



**2022 Unaudited Consolidated
Financial Statements of the Krka Group and
Unaudited Financial Statements of
Krka, d. d., Novo mesto
with Relevant Notes**

Novo mesto, March 2023

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

2022 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP AND UNAUDITED FINANCIAL STATEMENTS OF KRKA, D. D., NOVO MESTO WITH RELEVANT NOTES

The 2022 unaudited consolidated financial statements of the Krka Group and unaudited financial statements of Krka, d. d., Novo mesto, with comparative data for 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS). The 2021 comparative statements have been audited.

Krka, d. d., Novo mesto has no authorised capital and has made no conditional share capital increase.

Krka Group at a Glance

Krka, d. d., Novo mesto (hereinafter: the Company, Krka, or the controlling company) is the controlling company of the Krka Group, which comprised the following subsidiaries as at 31 December 2022:

	Ownership share of the controlling company 31 Dec 2022 (%)
TERME KRKA, d. o. o., Novo mesto, Slovenia*	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, Northern Macedonia	100
KRKA Bulgaria EOOD, Sofia, Bulgaria	100
KRKA HELLAS E.P.E., Athens, Greece	100
KRKA FARMA d.o.o., Sarajevo, Sarajevo, Bosnia and Herzegovina	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, Vienna, Austria	100
KRKA Farmacêutica, Unipessoal Lda., Estoril, Portugal	100
KRKA FARMACÊUTICA, 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	100
KRKA Finland Oy, Espoo, Finland	100
KRKA UK Ltd, London, United Kingdom	100
123 Acurae Pharma GmbH, Cuxhaven, Germany	100
Ningbo Krka Menovo Pharmaceutical Co. Ltd., Ningbo, China	60
KRKA USA LLC, Wilmington, USA	100
KRKA GCC L.L.C., Dubai, United Arab Emirates*	100

The Dubai, United Arab Emirates-based subsidiary KRKA GCC L.L.C. was entered into the register of companies as at 14 September 2022, its AED 36,700 of share capital (€9 thousand) paid as at 12 January 2023.

As at 31 December 2022, the subsidiaries Terme Krka, d. o. o. and KRKA France Eurl held 100-percent interests in the Slovenia-based Golf Grad Otočec, d. o. o. and the Belgium-based HCS bvba, respectively. The China-based Ningbo Menovo Pharmaceutical Co. Ltd. owns 40% of Ningbo Krka Menovo Pharmaceutical Co. Ltd.

Financial Highlights

€ thousand	The Krka Group			Company		
	2022	2021	Index	2022	2021	Index
Revenue	1,717,453	1,565,802	110	1,553,514	1,381,367	112
– Of that revenue from contracts with customers (products and services)	1,708,542	1,560,288	110	1,356,075	1,211,494	112
Gross profit	974,393	891,208	109	890,182	766,535	116
Earnings before interest, tax, depreciation and amortisation (EBITDA)	488,895	463,625	105	440,086	358,188	123
Operating profit (EBIT) ¹	381,211	354,788	107	357,870	273,325	131
Profit before tax (EBT)	433,073	362,417	119	412,258	285,956	144
Net profit	363,662	308,150	118	348,215	245,216	142
Effective tax rate	16.0%	15.0%		15.5%	14.2%	
R&D expenses	162,580	154,559	105	158,292	150,232	105
Investments	105,974	66,386	160	79,540	49,493	161
	31 Dec 2022	31 Dec 2021	Index	31 Dec 2022	31 Dec 2021	Index
Non-current assets	1,125,025	1,075,052	105	1,123,594	1,094,724	103
Current assets	1,562,475	1,461,936	107	1,392,950	1,332,521	105
– Inventories	553,332	455,707	121	492,978	394,323	125
– Trade receivables	402,730	467,764	86	357,889	424,588	84
– Cash and cash equivalents	518,934	159,838	325	470,297	144,981	324
Equity	2,138,509	1,919,085	111	2,060,792	1,876,142	110
Non-current liabilities	132,130	162,674	81	102,333	128,783	79
Current liabilities	416,861	455,229	92	353,419	422,320	84
– Trade payables	140,837	130,011	108	194,143	178,143	109
RATIOS	2022	2021		2022	2021	
Gross profit margin	56.7%	56.9%		57.3%	55.5%	
EBITDA margin	28.5%	29.6%		28.3%	25.9%	
EBIT margin	22.2%	22.7%		23.0%	19.8%	
EBT margin	25.2%	23.1%		26.5%	20.7%	
Net profit margin (ROS)	21.2%	19.7%		22.4%	17.8%	
Return on equity (ROE) ²	17.9%	16.8%		17.7%	13.4%	
Return on assets (ROA) ³	13.9%	12.9%		14.1%	10.6%	
Liabilities/Equity	0.257	0.322		0.221	0.294	
R&D expenses/Revenue	9.5%	9.9%		10.2%	10.9%	
NUMBER OF EMPLOYEES	2022	2021		2022	2021	
Year-end	11,598	11,511		6,320	6,228	
Average	11,569	11,581		6,254	6,204	
SHARE INFORMATION		2022		2021	Index	
Total number of shares issued		32,793,448		32,793,448	100	
Earnings per share (EPS) in € ⁴		11.69		9.92	118	
Gross dividend per share in €		5.63		5.00	113	
Closing price at the end of the period in € ⁵		92.00		118.00	78	
Price/Earnings ratio (P/E)		7.87		11.90	66	
Book value in € ⁶		65.21		58.52	111	
Price/Book value (P/B)		1.41		2.02	70	
Market capitalisation in € thousand (31 Dec)		3,016,997		3,869,627	78	

¹ The difference between operating income and expenses

² Net profit/Average shareholders' equity in the year

³ Net profit/Average total asset balance in the year

⁴ Profit for the year attributable to equity holders of the Krka Group/Average number of shares issued in the year, excluding treasury shares

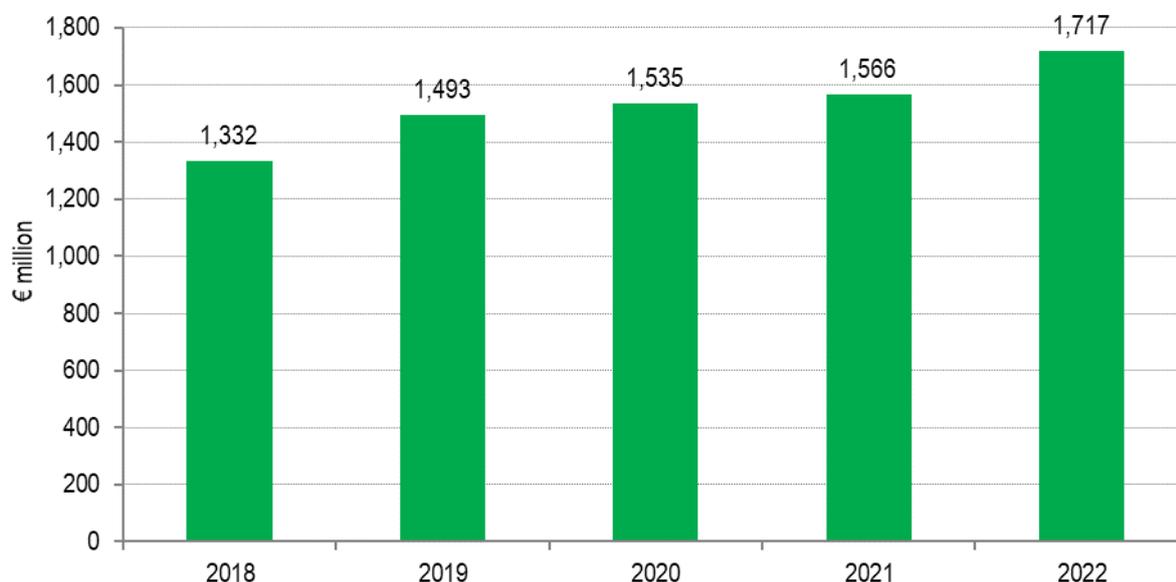
⁵ Share price on the Ljubljana Stock Exchange

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

Krka Group Business Performance

Operating Income

Revenue



In 2022, the Krka Group generated revenue of €1,717.5 million (of which revenue from contracts with customers on the sales of products and services totalled €1,708.5 million, while the rest was revenue from contracts with customers on the sales of materials, and other sales revenue); a €151.7 million or 10% increase on 2021. Over the past five years average annual revenue growth rate was 6.3%. Other operating income of the Krka Group amounted to €9.2 million.

Operating Expenses

Krka Group operating expenses totalled €1,345.4 million, up €123.0 million or 10% on 2021.

Operating expenses included €743.1 million of costs of goods sold, €349.1 million of selling and distribution expenses, €162.6 million of R&D expenses, and €90.7 million of general and administrative expenses. Operating expenses accounted for 78% of revenue in 2022, while ranging between 75% in 2020 and 83% in 2018 and 2019 over the past five-year period.

The largest operating expense was costs of goods sold, which increased by 10% year-over-year. They accounted for 43.3% of revenue, while representing 43.1% in 2021. Selling and distribution expenses increased by 14% and accounted for 20.3% of revenue, up 0.8 of a percentage point on 2021. R&D expenses accounted for 9.5% of revenue (down 0.4 of a percentage point on 2021), having increased by 5%. General and administrative expenses amounted to 5.3% of revenue, a 4% increase, their proportion dropping by 0.3 of a percentage point.

Financial Income and Expenses

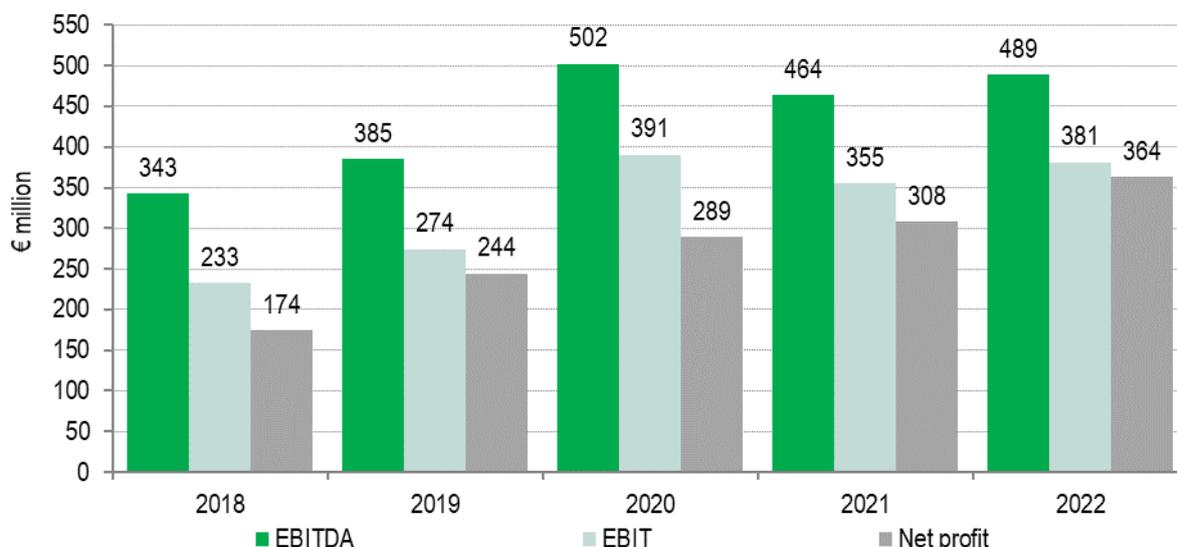
The Krka Group operates in a diverse international environment and is exposed to foreign exchange risks in certain sales and purchase markets.

The total Krka Group result of net foreign exchange gains and hedging amounted to €52.7 million, of which net foreign exchange gains amounted to €43.6 million and derivatives income to €9.1 million. Interest income amounted to €3.8 million, income from dividends to €0.7 million, and other financial income to €0.5 million. Financial expenses consisted of interest expenses (€1.3 million) and other financial expenses (€4.5 million).

The Krka Group's net financial result for 2022 totalled €51.9 million.

Operating Results

EBITDA, EBIT, and Net Profit



Krka Group EBITDA amounted to €488.9 million, up €25.3 million or 5%. EBIT was €381.2 million, up €26.4 million or 7% on 2021.

Profit before tax for 2022 increased by €70.7 million or 19% year-over-year, to €433.1 million. The effective tax rate was 16.0%. Net profit totalled €363.7 million, up €55.5 million or an 18% increase on 2021. Over the past five years average annual net profit growth rate was 19%.

Assets

€ thousand	The Krka Group				
	2022	%	2021	%	Index
Non-current assets	1,125,025	41.9	1,075,052	42.4	105
Property, plant and equipment	779,336	29.0	773,657	30.5	101
Intangible assets	102,550	3.8	104,301	4.1	98
Investments and loans	188,309	7.0	149,183	5.9	126
Other	54,830	2.1	47,911	1.9	114
Current assets	1,562,475	58.1	1,461,936	57.6	107
Inventories	553,332	20.6	455,707	18.0	121
Trade receivables	402,730	15.0	467,764	18.4	86
Other	606,413	22.5	538,465	21.2	113
Total assets	2,687,500	100.0	2,536,988	100.0	106

At the end of 2022, Krka Group assets totalled €2,687.5 million, a €150.5 million or 6% increase on the year-end of 2021. Non-current to current assets in the overall asset structure changed, with the former decreasing by 0.5 of a percentage point year-over-year and totalling 41.9%.

There was €1,125.0 million of non-current assets on the statement of the financial position, a €50.0 million or 5% increase year-over-year. The most important item in the asset structure was property, plant and equipment (PP&E). It was valued at €779.3 million and accounted for 29.0% of total assets (of which the Company's PP&E accounted for €566.8 million, which was 73% of the Group's PP&E). Intangible assets were worth €102.6 million and accounted for 3.8% of total assets (of which the Company's assets accounted for €25.0 million, i.e. 24% of the Group's total intangible assets). Non-current loans totalled €77.5 million or 2.9% of total Krka Group assets.

Current assets were valued at €1,562.5 million, having increased by €100.5 million or 7% on the year-end of 2021. Trade receivables due from customers outside the Krka Group totalled €402.7 million, accounting for 15% of total

assets. Inventories amounted to €553.3 million or 21% of total assets. Trade receivables decreased by €65.0 million or 14%, while inventories rose by €97.6 million or 21%. Current loans totalled €6.3 million or 0.2% of total assets. Cash and cash equivalents were valued at €518.9 million, up €359.1 million on the year-end of 2021, accounting for 19.3% of Krka Group assets total.

Equity and Liabilities

€ thousand	The Krka Group				
	2022	%	2021	%	Index
Equity	2,138,509	79.6	1,919,085	75.6	111
Non-current liabilities	132,130	4.9	162,674	6.4	81
Current liabilities	416,861	15.5	455,229	18.0	92
Total equity and liabilities	2,687,500	100.0	2,536,988	100.0	106

As at 31 December 2022, Krka Group equity was up €219.4 million or 11% year-over-year. The rise was attributable to the Group net profit of €363.7 million, other comprehensive income net of tax in the total value of €34.7 million, and the acquisition of a non-controlling interest amounting to €6.2 million. On the other hand, equity declined as a result of the €175.0 million dividend payout and the repurchase of treasury shares worth €10.0 million.

Provisions totalled €107.2 million (of which post-employment and other non-current employee benefits accounted for €96.0 million, provisions for lawsuits €10.6 million, and other provisions €0.7 million). This was a decrease by €18.9 million or 15% year-over-year. Provisions for post-employment and other non-current employee benefits decreased by €28.3 million, while other provisions declined by €0.6 million. Provisions for lawsuits were up €10.0 million.

As to current liabilities, trade payables increased by €10.8 million (of which payables to suppliers outside Slovenia increased by €1.8 million and payables to domestic suppliers by €9.0 million). Current liabilities from contracts with customers increased by €33.0 million (of which bonuses and volume rebates increased by €31.1 million and contract liabilities by €3.1 million, while the right of return was down €1.2 million). Other current liabilities declined by €103.7 million, of which liabilities under repurchase agreements (repo) dropped by €102.2 million and other liabilities by €3.3 million, with payables to employees increasing by €1.8 million.

Cash Flow Statement

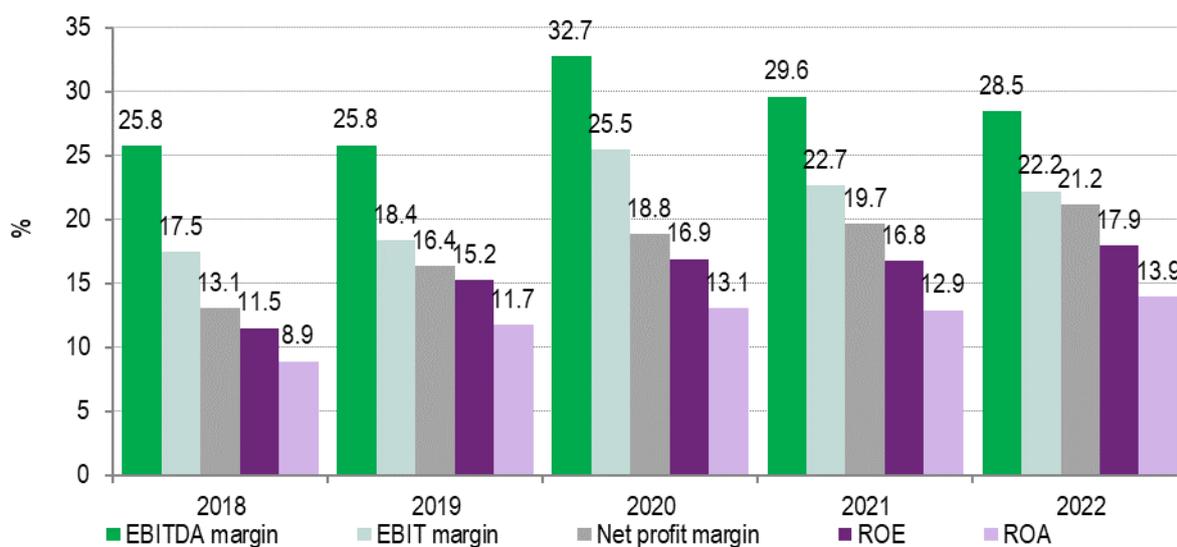
€ thousand	Krka Group	
	2022	2021
Net cash from operating activities	467,651	386,097
Net cash from investing activities	76,414	-372,637
Net cash from financing activities	-187,022	-169,850
Net change in cash and cash equivalents	357,043	-156,390

The net change in cash and cash equivalents (exclusive of exchange rate fluctuations) of the Krka Group totalled €357.0 million in 2022, since the positive cash flows from operating and investing activities exceeded the negative cash flow from financing activities.

The Krka Group generated €552.3 million of profit from operating activities before changes in net current assets. Changes in current assets that positively influenced cash flows included changes in trade receivables and trade payables, while changes in inventories, provisions, deferred revenue and other current liabilities had a negative impact.

The positive cash flow from investing activities totalled €76.4 million and was chiefly the result of the net proceeds from current loans and current investments (contributing €189.6 million and €153.8 million, respectively). Negative cash flows from financing activities totalled €187.0 million, primarily attributable to dividends and other profit shares paid (€175.0 million) and repurchased treasury shares (€10.0 million).

Performance Ratios



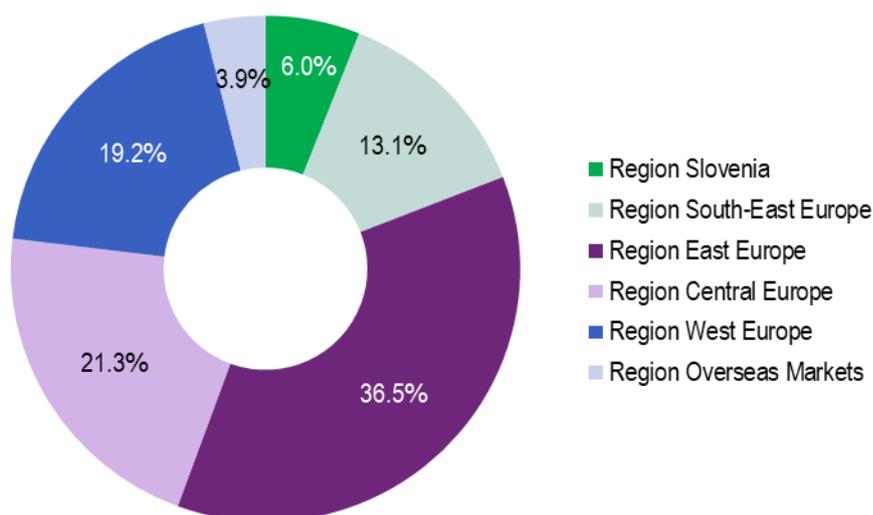
All ratios are in line with the Group's strategic objectives. ROS, ROE and ROA in 2022 reached the highest values in the last five years.

Krka Group Sales

Product and Service Sales by Region

€ thousand	2022	2021	Index 2022/21
Region Slovenia	103,047	92,880	111
Region South-East Europe	224,523	209,166	107
Region East Europe	623,377	547,778	114
Region Central Europe	364,154	351,501	104
Region West Europe	327,343	305,246	107
Region Overseas Markets	66,098	53,717	123
Total	1,708,542	1,560,288	110

Product and Service Sales by Region



In 2022, the Krka Group generated €1,708.5 million of revenue from contracts with customers on the sales of products and services, an increase by €148.3 million or 10% compared to the 2021 results. Sales increased in all sales regions and most sales markets.

The largest in terms of sales was Region East Europe. This is where the Krka Group generated €623.4 million, accounting for 36.5% of sales total, up 14% year-on-year. In the Russian Federation we sold €387.0 million worth of products, a 16% rise on 2021. Krka has two subsidiaries there: a marketing and distribution company, and a production company which manufactures over 70% of all products sold in the Russian market. The production process has been smooth, and demand for Krka products in the Russian Federation is adequate. In Ukraine, where Krka runs its own marketing company, we have adjusted to the conditions and performed well. We sold €95.2 million worth of products, a 1% year-on-year decrease. In all other markets of the region sales were up.

The second largest in terms of sales was Region Central Europe, where sales amounted to €364.2 million, which is 21.3% of overall sales and a 4% increase compared to the year before. The Region's leading market was Poland, where we generated product sales of €168.2 million and recorded a 1% sales growth. Sales also increased in all other markets of the Region except Hungary. In absolute terms sales climbed the most in the Czech Republic, while the markets that recorded the highest sales increases in relative terms were the Czech Republic and Lithuania.

In Region West Europe sales totalled €327.3 million, accounting for a 19.2% share and ranking the third largest Krka Group region in terms of sales. Sales there were 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 sales growth rates were recorded in the Benelux, Portugal and Germany.

Product sales in Region South-East Europe amounted to €224.5 million, up 7% on 2021. This is 13.1% of total Krka Group sales. While sales increases were witnessed by all regional markets, it was Romania and Croatia – still the Region's leading markets – where we recorded the highest absolute sales growth.

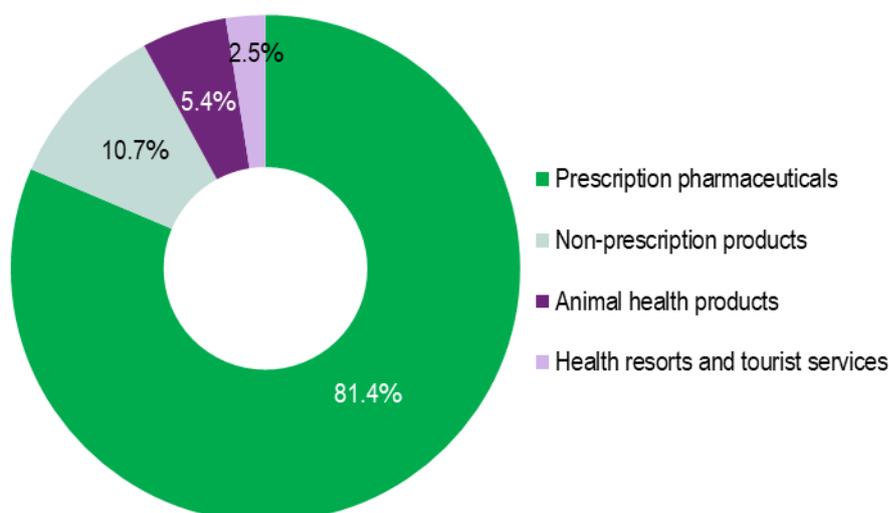
In Slovenia, Krka Group sales were €103.0 million, accounting for 6% of total sales and climbing 11% year-on-year. The bulk came from product sales, which increased by 7%, to €60.5 million. Health resorts and tourist services sales amounted to €42.6 million, a 17% rise on 2021.

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

Sales by Product and Service Group

€ thousand	2022	2021	Index
Human health products	1,572,949	1,442,566	109
– Prescription pharmaceuticals	1,390,972	1,305,316	107
– Non-prescription products	181,977	137,250	133
Animal health products	93,041	81,257	115
Health resorts and tourist services	42,552	36,465	117
Total	1,708,542	1,560,288	110

Sales by Product and Service Group



The Krka Group sales of prescription pharmaceuticals totalled €1,391.0 million, up 7% on 2021, accounting for 81.4% of total product and service sales. Sales increased in all regions, climbing 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 system 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 (Prenessa, Co-Prenessa, 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, Elnap),
- Tramadol (Doreta, Tadol) and
- Candesartan (Karbis, Karbicombi, Kandoset).

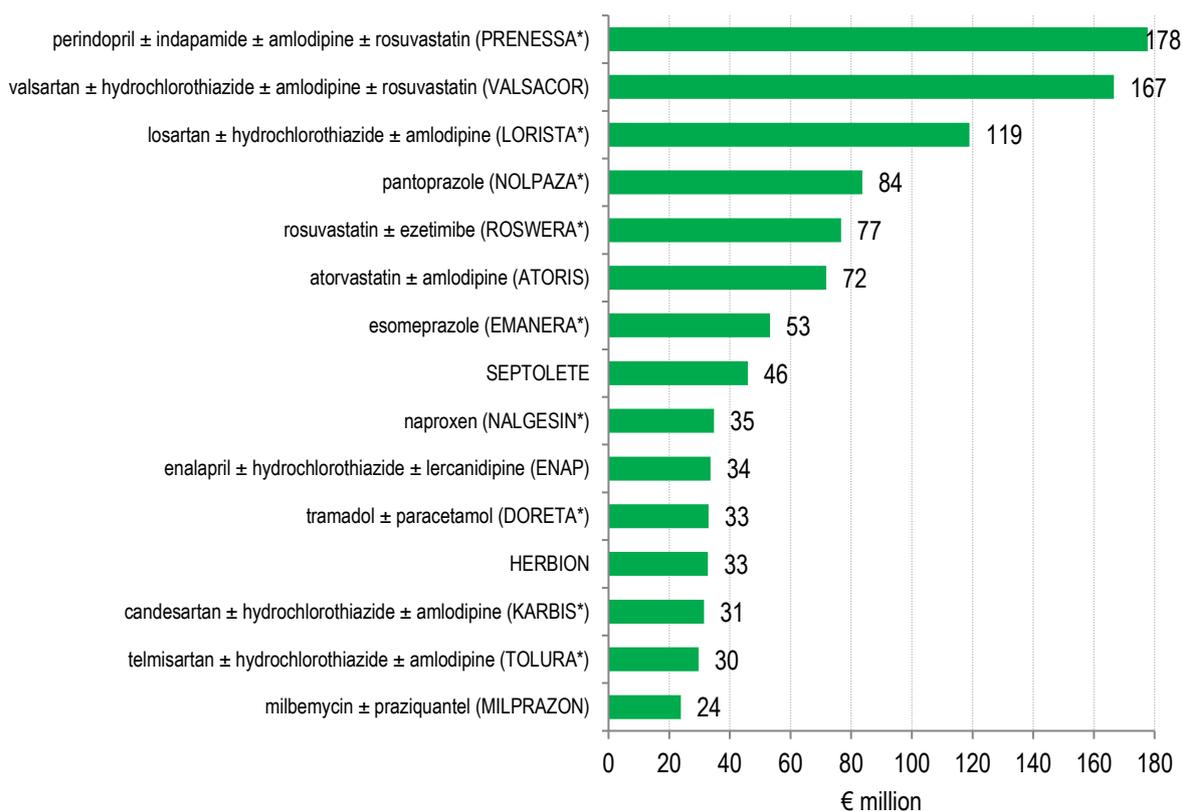
These pharmaceuticals are marketed under different brand names in individual markets.

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). Sales increased the most in the Russian Federation, Romania and Poland. The incidence of common cold and flu increased, because restrictions associated with the COVID-19 pandemic were lifted. This boosted demand for cold and cough products, our most important group of non-prescription products. Our most important non-prescription product brands in terms of sales include Septotele, Herbion, Nalgesin and Bilobil.

The sales of animal health products grew by 15% and amounted to €93.0 million (5.4% of total sales). The Russian Federation, the United Kingdom and the Benelux countries contributed the most to sales growth. The combination of milbemycin and praziquantel (Milprazon) was our best-selling animal health product. It was followed by products containing fipronil (Fypryst, Fypryst Combo), selamectin (Selehold), enrofloxacin (Enroxil), and products combining pyrantel and praziquantel (Dehinel, Dehinel Plus).

Health resorts and tourist services sales contributed €42.6 million in sales, up 17% on 2021 (2.5% of total sales).

2022 Sales of Leading Products



The sales of leading products are presented using data for the main active ingredient. Combination medicines that incorporate this active ingredient are also included. Products marked with an asterisk are sold under different product brand names or the Krka trademark in individual markets.

Research and Development

We obtained marketing authorisations for 11 new products: 9 prescription pharmaceuticals and 2 non-prescription products. We finalized 490 marketing authorisation procedures, obtaining approvals for 358 prescription pharmaceuticals, 22 non-prescription products and food supplements, and 110 animal health products.

We filed 14 patent applications in 2022 for new technological solutions we had evaluated as being innovative at the global level. Based on priority applications from 2021, we submitted 9 international patent applications. We were granted 3 patents in different 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 trademark applications. The Krka Group has over 1,100 trademarks in various countries.

New Prescription Pharmaceuticals

We obtained marketing authorisations for nine new prescription pharmaceuticals.

One of them is Aregalu/Teriflago (teriflunomide) in the form of film-coated tablets. This is the medicine of choice for most patients with relapsing-remitting multiple sclerosis.

Krka's range of antidiabetics available on the Russian market was expanded with Dapaforse (dapagliflozin) film-coated tablets. Dapagliflozin is a sodium-glucose cotransporter-2 inhibitor and belongs to the group of the most advanced medicines indicated for treating type 2 diabetes. In addition to being an antidiabetic, dapagliflozin has a beneficial effect on the kidneys and the cardiovascular system.

Using new scientific studies in the field of synthesis and analytical methods we developed a new synthesis process for the API tapentadol which is integrated in Apeneta/Adoben/Tapendolor (tapentadol) prolonged-release tablets. The medicine is used to relieve strong chronic pain in adults.

Our portfolio of cardiovascular system agents was supplemented with a new product, Tezulix (ranolazine) prolonged-release tablets. Atherosclerosis remains the leading cause of cardiovascular morbidity and mortality. Ranolazine is used with other medications to treat patients with progressed atherosclerosis who suffer from stable angina.

A marketing authorisation was granted for our newly-developed Dabixom (dabigatran etexilate) hard capsules. This antithrombotic is used for the treatment and prevention of atherothrombotic and thromboembolic events in adults with various cardiovascular diseases. Dabixom was granted approval in the Russian Federation. The product was created using the model of vertical integration; API synthesis and formulation development were the results of our know-how.

A new perindopril arginine-based product was granted a marketing authorisation. In 2021, we had obtained the first marketing authorisations for products based on this new perindopril salt. This year we added to the product group the combination of perindopril arginine and amlodipine, available on markets as Neoamlessini/Amlessa/Amlessa NEO/Aramlessa/Tonarssa NEO/Dalnessaneo/Dalnessa AS/Aperneva. The perindopril arginine API has been developed and is being produced using our vertical integration model. It results from our know-how and is manufactured in our own facilities. The new form of the active ingredient allows for adjustments to the needs of each market.

We continued obtaining new marketing authorisations for our products in China. Based on the approval results of additional research and bioequivalence studies consistent with the requirements of Chinese regulators, we obtained approvals to market our valsartan film-coated tablets and our perindopril tert-butylamine/indapamide single-pill combination. Both are used to treat cardiovascular diseases.

We developed and obtained marketing authorisations for Vitamin D3 Krka (cholecalciferol) tablets in the new strength of 7,000 IU, which allows the vitamin to be taken once a week.

New Non-Prescription Products

Two products were added to our range of self-medication treatments.

Magnezij Krka 400 in the form of water soluble granules is a food supplement that contains magnesium citrate and B₂. Both active substances help reduce fatigue and exhaustion, and support normal functioning of the nervous system. Magnesium citrate is also vital for proper muscle function. Our product does not contain preservatives, artificial colouring agents, flavours, sweeteners, gluten, or lactose.

Krka also obtained its first marketing authorisation for sildenafil available without a prescription, used to treat erectile dysfunction. By obtaining the new legal status for this medicine, we have made it more readily available to users.

Investments

In 2022, the Krka Group allocated €106 million to investments, of which the controlling company invested €79.5 million.

The following major investment projects were completed in 2022:

- Several highly automated and robotised packaging lines were installed in our state-of-the-art plant for the production of solid dosage forms Notol 2 (Novo mesto, Slovenia), thus completing its technological equipment. 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 value of investments in 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.

The following major investments are ongoing:

- We have dedicated €26 million for additional capacities in the Solid Dosage Form Products 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 are constructing a multi-purpose building in Novo mesto (Slovenia) to house our extended microbiology laboratory and additional spaces 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 had obtained the integral building permit for the Sinteza 2 plant and laboratories for chemical analyses (Slovene: Kemijsko-analitski center). The environmental permit has also been granted, and construction works are planned to start after the permit enters into force. The investment estimated at €163 million pursues our strategy of vertical integration from product development to production.
- The upgrade of production capacities at our Ljutomer Plant (Slovenia) has continued, 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 joint venture Ningbo Krka Menovo from China 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. Including agency workers, the Krka Group employed a 12,592-strong team at the end of 2022, thus having 133 more staff than at the end of 2021.

Investor and Share Information

After surging more than 29% in 2021, the price of Krka's share dropped by 22% last year and ended the period at €92.00 (31 December 2022). Krka's shareholders received €5.63 per share for dividends, up 13% 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 shareholding structure is stable and mainly goes without major changes, with 40.4% of shareholders being domestic retail investors and 20.9% international.

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.

Event after the Reporting Period

Acquisition of Treasury Shares in 2023

Krka acquired 23,245 treasury shares between 1 January and 15 March 2023, and thus holds 1,809,094 treasury shares at the end of this period (5.517% of shares total).

Novo mesto, March 2023

Krka, d. d., Novo mesto
Management Board

Unaudited Consolidated Statement of the Financial Position of the Krka Group

€ thousand	31 Dec 2022	31 Dec 2021	Index
Assets			
Property, plant and equipment	779,336	773,657	101
Intangible assets	102,550	104,301	98
Loans	77,539	40,300	192
Investments	110,770	108,883	102
Deferred tax assets	53,770	46,883	115
Other non-current assets	1,060	1,028	103
Total non-current assets	1,125,025	1,075,052	105
Assets held for sale	41	41	100
Inventories	553,332	455,707	121
Contract assets	946	1,214	78
Trade receivables	402,730	467,764	86
Other receivables	27,728	29,564	94
Loans	6,327	192,360	3
Investments	52,437	155,448	34
Cash and cash equivalents	518,934	159,838	325
Total current assets	1,562,475	1,461,936	107
Total assets	2,687,500	2,536,988	106
Equity			
Share capital	54,732	54,732	100
Treasury shares	-124,566	-114,541	109
Reserves	192,204	145,077	132
Retained earnings	1,996,246	1,819,937	110
Total equity holders of the controlling company	2,118,616	1,905,205	111
Non-controlling interests within equity	19,893	13,880	143
Total equity	2,138,509	1,919,085	111
Liabilities			
Provisions	107,235	126,153	85
Deferred revenue	6,048	6,875	88
Trade payables	0	10,000	0
Lease liabilities	8,089	8,724	93
Deferred tax liabilities	10,758	10,922	98
Total non-current liabilities	132,130	162,674	81
Trade payables	140,837	130,011	108
Lease liabilities	3,752	3,433	109
Income tax payable	28,194	7,023	401
Contract liabilities	157,710	124,730	126
Other current liabilities	86,368	190,032	45
Total current liabilities	416,861	455,229	92
Total liabilities	548,991	617,903	89
Total equity and liabilities	2,687,500	2,536,988	106

Unaudited Consolidated Income Statement of the Krka Group

€ thousand	2022	2021	Index
Revenue	1,717,453	1,565,802	110
– Revenue from contracts with customers	1,712,530	1,562,266	110
– Other revenue	4,923	3,536	139
Cost of goods sold	-743,060	-674,594	110
Gross profit	974,393	891,208	109
Other operating income	9,197	11,376	81
Selling and distribution expenses	-349,111	-305,870	114
– Of that net impairments and write-offs of receivables	-1,875	-1,048	179
R&D expenses	-162,580	-154,559	105
General and administrative expenses	-90,688	-87,367	104
Operating profit	381,211	354,788	107
Financial income	57,668	19,711	293
Financial expenses	-5,806	-12,082	48
Net financial result	51,862	7,629	680
Profit before tax	433,073	362,417	119
Income tax	-69,411	-54,267	128
Net profit	363,662	308,150	118
Attributable to:			
– Equity holders of the controlling company	363,296	309,214	117
– Non-controlling interests	366	-1,064	
Basic earnings per share (€)	11.69	9.92	118
Diluted earnings per share (€)	11.69	9.92	118

Unaudited Consolidated Statement of Other Comprehensive Income of the Krka Group

€ thousand	2022	2021	Index
Net profit	363,662	308,150	118
Other comprehensive income for the year			
Other comprehensive income for the year reclassified to profit or loss at a future date			
Translation reserve	11,850	14,503	82
Net other comprehensive income for the year reclassified to profit or loss at a future date	11,850	14,503	82
Other comprehensive income for the year that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	128	5,441	2
Restatement of post-employment benefits	26,099	6,759	386
Deferred tax effect	-3,417	-1,622	211
Net other comprehensive income for the year that will not be reclassified to profit or loss at a future date	22,810	10,578	216
Total other comprehensive income for the year (net of tax)	34,660	25,081	138
Total comprehensive income for the year (net of tax)	398,322	333,231	120
Attributable to:			
– Equity holders of the controlling company	398,461	333,030	120
– Non-controlling interests	-139	201	

Unaudited Consolidated Statement of Changes in Equity of the Krka Group

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Total equity holders of the controlling company	Non-controlling interests	Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the year			
At 1 Jan 2022	54,732	-114,541	114,541	105,897	14,990	30,000	-22,077	-98,274	1,370,902	155,083	293,952	1,905,205	13,880	1,919,085
Net profit	0	0	0	0	0	0	0	0	0	0	363,296	363,296	366	363,662
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	24,747	12,355	0	-1,937	0	35,165	-505	34,660
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	24,747	12,355	0	-1,937	363,296	398,461	-139	398,322
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	71,800	-71,800	0	0	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	0	293,952	-293,952	0	0	0
Repurchase of treasury shares	0	-10,025	0	0	0	0	0	0	0	0	0	-10,025	0	-10,025
Formation of reserves for treasury shares	0	0	10,025	0	0	0	0	0	0	0	-10,025	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-175,025	0	-175,025	0	-175,025
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	6,152	6,152
Total transactions with owners, recognised in equity	0	-10,025	10,025	0	0	0	0	0	71,800	47,127	-303,977	-185,050	6,152	-178,898
At 31 Dec 2022	54,732	-124,566	124,566	105,897	14,990	30,000	2,670	-85,919	1,442,702	200,273	353,271	2,118,616	19,893	2,138,509

€ thousand	Share capital	Treasury shares	Reserves						Retained earnings			Total equity holders of the controlling company	Non-controlling interests	Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Translation reserve	Other profit reserves	Retained earnings	Profit for the year			
At 1 Jan 2021	54,732	-99,279	99,279	105,897	14,990	30,000	-35,059	-111,512	1,280,090	138,705	265,490	1,743,333	8,479	1,751,812
Net profit	0	0	0	0	0	0	0	0	0	0	309,214	309,214	-1,064	308,150
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,982	13,238	0	-2,404	0	23,816	1,265	25,081
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,982	13,238	0	-2,404	309,214	333,030	201	333,231
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	90,812	-90,812	0	0	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	0	265,490	-265,490	0	0	0
Repurchase of treasury shares	0	-15,262	0	0	0	0	0	0	0	0	0	-15,262	0	-15,262
Formation of reserves for treasury shares	0	0	15,262	0	0	0	0	0	0	0	-15,262	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-155,896	0	-155,896	0	-155,896
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	5,200	5,200
Total transactions with owners, recognised in equity	0	-15,262	15,262	0	0	0	0	0	90,812	18,782	-280,752	-171,158	5,200	-165,958
At 31 Dec 2021	54,732	-114,541	114,541	105,897	14,990	30,000	-22,077	-98,274	1,370,902	155,083	293,952	1,905,205	13,880	1,919,085

Unaudited Consolidated Statement of Cash Flows of the Krka Group

€ thousand	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	363,662	308,150
Adjustments for:	188,618	198,711
– Amortisation/Depreciation	107,684	108,837
– Net foreign exchange differences	-224	4,828
– Inventory write-offs and allowances (net)	20,321	20,738
– Receivable impairments and write-offs (net)	1,875	1,048
– Investment income	-15,817	-5,699
– Investment expenses	89	13,199
– Financial income	0	-39
– Interest expense and other financial expenses	5,279	1,532
– Income tax	69,411	54,267
Operating profit before changes in net current assets	552,280	506,861
Change in trade receivables	63,898	-84,752
Change in inventories	-117,946	-22,755
Change in trade payables	32,820	45,164
Change in provisions	-4,272	-2,647
Change in deferred revenue	-827	-929
Change in other current liabilities	-1,410	9,484
Income tax paid	-56,892	-64,329
Net cash from operating activities	467,651	386,097
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,115	718
Dividends received	631	668
Proceeds from sale of property, plant and equipment	4,949	3,700
Purchase of property, plant and equipment	-87,905	-65,914
Purchase of intangible assets	-6,827	-6,213
Proceeds from non-current loans	2,542	1,439
Payments for non-current loans	-42,690	-26,674
Net proceeds from/payments for current loans	189,589	-137,277
Proceeds from sale of non-current investments	4,950	24
Payments for non-current investments	-32,970	-92,138
Proceeds from sale of current investments	153,804	102,292
Payments for current investments	-121,621	-144,805
Proceeds from derivatives	8,847	2,002
Payments for derivatives	0	-10,459
Net cash from investing activities	76,414	-372,637
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-4,179	-366
Lease liabilities paid	-3,926	-3,515
Dividends and other profit shares paid	-175,044	-155,907
Repurchase of treasury shares	-10,025	-15,262
Proceeds from payment of non-controlling interests	6,152	5,200
Net cash from financing activities	-187,022	-169,850
Net increase/decrease in cash and cash equivalents	357,043	-156,390
Cash and cash equivalents at beginning of year	159,838	313,568
Effect of foreign exchange rate fluctuations on cash held	2,053	2,660
Closing balance of cash and cash equivalents	518,934	159,838

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

€ thousand	31 Dec 2022	31/12/2021	Index
Assets			
Property, plant and equipment	566,780	569,391	100
Intangible assets	24,960	25,628	97
Investments in subsidiaries	355,763	346,444	103
Loans	56,013	31,010	181
Investments	110,769	108,882	102
Deferred tax assets	8,666	12,742	68
Other non-current assets	643	627	103
Total non-current assets	1,123,594	1,094,724	103
Assets held for sale	41	41	100
Inventories	492,978	394,323	125
Contract assets	0	300	0
Trade receivables	357,889	424,588	84
Other receivables	12,639	17,381	73
Loans	6,669	195,459	3
Investments	52,437	155,448	34
Cash and cash equivalents	470,297	144,981	324
Total current assets	1,392,950	1,332,521	105
Total assets	2,516,544	2,427,245	104
Equity			
Share capital	54,732	54,732	100
Treasury shares	-124,566	-114,541	109
Reserves	279,760	246,424	114
Retained earnings	1,850,866	1,689,527	110
Total equity	2,060,792	1,876,142	110
Liabilities			
Provisions	96,608	113,136	85
Deferred revenue	2,816	3,546	79
Trade payables	0	10,000	0
Lease liabilities	2,909	2,101	138
Total non-current liabilities	102,333	128,783	79
Trade payables	194,143	178,143	109
Borrowings	53,524	55,092	97
Lease liabilities	1,033	987	105
Income tax payable	25,660	4,611	556
Contract liabilities	21,687	19,477	111
Other current liabilities	57,372	164,010	35
Total current liabilities	353,419	422,320	84
Total liabilities	455,752	551,103	83
Total equity and liabilities	2,516,544	2,427,245	104

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

€ thousand	2022	2021	Index
Revenue	1,553,514	1,381,367	112
– Revenue from contracts with customers	1,544,409	1,374,765	112
– Other revenue	9,105	6,602	138
Cost of goods sold	-663,332	-614,832	108
Gross profit	890,182	766,535	116
Other operating income	4,699	6,660	71
Selling and distribution expenses	-301,319	-271,425	111
– Of that net impairments and write-offs of receivables	-1,548	-50	3,096
R&D expenses	-158,292	-150,232	105
General and administrative expenses	-77,400	-78,213	99
Operating profit	357,870	273,325	131
Financial income	57,744	24,714	234
Financial expenses	-3,356	-12,083	28
Net financial result	54,388	12,631	431
Profit before tax	412,258	285,956	144
Income tax	-64,043	-40,740	157
Net profit	348,215	245,216	142
Basic earnings per share (€)	11.21	7.86	143
Diluted earnings per share (€)	11.21	7.86	143

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

€ thousand	2022	2021	Index
Net profit	348,215	245,216	142
Other comprehensive income for the year that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	128	5,441	2
Restatement of post-employment benefits	24,691	6,438	384
Deferred tax effect	-3,334	-1,645	203
Net other comprehensive income for the year that will not be reclassified to profit or loss at a future date	21,485	10,234	210
Total other comprehensive income for the year (net of tax)	21,485	10,234	210
Total comprehensive income[¶] for the year (net of tax)	369,700	255,450	145

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

€ thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the year	
At 1 Jan 2022	54,732	-114,541	114,541	105,897	14,990	30,000	-19,004	1,370,902	88,671	229,954	1,876,142
Net profit	0	0	0	0	0	0	0	0	0	348,215	348,215
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	23,311	0	-1,826	0	21,485
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	23,311	0	-1,826	348,215	369,700
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	71,800	-71,800	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	229,954	-229,954	0
Repurchase of treasury shares	0	-10,025	0	0	0	0	0	0	0	0	-10,025
Formation of reserves for treasury shares	0	0	10,025	0	0	0	0	0	0	-10,025	0
Dividends paid	0	0	0	0	0	0	0	0	-175,025	0	-175,025
Total transactions with owners, recognised in equity	0	-10,025	10,025	0	0	0	0	71,800	-16,871	-239,979	-185,050
At 31 Dec 2022	54,732	-124,566	124,566	105,897	14,990	30,000	4,307	1,442,702	69,974	338,190	2,060,792

€ thousand	Share capital	Treasury shares	Reserves					Retained earnings			Total equity
			Reserves for treasury shares	Share premium	Legal reserves	Statutory reserves	Fair value reserve	Other profit reserves	Retained earnings	Profit for the year	
At 1 Jan 2021	54,732	-99,279	99,279	105,897	14,990	30,000	-31,379	1,280,090	102,773	234,747	1,791,850
Net profit	0	0	0	0	0	0	0	0	0	245,216	245,216
Total other comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,375	0	-2,141	0	10,234
Total comprehensive income for the year (net of tax)	0	0	0	0	0	0	12,375	0	-2,141	245,216	255,450
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	90,812	-90,812	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	234,747	-234,747	0
Repurchase of treasury shares	0	-15,262	0	0	0	0	0	0	0	0	-15,262
Formation of reserves for treasury shares	0	0	15,262	0	0	0	0	0	0	-15,262	0
Dividends paid	0	0	0	0	0	0	0	0	-155,896	0	-155,896
Total transactions with owners, recognised in equity	0	-15,262	15,262	0	0	0	0	90,812	-11,961	-250,009	-171,158
At 31 Dec 2021	54,732	-114,541	114,541	105,897	14,990	30,000	-19,004	1,370,902	88,671	229,954	1,876,142

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

€ thousand	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	348,215	245,216
Adjustments for:	145,291	143,567
– Amortisation/Depreciation	82,216	84,863
– Net foreign exchange differences	-6,490	-3,634
– Inventory write-offs and allowances (net)	14,194	17,287
– Receivable impairments and write-offs (net)	1,548	50
– Investment income	-12,990	-10,118
– Investment expenses	-60	12,951
– Financial income	0	-3
– Interest expense and other financial expenses	2,830	1,431
– Income tax	64,043	40,740
Operating profit before changes in net current assets	493,506	388,783
Change in trade receivables	70,231	-10,847
Change in inventories	-112,849	-22,432
Change in trade payables	7,501	41,785
Change in provisions	-3,289	-1,128
Change in deferred revenue	-730	-841
Change in other current liabilities	-4,386	2,567
Income tax paid	-42,251	-49,648
Net cash from operating activities	407,733	348,239
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,656	403
Dividends received	631	668
Proportionate profit of subsidiaries	0	5,419
Proceeds from sale of property, plant and equipment	2,971	1,391
Purchase of property, plant and equipment	-61,771	-48,851
Purchase of intangible assets	-6,570	-4,836
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	-9,319	-7,824
Refunds of subsequent contributions to subsidiaries	0	992
Proceeds from non-current loans	5,726	6,670
Payments for non-current loans	-31,708	-2,795
Net proceeds from/payments for current loans	190,432	-137,558
Proceeds from sale of non-current investments	4,941	20
Payments for non-current investments	-32,946	-92,155
Proceeds from sale of current investments	153,804	102,292
Payments for current investments	-121,621	-153,780
Proceeds from derivatives	8,847	2,002
Payments for derivatives	0	-10,459
Net cash from investing activities	105,073	-338,401
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-1,856	-444
Net payments for/proceeds from current loans	-1,758	8,703
Lease liabilities paid	-1,124	-991
Dividends and other profit shares paid	-175,044	-155,907
Repurchase of treasury shares	-10,025	-15,262
Net cash from financing activities	-189,807	-163,901
Net increase/decrease in cash and cash equivalents	322,999	-154,063
Cash and cash equivalents at beginning of year	144,981	296,398
Effect of foreign exchange rate fluctuations on cash held	2,317	2,646
Closing balance of cash and cash equivalents	470,297	144,981