E)	9.86	9.47	104			
Book value in € <sup>6</sup>	53.42	50.85	105			
Price/Book value (P/B)	1.71	1.44	119			
Market capitalisation in € thousand (31 Dec)	2,997,321	2,400,480	125			

<sup>1</sup> The difference between operating income and expenses

<sup>2</sup> Net profit/Average shareholders' equity in the year

<sup>3</sup> Net profit/Average total asset balance in the year

<sup>4</sup> Profit for the year attributable to equity holders of the controlling company/Average number of shares issued in the year, excluding treasury shares

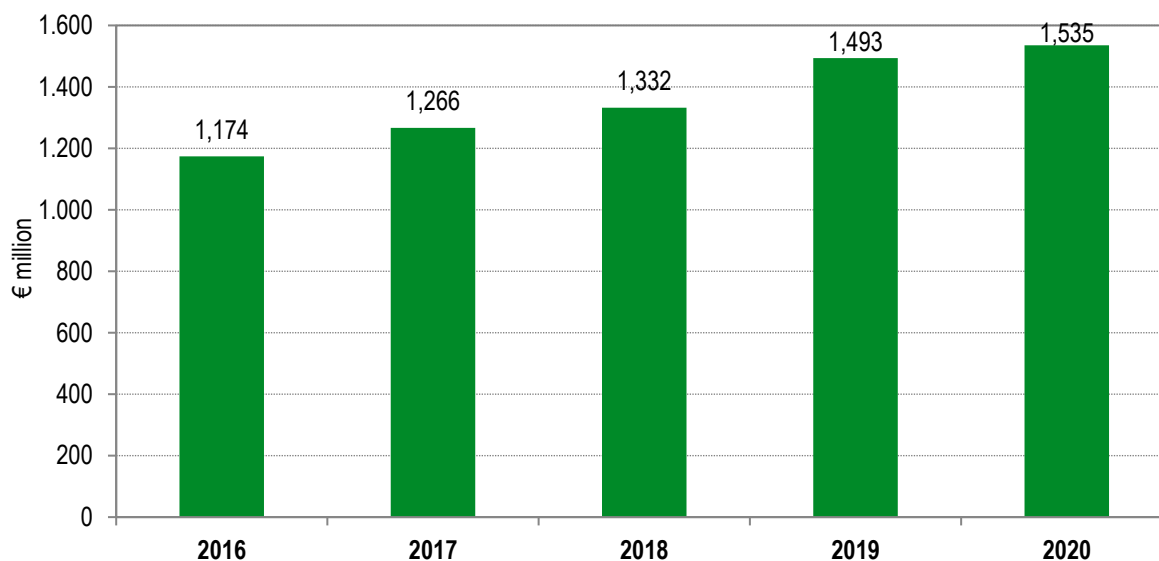
<sup>5</sup> Share price on the Ljubljana Stock Exchange

<sup>6</sup> Equity as at 31 Dec/Total number of shares issued

## Business Performance

### Operating Income

#### Krka Group Sales



In 2020, the Krka Group generated sales of €1,534.9 million, which is €41.5 million or 3% more than in 2019. Revenue from contracts with customers on sales of products and services amounted to €1,530.0 million. Revenue from contracts with customers on sales of materials and other sales revenue constituted the difference. Over the past five years, average annual sales growth reached 5.3% in terms of volume and 5.7% in terms of value, which is in line with the strategic goal of at least 5% average annual sales growth.

Other operating income of the Krka Group amounted to €10.5 million.

In 2020, Company's sales amounted to €1,447.1 million, of which revenue from contracts with customers on sales of products and services reached €1,222.0 million. Revenue from contracts with customers on sales of materials accounted for €218.9 million and other revenue from sales totalled €6.2 million. Compared to 2019, sales grew by €56.9 million or 4%. Other operating income totalled €5.1 million.

### Operating Expenses

The Krka Group operating expenses amounted to €1,154.7 million, down €78.2 million or 6% on 2019.

The Krka Group operating expenses comprised costs of goods sold totalling €623.6 million, selling and distribution expenses of €291.2 million, R&D expenses of €153.4 million, and general and administrative expenses totalling €86.4 million. Operating expenses accounted for 75% of sales.

Costs of goods sold, which dropped by 3% compared to 2019, represented the largest item in the Krka Group operating expense structure. Expressed as a proportion of sales, they accounted for 40.6% in 2020 and 43.3% in 2019. Compared to 2019, selling and distribution expenses decreased by 17% and accounted for 19.0% of total sales, 4.5 percentage points less than in 2019. R&D expenses accounted for 10.0% of total sales, down 0.2 percentage points on 2019 and up 1% year-on-year. General and administrative expenses amounted to 5.6% of total sales, up 3% on 2019, while expressed as a proportion of sales they remained at the 2019 level.

The Company incurred operating expenses totalling €1,113.4 million, down 1% on 2019.

The Company's operating expenses included costs of goods sold totalling €624.1 million, selling and distribution expenses of €263.2 million, R&D expenses of €150.7 million, and general and administrative expenses totalling €75.4 million.

Costs of goods sold, which rose by 4% on 2019, represented the largest item in the Company's operating expense structure. They accounted for 43.1% of total sales, a 0.1 percentage point increase compared to 2019. Selling and distribution expenses were down 15% on 2019 and accounted for 18.2% of total sales, a drop of 4.0 percentage points on 2019. R&D expenses accounted for 10.4% of total sales (down 0.8 percentage points on 2019) and dropped by 3% year-on-year. General and administrative expenses accounted for 5.2% of sales, up 9% on 2019, increasing as a proportion of sales by 0.2 percentage points.

## Financial Income and Expenses

€ thousand	Krka Group					Company				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
Financial income	23,259	24,987	5,935	24,041	65,679	31,786	34,410	17,382	24,908	78,225
Financial expenses	-75,011	-14,814	-36,048	-46,608	-71,816	-72,837	-14,751	-33,891	-46,599	-72,733
<b>Net financial result</b>	<b>-51,752</b>	<b>10,173</b>	<b>-30,113</b>	<b>-22,567</b>	<b>-6,137</b>	<b>-41,051</b>	<b>19,659</b>	<b>-16,509</b>	<b>-21,691</b>	<b>5,492</b>

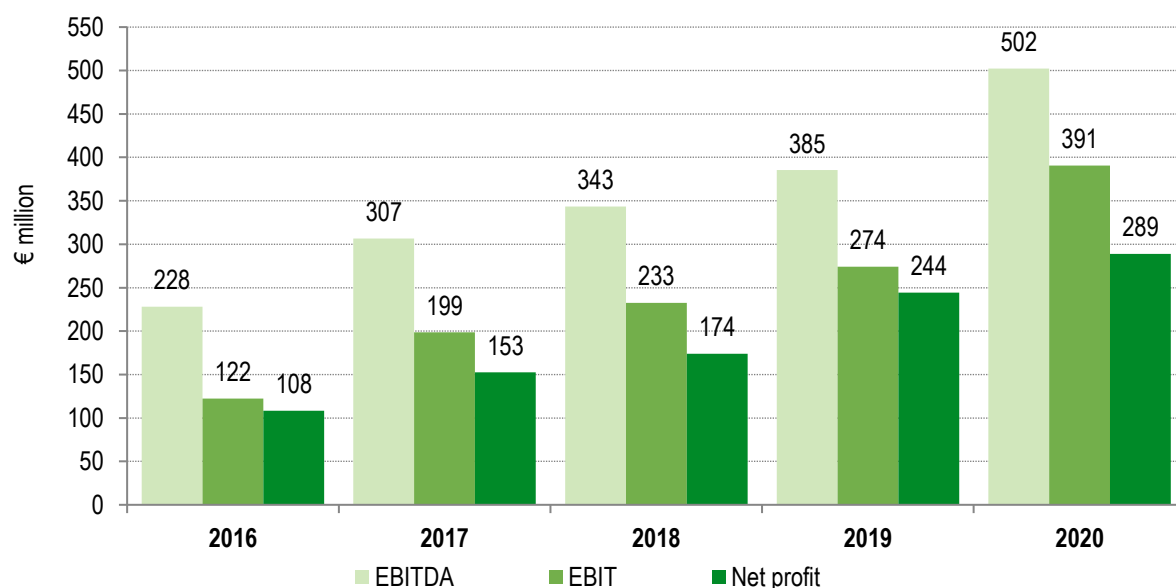
The Krka Group operates in diverse international environments and is exposed to foreign exchange risk in a few sales and purchase markets. The Group's currency risk incurred a loss of €52.7 million in 2020.

The Krka Group financial income comprised derivatives income totalling €20.3 million, interest income of €2.1 million, income from dividends and other profit shares worth €0.7 million, and other financial income totalling €0.1 million. Financial expenses consisted of net foreign exchange losses of €58.6 million, derivatives expenses of €14.4 million, interest expense of €0.3 million, and other financial expenses of €1.7 million.

The Company's financial income comprised derivatives income totalling €20.3 million, income from dividends and other profit shares worth €7.2 million, interest income of €0.4 million, and other financial income totalling €3.8 million. Financial expenses consisted of net foreign exchange losses of €56.4 million, derivatives expenses of €14.4 million, interest expense of €0.5 million, and other financial expenses of €1.5 million.

## Operating results

### EBITDA, EBIT and Net Profit of the Krka Group



The Krka Group's EBIT totalled €390.7 million, up €116.5 million or 43% on 2019. The increase is attributable to relatively higher sales growth in comparison to operating expenses. The Krka Group's EBITDA totalled €502.4 million, which was a €117 million or 30% increase.

In 2020, the Krka Group's profit before tax grew by €54.6 million or 19% and totalled €339.0 million. The Krka Group's effective tax rate was 14.8%. The Krka Group recorded net profit of €288.9 million, up €44.7 million or 18% on 2019.

The Company's EBIT amounted to €338.9 million, while its EBITDA reached €424.0 million. The Company's profit before tax amounted to €297.8 million and the Company's net profit reached €258.5 million.

The Krka Group's average annual growth rate of EBIT in the last five years was 14.4%, average annual growth rate of EBITDA was 10.4% and average annual growth rate of net profit was 12.8%.

## Assets

€ thousand	Krka Group					Company				
	2020	Share (%)	2019	Share (%)	Index 2020/19	2020	Share (%)	2019	Share (%)	Index 2020/19
<b>Non-current assets</b>	<b>990,998</b>	<b>44.3</b>	<b>1,041,833</b>	<b>47.7</b>	<b>95</b>	<b>1,032,949</b>	<b>46.8</b>	<b>1,069,616</b>	<b>50.2</b>	<b>97</b>
Property, plant and equipment (PP&E)	807,824	36.1	862,848	39.5	94	605,164	27.4	613,210	28.8	99
Intangible assets	107,371	4.8	109,082	5.0	98	27,893	1.3	28,410	1.3	98
Investments and loans	25,796	1.2	20,589	0.9	125	385,055	17.4	375,238	17.6	103
Other	50,007	2.2	49,314	2.3	101	14,837	0.7	52,758	2.5	28
<b>Current assets</b>	<b>1,244,544</b>	<b>55.7</b>	<b>1,142,785</b>	<b>52.3</b>	<b>109</b>	<b>1,175,430</b>	<b>53.2</b>	<b>1,060,344</b>	<b>49.8</b>	<b>111</b>
Inventories	453,690	20.3	421,578	19.3	108	389,178	17.6	367,007	17.2	106
Trade receivables	383,560	17.2	434,695	19.9	88	415,286	18.8	443,840	20.9	94
Other	407,294	18.2	286,512	13.1	142	370,966	16.8	249,497	11.7	149
<b>Total assets</b>	<b>2,235,542</b>	<b>100.0</b>	<b>2,184,618</b>	<b>100.0</b>	<b>102</b>	<b>2,208,379</b>	<b>100.0</b>	<b>2,129,960</b>	<b>100.0</b>	<b>104</b>

At the end of 2020, the Krka Group's assets were €2,235.5 million, up €50.9 million or 2% on year-end 2019. The ratio of non-current to current assets in the overall asset structure was different to that recorded at year-end 2019, as non-current assets dropped by 3.4 percentage points, accounting for 44.3%.

The Krka Group's non-current assets were €991.0 million, down €50.8 million or 5% on year-end 2019. The most important item in the asset structure of the Krka Group was property, plant and equipment (PP&E). It was valued at €807.8 million and accounted for 36% of total Group assets (of which the Company's PP&E accounted for €605.2 million or 75% of the Krka Group's PP&E). Intangible assets were worth €107.4 million and accounted for 5% of total assets (of which the Company's assets accounted for €27.9 million or 26% of total Krka Group intangible assets). The Krka Group's non-current loans granted totalled €15.4 million or 0.7% of total Krka Group assets.

The Krka Group's current assets were €1,244.5 million, up €101.8 million or 9% on year-end 2019. Trade receivables due from customers outside the Krka Group totalled €383.6 million and inventories €453.7 million. Trade receivables declined by €51.1 million or 12%. In order to ensure sufficient quantities of various products for over 70 markets, inventories saw a rise of €32.1 million or 8%. The Krka Group's current loans granted totalled €54.8 million or 2% of total Krka Group assets. They comprised bank deposits of the controlling company with maturity exceeding 90 days in total of €53.0 million. Cash and cash equivalents were valued at €313.6 million, up €94.9 million or 43% on year-end 2019, accounting for 14% of total Krka Group assets.

At the end of 2020, the Company's assets were €2,208.4 million, up €78.4 million or 4% on year-end 2019. The ratio of non-current to current assets in the overall asset structure was different to that recorded at year-end 2019, as non-current assets dropped by 3.4 percentage points, accounting for 46.8%.

The Company's non-current assets were €1,032.9 million, down €36.7 million or 3% on year-end 2019. The most important item worth €605.2 million or 27% of total Company assets was PP&E. Investments in subsidiaries totalled €339.6 million or 15% of total Company assets. Intangible assets amounted to €27.9 million and accounted for 1% of total assets. The Company's non-current loans granted totalled €35.0 million or 2% of total Company assets.

The Company's current assets were €1,175.4 million, up €115.1 million or 11% on year-end 2019. Trade receivables totalled €415.3 million or 19% of Company assets (of which trade receivables due from customers outside the Krka Group totalled €174.5 million), and inventories amounted to €389.2 million or 18% of total Company assets. Trade receivables went down 6% and inventories up 6%. The Company's current loans granted totalled €57.8 million or 3% of total Company assets. Cash and cash equivalents were €296.4 million, up €101.2 million or 52% on year-end 2019, accounting for 13% of total Company assets.

## Equity and Liabilities

€ thousand	Krka Group					Company				
	2020	Share (%)	2019	Share (%)	Index 2020/19	2020	Share (%)	2019	Share (%)	Index 2020/19
Equity	1,751,812	78.4	1,667,516	76.3	105	1,791,850	81.1	1,664,178	78.1	108
Non-current liabilities	172,796	7.7	160,905	7.4	107	136,380	6.2	119,789	5.6	114
Current liabilities	310,934	13.9	356,197	16.3	87	280,149	12.7	345,993	16.3	81
<b>Total equity and liabilities</b>	<b>2,235,542</b>	<b>100.0</b>	<b>2,184,618</b>	<b>100.0</b>	<b>102</b>	<b>2,208,379</b>	<b>100.0</b>	<b>2,129,960</b>	<b>100.0</b>	<b>104</b>

As at 31 December 2020, the Krka Group equity was up €84.3 million or 5% on year-end 2019. The increase was attributable to the Krka Group net profit totalling €288.9 million and acquisition of a non-controlling interest valued at €7.5 million. Equity was decreased owing to other comprehensive income net of tax totalling €53.4 million, dividend payout totalling €133.3 million, and repurchase of treasury shares totalling €25.5 million.

The Krka Group's provisions totalled €134.7 million (of which post-employment and other non-current employee benefits accounted for €129.5 million, provisions for lawsuits €2.2 million, and other provisions €3.0 million). In comparison to the end of 2019, they rose by €14.3 million or 12%, primarily due to an increase in provisions for post-employment and other non-current employee benefits totalling €13.6 million. Other provisions saw a €0.6 million rise.

Among the Krka Group's current liabilities, trade payables decreased by €21.4 million (of which payables to suppliers abroad by €14.1 million and payables to domestic suppliers by €7.3 million). Current liabilities from contracts with customers decreased by €17.0 million, of which bonuses and volume rebates by €15.3 million, right of return by €0.1 million, and payables from advances by €1.6 million. Other current liabilities dropped by €3.6 million (of which payables to employees increased by €2.5 million, while other liabilities decreased by €6.1 million).

As at 31 December 2020, the Company's equity increased by €127.7 million or 8% on year-end 2019. The increase was attributable to the Company's net profit totalling €258.5 million, other comprehensive income net of tax amounting to €26.2 million, and net profit as a result of merger totalling €1.8 million. The decrease was a result of dividend payout amounting to €133.3 million and repurchase of treasury shares totalling €25.5 million.

The Company's provisions totalled €119.8 million (of which post-employment and other non-current employee benefits accounted for €117.7 million and provisions for lawsuits €2.1 million). Provisions rose by 13% compared to year-end 2019 due to a net increase in provisions for post-employment and other non-current employee benefits totalling €14.2 million.



Of the Company's current liability items, trade payables dropped by €39.1 million. Current liabilities from contracts with customers rose by €2.0 million and other current liabilities by €1.3 million. At the end of 2020, the Company's current borrowings from subsidiaries totalled €46.3 million.

## Cash Flow Statement

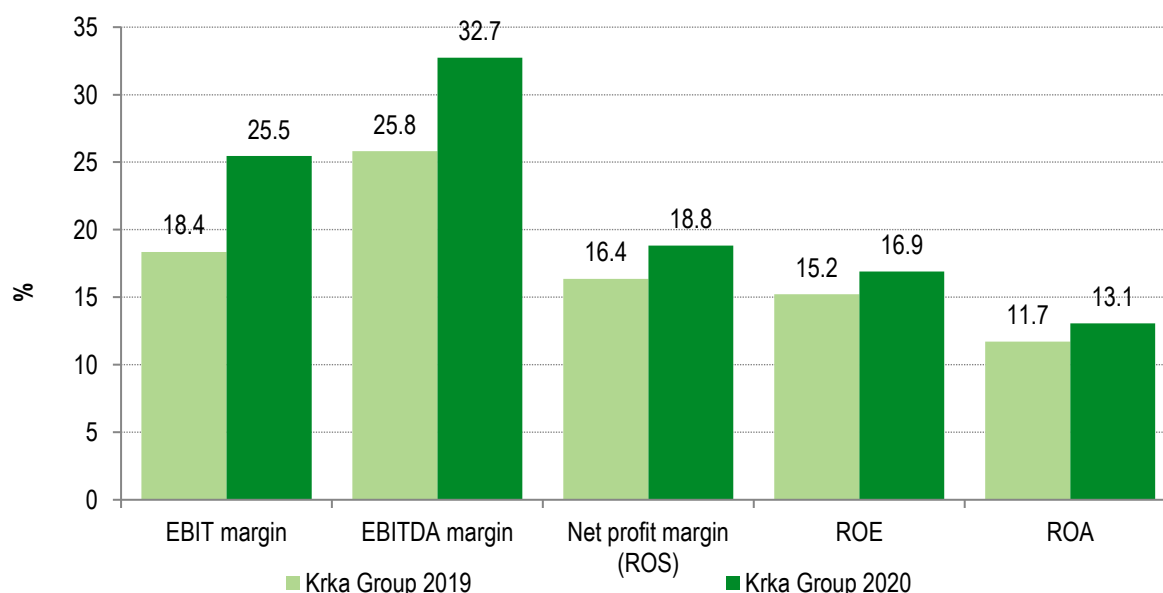
€ thousand	Krka Group		Company	
	2020	2019	2020	2019
Net cash from operating activities	360,759	349,523	352,510	276,996
Net cash from investing activities	-109,594	-124,807	-87,552	-88,540
Net cash from financing activities	-154,609	-124,274	-162,301	-92,262
<b>Net change in cash and cash equivalents</b>	<b>96,556</b>	<b>100,442</b>	<b>102,657</b>	<b>96,194</b>

Net change in cash and cash equivalents (exclusive of exchange rate fluctuations) of the Krka Group totalled €96.6 million in 2020, since the positive cash flow from operating activities exceeded negative cash flows from investing and financing activities.

The Krka Group generated profit from operations before changes in net current assets of €424.7 million. Changes in current assets that positively influenced cash flow included changes in trade receivables and provisions, while changes in trade payables, inventories, deferred revenue, and other current liabilities had a negative impact.

Negative cash flows from investing activities totalling €109.6 million were primarily accrued due to the acquisition of PP&E, net payments in connection with current investments and loans, payments in connection with derivatives, acquisition of intangible assets, and non-current loans. Negative cash flows from financing activities of €154.6 million primarily resulted from payout of dividends and other profit shares totalling €133.3 million and repurchased treasury shares of €25.5 million.

## Performance Ratios



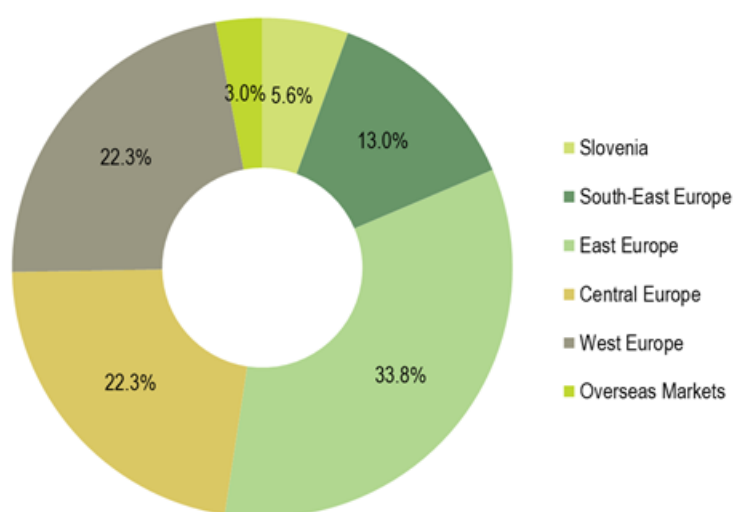
All 2020 performance ratios of the Krka Group are better than in the previous year and the best in the past five years.

## Sales

### Krka Group Product and Service Sales by Region

€ thousand	2020	2019	Index 2020/19
Slovenia	85,138	92,375	92
South-East Europe	199,406	191,320	104
East Europe	517,231	481,155	107
Central Europe	341,463	339,574	101
West Europe	341,057	336,098	101
Overseas Markets	45,664	48,558	94
<b>Total</b>	<b>1,529,959</b>	<b>1,489,080</b>	<b>103</b>

### Krka Group Product and Service Sales by Region



In 2020, the Krka Group generated €1,530.0 million revenue from contracts with customers on sales of products and services, an increase of €40.9 million or 3% over the 2019 results.

Regions East Europe, South-East Europe, West Europe and Central Europe recorded sales growth. The Krka Group sales volume went up by 7%.

Region East Europe generated €517.2 million, accounting for 33.8% of Krka Group's sales total and was the largest region in terms of sales. Sales increased by 7% year-on-year. In the Russian Federation, product sales were valued at €326.9 million, a 5% rise compared to 2019. Growth expressed in the Russian rouble was 17%. In Ukraine, product sales added up to €86.0 million, resulting in 8% growth. In Uzbekistan, our sales of products totalled €26.5 million, an 18% year-on-year increase. We also recorded growth in all other regional markets, except in Mongolia.

Region Central Europe, comprising the Visegrad Group and the Baltic States, followed with sales at €341.5 million, or 22.3% of total Krka Group sales. We recorded 1% growth compared to the year before, sales denominated in local currencies were higher. Poland, the leading market, generated €163 million in product sales and recorded 2% growth. Sales growth denominated in the zloty reached 5%. Sales also went up in Latvia and Estonia.

Region West Europe made €341.1 million accounting for a 22.3% share, and was the third largest Krka Group region in terms of sales value. We recorded a 1% increase compared to the year before. Sales volume increased by 7%. Germany generated the strongest sales, totalling €90.9 million. It was followed by the Scandinavian

countries, France, Spain, and Italy. We recorded highest sales growth in Benelux (29%), France (22%), Austria (19%), Italy (10%), Portugal (7%), and Germany (6%).

Product sales in Region South-East Europe amounted to €199.4 million, 4% more than in 2019, and constituted 13% of total Krka Group sales. Romania, which generated sales of €58.1 million, and Croatia, with €35.3 million were our two leading markets in the region. We recorded the highest sales growth rates in small regional markets of Albania, Montenegro, and Kosovo, and in large regional markets of North Macedonia, Bulgaria, and Serbia.

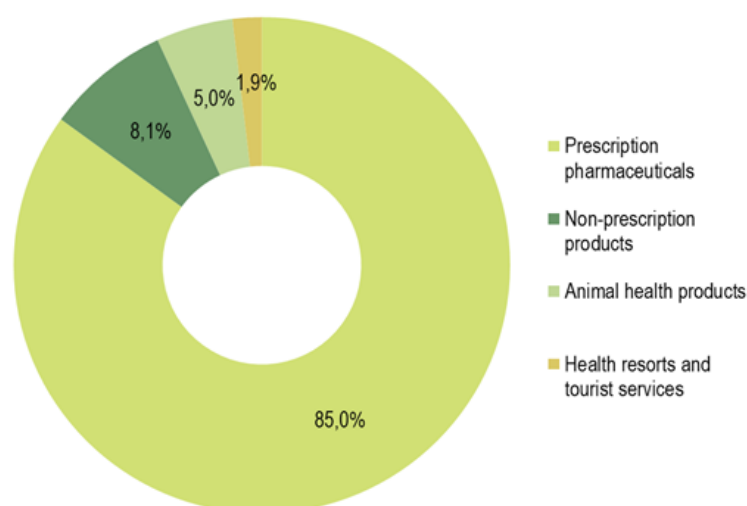
In Slovenia, sales reached €85.1 million, accounting for 5.6% of total Krka Group sales. The overall sales decreased by 8%. Products, recording 5% sales growth, constituted the major part of sales totalling €55.4 million. Health resorts and tourist services yielded €29.8 million, a 25% drop compared to 2019. The fall resulted from the restrictions passed for curbing the COVID-19 pandemic.

Region Overseas Markets accounted for a 3% share of total Krka Group sales and generated product sales worth €45.7 million, a 6% year-on-year drop. While growth was recorded in most markets of the region, sales decline was primarily a consequence of lower sales to Iran.

### Krka Group Sales by Product and Service Group

€ thousand	2020	2019	Index 2020/19
Human health medicines	1,424,292	1,380,512	103
– Prescription pharmaceuticals	1,300,640	1,247,250	104
– Non-prescription products	123,652	133,262	93
Animal health products	75,913	69,094	110
Health resorts and tourist services	29,754	39,474	75
<b>Total</b>	<b>1,529,959</b>	<b>1,489,080</b>	<b>103</b>

### Krka Group Sales by Product and Service Group



The Krka Group sales of prescription pharmaceuticals amounted to €1,300.6 million (85.0% of total sales), up 4% year-on-year. All regions except Region Overseas Markets saw sales growth:

- East Europe 11%;
- South-East Europe 5%;
- Slovenia 2%;
- West Europe 1%; and
- Central Europe 1%.

Among 10 largest individual markets, sales of prescription pharmaceuticals saw the highest growth in relative terms in Ukraine, the Russian Federation, and Germany, and among other markets in France, Benelux, and Belarus.

Also in 2020, top-ranking therapeutic classes of prescription pharmaceuticals included medicines for the treatment of cardiovascular diseases, the central nervous system, and gastrointestinal tract.

10 leading prescription pharmaceuticals in terms of sales were product groups containing:

- valsartan (Valsacor, Valsacombi, Vamloset, Co-Vamloset, Valarox);
- perindopril (Prenessa, Co-Prenessa, Amlessa, Co-Amlessa, Roxiper, Roxampex);
- losartan (Lorista, Lorista H, Lorista HD, Tenloris);
- atorvastatin (Atoris);
- pantoprazole (Nolpaza);
- rosuvastatin (Roswera, Co-Roswera);
- esomeprazole (Emanera);
- enalapril (Enap, Enap H, Enap HL, Elernap);
- candesartan (Karbis, Karbicombi, Kandoset); and
- tramadol (Doreta, Tadol).

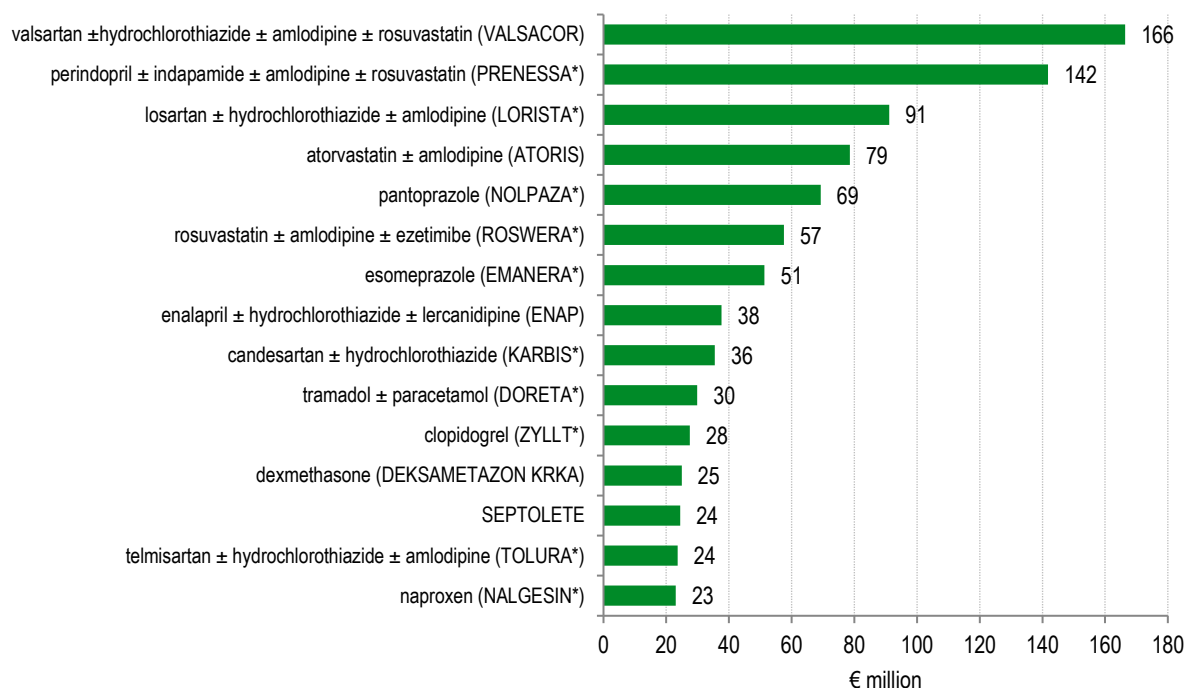
All pharmaceuticals listed above are marketed under different brand names in individual countries.

Sales of non-prescription products totalled €123.7 million, a 7% year-on-year drop, and accounted for 8.1% of total sales. The COVID-19 pandemic and decreased number of pharmacy customers negatively affected our sales. The incidence of common cold and flu also declined due to the measures associated with the pandemic, which decreased the demand for cough and cold products. They represent our most important group of non-prescription products. Septolete, Herbion, Nalgesin, and Bilobil are our most important non-prescription product brands in terms of sales.

Sales of animal health products grew by 10% and amounted to €75.9 million (5% of total sales). The combination of milbemycin and praziquantel (Milprazon\*) was our most important animal health product in terms of sales in 2020. It was followed by products containing fipronil (Fypryst\*, Fypryst\* Combo), florfenicol (Floron), enrofloxacin (Enroxil\*), and products combining pyrantel and praziquantel (Dehinel\*, Dehinel\* Plus).

Sales of health resorts and tourist services made €29.8 million, down 25% compared to 2019 (1.9% share of total sales).

## Sales of Leading Products in 2020



Sales of leading products are presented by the main active ingredient. Combination medicines that incorporate the active ingredient are also included. Products marketed under different product brand names or the Krka trademark in individual markets are marked with asterisk.

## Research and Development

We obtained marketing authorisations for 20 new products, 16 prescription pharmaceuticals, two non-prescription products, and two animal health products. We brought to the end more than 200 various registration procedures granting us marketing authorisations for new products and the established ones for sale in new markets.

In 2020, we filed 8 patent applications for technological solutions we had developed and evaluated as inventions. Based on priority applications from 2019, we submitted 6 international and one regional patent application. We were granted 8 patent rights in several countries. More than 200 patents filed by Krka are currently in force.

We filed 55 applications for Krka trademarks in Slovenia and 41 international and 51 national trademark applications. In total, we have registered more than 1,100 trademarks in several countries.

## New Prescription Pharmaceuticals

In 2020, we obtained marketing authorisations for 16 new products, and introduced established products to new markets with first authorisations.

In our important new therapeutic area of antithrombotic agents, we were granted marketing authorisations for two important active ingredients. We developed and obtained approval for Xerdoxo or Rivarolto (rivaroxaban) film-coated tablets in four strengths, indicated for the prevention of atherothrombotic events in adults with various cardiovascular diseases. The vertically integrated model of development was followed for the product. API synthesis and formulation development were results of our in-house expertise and could be patent protected. Tablets are lactose- and gluten-free. They can be taken whole or crushed and suspended in water, this making it easier to swallow or administer via a nasogastric tube. The timely marketing authorisation in EU countries prepared grounds for launching it on selected European markets, while we were also granted authorisations in Serbia and North Macedonia.

Marketing authorisation was also granted for Ticabril or Atixarso (ticagrelor), an advanced platelet aggregation inhibitor in film-coated tablets. Ticagrelor is a reversible platelet aggregation inhibitor indicated in patients with complex cardiovascular conditions. It decreases the risk of cardiovascular events, such as myocardial infarction and stroke. In combination with acetylsalicylic acid, it is used for prevention of atherothrombotic events. Film-coated tablets are sugar-free, starch-free, and lactose-free and can be taken whole or crushed and mixed into water. The medicinal product is made according to the vertically integrated production model. We manage the development and manufacture of the active ingredient and the finished product based on our in-house development of the API synthesis and formulation. The marketing authorisation is the base to launch this medicine as one of the first generics.

We extended the range of our cardiovascular medicines by a new single-pill combination Olsitri (olmesartan/amlodipine/hydrochlorothiazide) film-coated tablets in five strengths. We concluded the European decentralised procedure and obtained all necessary authorisations for entering the market among the first generic pharmaceutical companies immediately after the patent expiry. The medicine is indicated for lowering high blood pressure in patients with resistant hypertension.

We supplemented our range of medicines for the treatment of diabetes with Maymetesi (sitagliptin/metformin) film-coated tablets, the first fixed-dose combination with metformin. The combination medicine is an important antidiabetic agent for the treatment of type II diabetes. The two active substances exert synergistic action and regulate blood sugar levels. A patent independent formulation of sitagliptin, developed in house is used for the finished product and gives way to own developmental and production processes. We will organise production of the medicinal product on various production sites and in this way ensure its uninterrupted supply.

We added 3 new products to our range of oncology medicines.

We obtained marketing authorisations for our Erlotinib Krka (erlotinib) film-coated tablets in three strengths. The medicine is indicated for the treatment of patients with metastatic non-small cell lung cancer and in combination with another medication also for the treatment of pancreatic cancer. This medicine is the result of in-house research and development. We have launched it on selected markets immediately after originator's patent expired.

Procedures for obtaining marketing authorisation for Lenalidomide Krka (lenalidomide) hard capsules from the European Medicines Agency (EMA) are concluded. It is used independently or in combination with other medicines used to treat various forms of blood cancer. Its key indication is maintenance treatment of disseminated plasmacytoma in adult patients.

Marketing authorisation was granted for Anastrozole Krka (anastrozole) film-coated tablets, our new oncology medicine indicated for the treatment of various types of breast cancer.

To our central nervous system range, we added a new medicine for the treatment of epilepsy, Lacosabil or Lydraso (lacosamide) film-coated tablets in four strengths. Lacosamide has demonstrated efficacy and safety in different types of patients with epilepsy. In comparison to other antiepileptics, it has a more favourable safety profile and produces fewer undesirable effects and lesser risk of interactions. It can be combined with other antiepileptic agents. It is the result of our own development, and integration of development and production processes.

An important achievement in 2020 was the first marketing authorisation in China. We obtained approval for the antiepileptic pregabalin in hard capsule dosage form, in two strengths with two equal indications as the originator, i.e. for the treatment of postherpetic neuralgia and fibromyalgia. Successful R&D, business and regulatory operations led to obtaining approval for both, the active ingredient and finished product. Inspections that were successfully concluded paved the way for entering the Chinese market.

Under the European decentralised procedure, we obtained marketing authorisations for Efigalo or Fingod (fingolimod) hard capsules. Fingolimod is Krka's first medicine for the treatment of multiple sclerosis, the chronic autoimmune disease affecting the central nervous system. The agent alters the course of the disease in the highly active relapsing-remitting MS. It is our first in-house developed medicinal product in this therapeutic group of medicines for autoimmune diseases.

In addition to the established dexketoprofen solution for injection, we also obtained marketing authorisations for Dekenor or Dexfenia or Dexketia (dexketoprofen) film-coated tablets for the symptomatic treatment of mild to moderate pain. The medicine is authorised as a prescription pharmaceutical or as non-prescription medicine in different countries.

Supported with scientific evidence regarding the treatment of pain with the fixed-dose combination of active substances in prolonged-release tablets, we could obtain marketing authorisation for Doreta SR (tramadol/paracetamol) prolonged-release tablets in selected European markets. The updated instructions for use additionally ensure its safe use. The medicine that already had a major role in the treatment of moderate to severe pain in the past will be back on our markets in 2021.

We obtained marketing authorisation under the European decentralised procedure for Algominal (metamizole) film-coated tablets. Tablets are scored on one side to allow adapted dosing. The medicine is indicated in the management of severe and cancer pain in patients aged 15 years and older.

We obtained the European Pharmacopoeia certificate of compliance and CEP for rosuvastatin and were granted marketing authorisations for products with this active ingredient in our key markets. Rosuvastatin, our in-house API is incorporated in Roswera (rosuvastatin) and fixed-dose combinations Co-Roswera (rosuvastatin/ezetimibe), Roxiper (perindopril/indapamide/rosuvastatin), Valarox (valsartan/rosuvastatin) and Roxampex (perindopril/amlodipine/rosuvastatin). They all come in film-coated tablet dosage form.

We also obtained CEP for our active ingredient rabeprazole and were granted marketing authorisation renewal for the established medicine Zulbex gastro-resistant tablets for the treatment of stomach problems.

In Slovenia, we obtained marketing authorisation for Hydroxychloroquine sulfate Krka (hydroxychloroquine) film-coated tablets.

### New Non-Prescription Products

We extended our range of non-prescription products with two new products and added markets for products of established brands.

We renewed the formulation of our established product B-Complex (thiamine/riboflavin/pyridoxine/cyanocobalamin/calcium pantothenate/nicotinamide) film-coated tablets. Supported with revised documentation, we could obtain renewed marketing authorisation in Slovenia, Bosnia and Herzegovina, Kosovo, and North Macedonia. In Slovenia, where it is authorised as a non-prescription medicine, it is the only approved product with this vitamin B combination. The product is indicated for the prevention and treatment of hypovitaminosis B, avitaminosis B, increased body demand, malabsorption, and various other severe forms of vitamin B deficiency.

We have developed Flebaven 1000 in a new pharmaceutical form. We incorporated 1000 mg of purified flavonoid fraction, corresponding 900 mg of diosmin and 100 mg of flavonoids expressed as hesperidin, into film-coated tablets. The product is indicated for the treatment of symptoms of chronic venous insufficiency in adults and for the symptomatic treatment of deteriorated haemorrhoid-related problems in adults. It is taken once daily. The product was authorised in the Russian Federation.

### New animal health products

We obtained marketing authorisations for two new animal health products and expanded marketing opportunities for our key animal health product brands.

We obtained marketing authorisation for the first generic fixed-dose combination FlorFlu or Flovuxin (florfenicol/flunixin) solution for injection, available in two different bottle volumes. Administered by a single injection, the combination of active substances has an antimicrobial, analgesic, and anti-inflammatory effect. It is indicated for the treatment of respiratory tract infections in cattle.

We obtained the marketing authorisation for Tuloxin or Tulaxa (tulathromycin) 25 mg/ml solution for injection in three different bottle volumes. Tulathromycin is an advanced antimicrobial used to treat bacterial infections of the respiratory tract in pigs.

## Investments

In 2020, the Krka Group allocated €76.6 million to investments, of that €61.3 million to the controlling company. We primarily invested in new development capacities, manufacturing upgrades, quality management, and our own production-and-distribution centres across the world. In this period, our investments lagged behind the plan due to the COVID-19 pandemic impact on investments, primarily construction industry, yet with no material impact on the realisation of the related strategic guidelines.

We built a multipurpose warehouse at our central site in Ločna, Novo mesto, to provide for additional storage space for incoming materials and finished products. The new capacity improved production flexibility, product availability, and market supply. In 2020, we built and equipped a room in the raw materials warehouse for a two-way flow between the multipurpose warehouse, raw materials warehouse, and weighing rooms. We apportioned €34.6 million to the investment.

Notol 2, our state-of-the-art facility for manufacturing solid dosage forms, is also located in Ločna, Novo mesto. The growing need for extra production capacities has incited us to acquire additional technological equipment. We started equipping a new packaging facility in 2019, and continued setting it up in 2020. The investment was estimated at €41 million. In 2020, we allocated €17 million for it.

In Krško, we constructed a new warehouse for raw materials used in chemical and pharmaceutical production. The investment was estimated at €8.2 million. We plan to build new capacities for the development and production of active ingredients at the same site.

The high-capacity packaging line purchased for the Ljutomer production plant will allow for increased packaging output of lozenges and tablets. The warehousing section of the plant was refurbished into a temporary storage room in compliance with the standards of good warehousing practice and health and safety at work. We apportioned €5.7 million to the investments.

We have been making low investments into refurbishment of Notol (solid dosage form production facility), OTO (solid dosage form production plant), and Beta plants. In 2020, €5.1 million was invested in the renewal of systems and devices.

The Krka-Rus plant in the industrial zone of Istra in the north-western part of Moscow is one of the key investments in Krka subsidiaries abroad. The plant manufactures more than 80% of products intended for the Russian market, giving us the status of a domestic producer in the Russian Federation. In the next few years, we plan to increase production and laboratory capacities. The investment was estimated at €35 million. In 2020, we allocated €5 million for it.

In 2020, we continued making purchases of manufacturing and quality control equipment for production rooms taken on lease for our joint venture Ningbo Krka Menovo in China. In these production rooms, we manufacture products for markets outside China, and since January 2021, the first product intended for the Chinese market.

## Employees

At the end of 2020, the Krka Group had 11,677 employees, of which 5,418 worked abroad, a good 46% of the total Krka Group headcount. The proportion of Krka Group employees with at least university-level qualifications was 51%, of that 206 employees held doctoral degrees. Together with agency workers, the Krka Group had 12,631 employees.



In Slovenia, the number of employees increased by 262 or 4%. In 2020, we employed 453 people on account of replacements and retirements of employees in Slovenia.

## Share and Investor Information

In 2020, the price of Krka share on the Ljubljana Stock Exchange increased by 25%, reaching €91.40 at the end of the year. Market capitalisation of Krka amounted to €3 billion.

At the end of the year, Krka had a total of 47,369 shareholders. The shareholding structure, with 38.2% of domestic retail investors (natural persons) and 23.2% of foreign investors, is stable and without any major changes.

In 2020, the Company allocated short of €26 million to treasury share purchasing and €133 million to dividend payout. The Company acquired 307,522 treasury shares and, as at 31 December 2020, held a total of 1,541,774 treasury shares, accounting for 4.701% of share capital.

## Subsequent Events

### Jože Colarič appointed President of the Management Board and CEO

At its meeting of 27 January 2021, the Supervisory Board appointed the current President of the Management Board and Chief Executive Officer Jože Colarič for another six-year term commencing on 1 January 2022. The Supervisory Board also authorised him to draw up a proposal for appointing other members of the Management Board by November 2021 at the latest. The six-year term of office of the current Management Board members expires on 31 December 2021.

### Acquisition of Treasury Shares in 2021

Krka acquired 30,443 treasury shares between 1 January 2021 and 18 March 2021. At the end of this period, Krka held 1,572,217 treasury shares, accounting for 4.794% of share capital.

Novo mesto, March 2021

Krka, d. d., Novo mesto  
Management Board

## Unaudited Consolidated Statement of Financial Position of the Krka Group

€ thousand	31 Dec 2020	31 Dec 2019	Index 2020/19
<b>Assets</b>			
Property, plant and equipment	807,824	862,848	94
Intangible assets	107,371	109,082	98
Loans	15,376	10,908	141
Investments	10,420	9,681	108
Deferred tax assets	48,969	48,825	100
Other non-current assets	1,038	489	212
<b>Total non-current assets</b>	<b>990,998</b>	<b>1,041,833</b>	<b>95</b>
Assets held for sale	41	41	100
Inventories	453,690	421,578	108
Contract assets	1,644	1,874	88
Trade receivables	383,560	434,695	88
Other receivables	27,768	31,924	87
Loans	54,774	31,832	172
Investments	9,499	2,174	437
Cash and cash equivalents	313,568	218,667	143
<b>Total current assets</b>	<b>1,244,544</b>	<b>1,142,785</b>	<b>109</b>
<b>Total assets</b>	<b>2,235,542</b>	<b>2,184,618</b>	<b>102</b>
<b>Equity</b>			
Share capital	54,732	54,732	100
Treasury shares	-99,279	-73,774	135
Reserves	103,595	129,871	80
Retained earnings	1,684,285	1,553,489	108
<b>Total equity holders of the controlling company</b>	<b>1,743,333</b>	<b>1,664,318</b>	<b>105</b>
Non-controlling interests within equity	8,479	3,198	265
<b>Total equity</b>	<b>1,751,812</b>	<b>1,667,516</b>	<b>105</b>
<b>Liabilities</b>			
Provisions	134,686	120,403	112
Deferred revenue	7,804	8,709	90
Trade payables	10,006	10,000	100
Lease liabilities	9,121	10,201	89
Deferred tax liabilities	11,179	11,592	96
<b>Total non-current liabilities</b>	<b>172,796</b>	<b>160,905</b>	<b>107</b>
Trade payables	107,116	128,560	83
Borrowings	0	3	0
Lease liabilities	2,712	2,799	97
Income tax payable	15,748	18,824	84
Contract liabilities	106,299	123,312	86
Other current liabilities	79,059	82,699	96
<b>Total current liabilities</b>	<b>310,934</b>	<b>356,197</b>	<b>87</b>
<b>Total liabilities</b>	<b>483,730</b>	<b>517,102</b>	<b>94</b>
<b>Total equity and liabilities</b>	<b>2,235,542</b>	<b>2,184,618</b>	<b>102</b>

## Unaudited Consolidated Income Statement of the Krka Group

€ thousand	2020	2019	Index 2020/19
<b>Revenue</b>	<b>1,534,941</b>	<b>1,493,409</b>	<b>103</b>
– Revenue from contracts with customers	1,531,674	1,490,090	103
– Other revenue	3,267	3,319	98
Cost of goods sold	-623,616	-646,048	97
<b>Gross profit</b>	<b>911,325</b>	<b>847,361</b>	<b>108</b>
Other operating income	10,495	13,709	77
Selling and distribution expenses	-291,203	-350,327	83
– Net impairment and write-off of receivables	3,206	333	963
R&D expenses	-153,447	-152,421	101
General and administrative expenses	-86,426	-84,127	103
<b>Operating profit</b>	<b>390,744</b>	<b>274,195</b>	<b>143</b>
Financial income	23,259	24,987	93
Financial expenses	-75,011	-14,814	506
<b>Net financial result</b>	<b>-51,752</b>	<b>10,173</b>	
<b>Profit before tax</b>	<b>338,992</b>	<b>284,368</b>	<b>119</b>
Income tax	-50,043	-40,096	125
<b>Net profit</b>	<b>288,949</b>	<b>244,272</b>	<b>118</b>
Attributable to:			
– Equity holders of the controlling company	290,995	245,545	119
– Non-controlling interest	-2,046	-1,273	161
<b>Basic earnings per share (€)</b>	<b>9.27</b>	<b>7.73</b>	<b>120</b>
<b>Diluted earnings per share (€)</b>	<b>9.27</b>	<b>7.73</b>	<b>120</b>

## Unaudited Consolidated Statement of Other Comprehensive Income of the Krka Group

€ thousand	2020	2019	Index 2020/19
<b>Net profit</b>	<b>288,949</b>	<b>244,272</b>	<b>118</b>
<b>Other comprehensive income for the year</b>			
<b>Other comprehensive income for the year reclassified to profit or loss at a future date</b>			
Translation reserve	-43,726	19,151	
<b>Net other comprehensive income for the year reclassified to profit or loss at a future date</b>	<b>-43,726</b>	<b>19,151</b>	
<b>Other comprehensive income for the year that will not be reclassified to profit or loss at a future date</b>			
Change in fair value of available-for-sale financial assets	739	292	253
Restatement of post-employment benefits	-11,271	-17,034	66
Deferred tax effect	873	1,644	53
<b>Net other comprehensive income for the year that will not be reclassified to profit or loss at a future date</b>	<b>-9,659</b>	<b>-15,098</b>	<b>64</b>
<b>Total other comprehensive income for the year (net of tax)</b>	<b>-53,385</b>	<b>4,053</b>	
<b>Total comprehensive income for the year (net of tax)</b>	<b>235,564</b>	<b>248,325</b>	<b>95</b>
Attributable to:			
– Equity holders of the controlling company	237,689	249,565	95
– Non-controlling interest	-2,125	-1,240	171

**Unaudited Consolidated Statement of Changes in Equity of the Krka Group for 2020**

€ thousand	Reserves								Retained earnings			Total equity holders of the controlling company	Non-controlling interests within equity	Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the year			
<b>Balance at 1 Jan 2020</b>	54,732	-73,774	73,774	105,897	14,990	30,000	-26,925	-67,865	1,211,292	118,350	223,847	1,664,318	3,198	1,667,516
<b>Net profit</b>	0	0	0	0	0	0	0	0	0	0	290,995	290,995	-2,046	288,949
<b>Total other comprehensive income (net of tax)</b>	0	0	0	0	0	0	-8,134	-43,647	0	-1,525	0	-53,306	-79	-53,385
<b>Total comprehensive income (net of tax)</b>	0	0	0	0	0	0	-8,134	-43,647	0	-1,525	290,995	237,689	-2,125	235,564
<b>Transactions with owners recognised in equity</b>														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	68,798	-68,798	0	0	0	0
Transfer of profit from previous periods to retained earnings	0	0	0	0	0	0	0	0	0	223,847	-223,847	0	0	0
Repurchase of treasury shares	0	-25,505	0	0	0	0	0	0	0	0	0	-25,505	0	-25,505
Formation of reserves for treasury shares	0	0	25,505	0	0	0	0	0	0	0	-25,505	0	0	0
Acquisition of a share in GRS	0	0	0	0	0	0	0	0	0	105	0	105	-109	-4
Dividends paid	0	0	0	0	0	0	0	0	0	-133,274	0	-133,274	0	-133,274
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	7,515	7,515
<b>Total transactions with owners recognised in equity</b>	<b>0</b>	<b>-25,505</b>	<b>25,505</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,798</b>	<b>21,880</b>	<b>-249,352</b>	<b>-158,674</b>	<b>7,406</b>	<b>-151,268</b>
<b>Balance at 31 Dec 2020</b>	<b>54,732</b>	<b>-99,279</b>	<b>99,279</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-35,059</b>	<b>-111,512</b>	<b>1,280,090</b>	<b>138,705</b>	<b>265,490</b>	<b>1,743,333</b>	<b>8,479</b>	<b>1,751,812</b>

**Unaudited Consolidated Statement of Changes in Equity of the Krka Group for 2019**

€ thousand	Reserves								Retained earnings			Total equity holders of the controlling company	Non-controlling interests within equity	Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the year			
<b>Balance at 1 Jan 2019</b>	<b>54,732</b>	<b>-52,076</b>	<b>52,076</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-11,918</b>	<b>-86,983</b>	<b>1,167,388</b>	<b>100,332</b>	<b>163,097</b>	<b>1,537,535</b>	<b>2,735</b>	<b>1,540,270</b>
<b>Net profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245,545</b>	<b>245,545</b>	<b>-1,273</b>	<b>244,272</b>
<b>Total other comprehensive income (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,357</b>	<b>19,118</b>	<b>0</b>	<b>-741</b>	<b>0</b>	<b>4,020</b>	<b>33</b>	<b>4,053</b>
<b>Total comprehensive income (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,357</b>	<b>19,118</b>	<b>0</b>	<b>-741</b>	<b>245,545</b>	<b>249,565</b>	<b>-1,240</b>	<b>248,325</b>
<b>Transactions with owners recognised in equity</b>														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	43,904	-43,904	0	0	0	0
Transfer of profit from previous periods to retained earnings	0	0	0	0	0	0	0	0	0	163,097	-163,097	0	0	0
Repurchase of treasury shares	0	-21,698	0	0	0	0	0	0	0	0	0	-21,698	0	-21,698
Formation of reserves for treasury shares	0	0	21,698	0	0	0	0	0	0	0	-21,698	0	0	0
Other – TAD Pharma	0	0	0	0	0	0	-650	0	0	650	0	0	0	0
Purchase of a share in Golf Grad Otočec	0	0	0	0	0	0	0	0	0	575	0	575	-846	-271
Dividends paid	0	0	0	0	0	0	0	0	0	-101,659	0	-101,659	0	-101,659
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	2,549	2,549
<b>Total transactions with owners recognised in equity</b>	<b>0</b>	<b>-21,698</b>	<b>21,698</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-650</b>	<b>0</b>	<b>43,904</b>	<b>18,759</b>	<b>-184,795</b>	<b>-122,782</b>	<b>1,703</b>	<b>-121,079</b>
<b>Balance at 31 Dec 2019</b>	<b>54,732</b>	<b>-73,774</b>	<b>73,774</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-26,925</b>	<b>-67,865</b>	<b>1,211,292</b>	<b>118,350</b>	<b>223,847</b>	<b>1,664,318</b>	<b>3,198</b>	<b>1,667,516</b>

## Unaudited Consolidated Statement of Cash Flows of the Krka Group

€ thousand	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit</b>	<b>288,949</b>	<b>244,272</b>
<b>Adjustments for:</b>	<b>135,729</b>	<b>177,690</b>
– Amortisation/Depreciation	111,688	111,242
– Foreign exchange differences	-19,263	8,386
– Investment income	-24,076	-6,249
– Investment expenses	15,504	21,356
– Interest expense and other financial expenses	1,975	2,882
– Financial income	-142	-23
– Income tax	50,043	40,096
<b>Operating profit before changes in net current assets</b>	<b>424,678</b>	<b>421,962</b>
Change in trade receivables	55,699	-4,152
Change in inventories	-32,112	-56,429
Change in trade payables	-33,681	11,190
Change in provisions	1,572	374
Change in deferred revenue	-905	-1,089
Change in other current liabilities	-892	9,267
Income tax paid	-53,600	-31,600
<b>Net cash from operating activities</b>	<b>360,759</b>	<b>349,523</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2,144	1,254
Dividends received	575	358
Proceeds from sale of property, plant and equipment	516	1,465
Purchase of intangible assets	-6,017	-6,120
Purchase of property, plant and equipment	-74,806	-104,502
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	-5	-271
Non-current loans	-6,357	-2,414
Proceeds from repayment of non-current loans	1,799	2,239
Payments to acquire non-current investments	-593	-69
Proceeds from sale of non-current investments	39	37
Payments for current investments and loans	-29,658	-9,244
Payments for derivative financial instruments	-14,443	-7,540
Proceeds from derivative financial instruments	17,212	0
<b>Net cash from investing activities</b>	<b>-109,594</b>	<b>-124,807</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-247	-490
Payments of/Proceeds from current borrowings	-3	3
Lease payments	-3,086	-2,970
Dividends and other profit shares paid	-133,283	-101,668
Repurchase of treasury shares	-25,505	-21,698
Proceeds from payment of non-controlling interests	7,515	2,549
<b>Net cash from financing activities</b>	<b>-154,609</b>	<b>-124,274</b>
<b>Net increase in cash and cash equivalents</b>	<b>96,556</b>	<b>100,442</b>
Cash and cash equivalents at the beginning of the year	218,667	117,801
Effect of foreign exchange rate fluctuations on cash held	-1,655	424
<b>Closing balance of cash and cash equivalents</b>	<b>313,568</b>	<b>218,667</b>

## Unaudited Statement of Financial Position of Krka, d. d. , Novo mesto

€ thousand	31 Dec 2020	31 Dec 2019	Index 2020/19
<b>Assets</b>			
Property, plant and equipment	605,164	613,210	99
Intangible assets	27,893	28,410	98
Investments in subsidiaries	339,612	329,335	103
Trade receivables due from subsidiaries	0	39,491	0
Loans	35,024	36,223	97
Investments	10,419	9,680	108
Deferred tax assets	14,222	13,187	108
Other non-current assets	615	80	769
<b>Total non-current assets</b>	<b>1,032,949</b>	<b>1,069,616</b>	<b>97</b>
Assets held for sale	41	41	100
Inventories	389,178	367,007	106
Contract assets	500	565	88
Trade receivables	415,286	443,840	94
Other receivables	15,667	18,011	87
Loans	57,836	35,644	162
Investments	524	0	
Cash and cash equivalents	296,398	195,236	152
<b>Total current assets</b>	<b>1,175,430</b>	<b>1,060,344</b>	<b>111</b>
<b>Total assets</b>	<b>2,208,379</b>	<b>2,129,960</b>	<b>104</b>
<b>Equity</b>			
Share capital	54,732	54,732	100
Treasury shares	-99,279	-73,774	135
Reserves	218,787	201,057	109
Retained earnings	1,617,610	1,482,163	109
<b>Total equity</b>	<b>1,791,850</b>	<b>1,664,178</b>	<b>108</b>
<b>Liabilities</b>			
Provisions	119,830	105,677	113
Deferred revenue	4,387	1,659	264
Trade payables	10,000	10,000	100
Lease liabilities	2,163	2,453	88
<b>Total non-current liabilities</b>	<b>136,380</b>	<b>119,789</b>	<b>114</b>
Trade payables	143,294	182,409	79
Borrowings	46,345	73,033	63
Lease liabilities	659	640	103
Income tax payable	13,354	16,668	80
Liabilities from contracts with customers	16,581	14,609	113
Other current liabilities	59,916	58,634	102
<b>Total current liabilities</b>	<b>280,149</b>	<b>345,993</b>	<b>81</b>
<b>Total liabilities</b>	<b>416,529</b>	<b>465,782</b>	<b>89</b>
<b>Total equity and liabilities</b>	<b>2,208,379</b>	<b>2,129,960</b>	<b>104</b>

## Unaudited Income Statement of Krka, d. d., Novo mesto

€ thousand	2020	2019	Index 2020/19
<b>Revenue</b>	<b>1,447,112</b>	<b>1,390,248</b>	<b>104</b>
– Revenue from contracts with customers	1,440,930	1,383,855	104
– Other revenue	6,182	6,393	97
Cost of goods sold	-624,105	-597,369	104
<b>Gross profit</b>	<b>823,007</b>	<b>792,879</b>	<b>104</b>
Other operating income	5,137	3,780	136
Selling and distribution expenses	-263,174	-308,050	85
– Net impairment and write-off of receivables	1,177	300	392
R&D expenses	-150,727	-155,495	97
General and administrative expenses	-75,361	-69,262	109
<b>Operating profit</b>	<b>338,882</b>	<b>263,852</b>	<b>128</b>
Financial income	31,786	34,410	92
Financial expenses	-72,837	-14,751	494
<b>Net financial result</b>	<b>-41,051</b>	<b>19,659</b>	
<b>Profit before tax</b>	<b>297,831</b>	<b>283,511</b>	<b>105</b>
Income tax	-39,357	-34,100	115
<b>Net profit</b>	<b>258,474</b>	<b>249,411</b>	<b>104</b>
<b>Basic earnings per share (€)</b>	<b>8.23</b>	<b>7.85</b>	<b>105</b>
<b>Diluted earnings per share (€)</b>	<b>8.23</b>	<b>7.85</b>	<b>105</b>

## Unaudited Statement of Other Comprehensive Income of Krka, d. d., Novo mesto

€ thousand	2020	2019	Index 2020/19
<b>Net profit</b>	<b>258,474</b>	<b>249,411</b>	<b>104</b>
<b>Net profit – Effect of merger</b>	<b>1,778</b>	<b>0</b>	
<b>Other comprehensive income for the year</b>			
<b>Other comprehensive income for the year that will not be reclassified to profit or loss at a future date</b>			
Change in fair value of financial assets	739	292	253
Restatement of post-employment benefits	-10,966	-15,926	69
Deferred tax effect	901	1,458	62
Effect of merger	35,525	0	
<b>Net other comprehensive income for the year that will not be reclassified to profit or loss at a future date</b>	<b>26,199</b>	<b>-14,176</b>	
<b>Total other comprehensive income for the year (net of tax)</b>	<b>26,199</b>	<b>-14,176</b>	
<b>Total comprehensive income for the year (net of tax)</b>	<b>286,451</b>	<b>235,235</b>	<b>122</b>



**Unaudited Statement of Changes in Equity of Krka, d. d., Novo mesto for 2020**

€ thousand	Reserves							Retained earnings			Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the year	
<b>Balance at 1 Jan 2020</b>	<b>54,732</b>	<b>-73,774</b>	<b>73,774</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-23,604</b>	<b>1,211,292</b>	<b>43,158</b>	<b>227,713</b>	<b>1,664,178</b>
<b>Net profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>258,474</b>	<b>258,474</b>
<b>Net profit – Effect of merger</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,778</b>	<b>1,778</b>
<b>Other comprehensive income for the year</b>											
<b>Total other comprehensive income for the year (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,775</b>	<b>0</b>	<b>33,974</b>	<b>0</b>	<b>26,199</b>
<b>Total comprehensive income for the year (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,775</b>	<b>0</b>	<b>33,974</b>	<b>260,252</b>	<b>286,451</b>
<b>Transactions with owners recognised in equity</b>											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	68,798	-68,798	0	0
Transfer of profit from previous periods to retained earnings	0	0	0	0	0	0	0	0	227,713	-227,713	0
Repurchase of treasury shares	0	-25,505	0	0	0	0	0	0	0	0	-25,505
Formation of reserves for treasury shares	0	0	25,505	0	0	0	0	0	0	-25,505	0
Dividends paid	0	0	0	0	0	0	0	0	-133,274	0	-133,274
<b>Total transactions with owners recognised in equity</b>	<b>0</b>	<b>-25,505</b>	<b>25,505</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68,798</b>	<b>25,641</b>	<b>-253,218</b>	<b>-158,779</b>
<b>Balance at 31 Dec 2020</b>	<b>54,732</b>	<b>-99,279</b>	<b>99,279</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-31,379</b>	<b>1,280,090</b>	<b>102,773</b>	<b>234,747</b>	<b>1,791,850</b>

**Unaudited Statement of Changes in Equity of Krka, d. d., Novo mesto for 2019**

€ thousand	Reserves							Retained earnings			Total equity
	Share capital	Treasury shares	Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the year	
<b>Balance at 1 Jan 2019</b>	54,732	-52,076	52,076	105,897	14,990	30,000	-10,175	1,167,388	37,627	151,841	1,552,300
<b>Net profit</b>	0	0	0	0	0	0	0	0	0	249,411	249,411
<b>Total other comprehensive income for the year (net of tax)</b>	0	0	0	0	0	0	-13,429	0	-747	0	-14,176
<b>Total comprehensive income for the year (net of tax)</b>	0	0	0	0	0	0	-13,429	0	-747	249,411	235,235
<b>Transactions with owners recognised in equity</b>											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	43,904	-43,904	0	0
Transfer of profit from previous periods to retained earnings	0	0	0	0	0	0	0	0	151,841	-151,841	0
Repurchase of treasury shares	0	-21,698	0	0	0	0	0	0	0	0	-21,698
Formation of reserves for treasury shares	0	0	21,698	0	0	0	0	0	0	-21,698	0
Dividends paid	0	0	0	0	0	0	0	0	-101,659	0	-101,659
<b>Total transactions with owners recognised in equity</b>	0	-21,698	21,698	0	0	0	0	43,904	6,278	-173,539	-123,357
<b>Balance at 31 Dec 2019</b>	54,732	-73,774	73,774	105,897	14,990	30,000	-23,604	1,211,292	43,158	227,713	1,664,178

## Unaudited Statement of Cash Flows of Krka, d. d., Novo mesto

€ thousand	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit</b>	<b>258,474</b>	<b>249,411</b>
<b>Adjustments for:</b>	<b>111,062</b>	<b>122,935</b>
– Amortisation/Depreciation	85,146	82,077
– Foreign exchange differences	1,611	-758
– Investment income	-28,408	-11,359
– Investment expenses	15,131	16,047
– Financial income	-3,779	0
– Financial expenses	2,004	2,828
– Income tax	39,357	34,100
<b>Operating profit before changes in net current assets</b>	<b>369,536</b>	<b>372,346</b>
Change in trade receivables	57,672	-54,708
Change in inventories	-22,171	-49,508
Change in trade payables	-13,832	31,353
Change in provisions	1,176	-135
Change in deferred revenue	-518	-371
Change in other current liabilities	3,288	-3,029
Income tax paid	-42,641	-18,952
<b>Net cash from operating activities</b>	<b>352,510</b>	<b>276,996</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	575	1,215
Dividends received	575	358
Proportionate profit of subsidiaries	7,092	8,692
Proceeds from sale of property, plant and equipment	760	733
Purchase of property, plant and equipment	-60,917	-82,141
Purchase of intangible assets	-5,582	-5,435
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	-11,281	-3,834
Non-current loans	-2,476	-4,177
Proceeds from repayment of non-current loans	4,683	10,182
Payments to acquire non-current investments	-566	-43
Proceeds from sale of non-current investments	26	21
Payments for current investments and loans	-23,210	-6,571
Payments for derivative financial instruments	-14,443	-7,540
Proceeds from derivative financial instruments	17,212	0
<b>Net cash from investing activities</b>	<b>-87,552</b>	<b>-88,540</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-512	-742
Payments of /Proceeds from current borrowings	-2,269	32,564
Lease payments	-732	-718
Dividends and other profit shares paid	-133,283	-101,668
Repurchase of treasury shares	-25,505	-21,698
<b>Net cash flows from financing activities</b>	<b>-162,301</b>	<b>-92,262</b>
<b>Net increase in cash and cash equivalents</b>	<b>102,657</b>	<b>96,194</b>
Cash and cash equivalents at the beginning of the year	195,236	98,474
Effect of foreign exchange rate fluctuations on cash held	-1,751	568
Cash obtained through the merger	256	0
<b>Closing balance of cash and cash equivalents</b>	<b>296,398</b>	<b>195,236</b>