

PRESS RELEASE

Krka Reports January to September 2024 Business Results

Novo mesto, 14 November 2024

In the nine months of 2024, the Krka Group generated revenue of €1,434.7 million, up 7% year on year, yielding €281 million in net profit, up 19% on the same period last year. The Supervisory Board of Krka discussed the 2024 January to September interim report for the Krka Group and Krka, d. d., Novo mesto at its regular meeting yesterday.

President of the Management Board and Chief Executive Jože Colarič explained: 'The Krka Group continued to record good business results also in the third quarter. We increased sales in five of our six sales regions, most of our key markets, and all product and service groups. Sales increased by 7% and net profit by 19%.

We based our forecasts on the achieved results. We expect the Krka Group to outstrip target sales and create €1,890 million in product and services sales and net profit of €339 million. We also informed the Supervisory Board on our 2025 business plan. We plan sales at €2 billion and net profit at €354 million.'

Financial highlights

€ thousand	Jan-Sep 2024	Jan-Sep 2023	Index
Revenue	1,434,662	1,340,536	107
– Of that revenue from contracts with customers (products and services)	1,427,514	1,334,881	107
Gross profit	819,323	771,216	106
Earnings before interest, tax, depreciation and amortisation (EBITDA)	401,748	398,235	101
Operating profit (EBIT)	332,609	320,274	104
Profit before tax (EBT)	337,331	286,610	118
Net profit	281,027	235,559	119
R&D expenses	136,364	127,344	107
Investments	91,703	81,454	113

Performance ratios

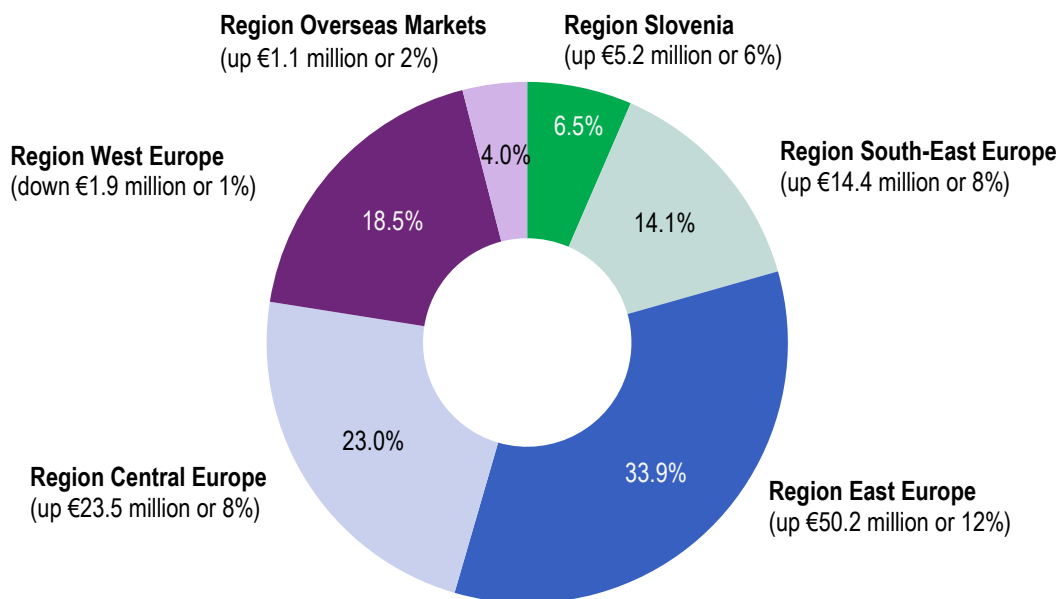
	Jan-Sep 2024	Jan-Sep 2023
Gross profit margin	57.1%	57.5%
EBITDA margin	28.0%	29.7%
EBIT margin	23.2%	23.9%
EBT margin	23.5%	21.4%
Net profit margin (ROS)	19.6%	17.6%
Return on equity (ROE)	17.1%	14.8%
Return on assets (ROA)	13.4%	11.8%
Liabilities/Equity	0.278	0.253
R&D expenses/Revenue	9.5%	9.5%

Sales

Product and service sales by region

€ thousand	Jan-Sep 2024	Jan-Sep 2023	Index
Region Slovenia	91,893	86,678	106
Region South-East Europe	201,627	187,196	108
Region East Europe	484,297	434,083	112
Region Central Europe	328,553	305,013	108
Region West Europe	264,538	266,399	99
Region Overseas Markets	56,606	55,512	102
Total	1,427,514	1,334,881	107

Product and service sales by region in the first nine months of 2024



The figures in parentheses show year-on-year changes in sales by region.

Region East Europe, our largest region in terms of sales volume, generated €484.3 million in product sales. The Russian Federation, our largest individual market, recorded product sales of €282.4 million, up 9% on last year. Ukraine, our third largest individual market in size, recorded product sales of €69.3 million, up 24% year on year. We generated €39.6 million in product sales in Uzbekistan, up 15%. We also recorded sales growth in all other markets of eastern Europe and central Asia, except in Turkmenistan.

Region Central Europe, our second largest sales region, recorded product sales of €328.6 million. Product sales in Poland, our second largest individual market in size, reached €160.3 million, a 17% year-on-year increase. Product sales amounted to €41.9 million in Hungary, up 1%. We recorded sales growth in most other regional markets.

Generating €264.5 million, Region West Europe was the third largest region in terms of sales. In Germany, the largest regional market and the fourth largest individual market in size, product sales amounted to €62.4 million, down 14% year on year (20% growth in 2023). Growth was the highest in the United Kingdom, where sales increased by 62%, followed by the Netherlands (up 51%), Spain (up 18%), and Scandinavia (up 12%).

Region South-East Europe generated product sales of €201.6 million. We increased sales in all regional markets. In Romania, product sales totalled €55.7 million, up 7% year on year, and in Croatia €37.8 million, up 6%.

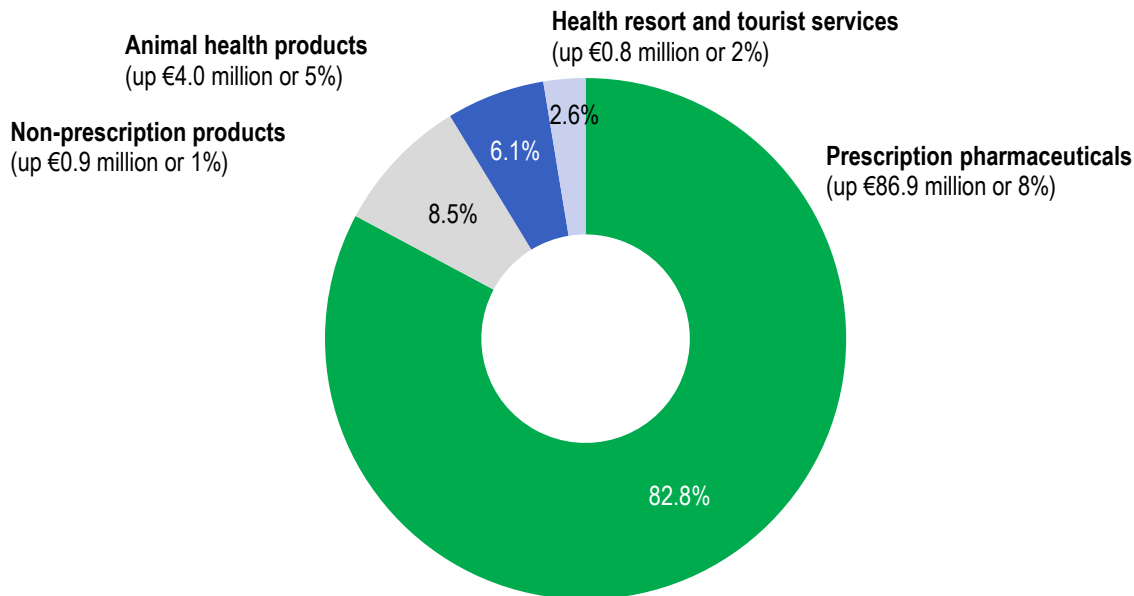
Product and service sales in Region Slovenia totalled €91.9 million. According to the latest available data, we held a 7.4% share of the Slovenian market in terms of sales value, and remained the leading supplier of pharmaceuticals in the country.

Region Overseas Markets generated product sales of €56.6 million, mainly on the back of increased sales in the Far East and Africa.

Product and service sales by group

€ thousand	Jan–Sep 2024	Jan–Sep 2023	Index
Human health products	1,302,920	1,215,087	107
– Prescription pharmaceuticals	1,181,266	1,094,339	108
– Non-prescription products	121,654	120,748	101
Animal health products	86,825	82,873	105
Health resort and tourist services	37,769	36,921	102
Total	1,427,514	1,334,881	107

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



The figures in parentheses show year-on-year changes in product and service sales by group.

Research and development

In the first nine months of 2024, we added twelve new prescription pharmaceuticals, one non-prescription product, and one animal health product to our product portfolio.

We obtained a marketing authorisation for a single-pill combination Kanpiduo (candesartan/indapamide) tablets. Taken once daily, this medicine is indicated for blood pressure control in patients that have already been treated with candesartan and indapamide. We obtained marketing authorisations for our contemporary agent, Varesta (vortioxetine) film-coated tablets, indicated for the treatment of major depressive episodes in adults. As the first generic producer, we obtained marketing authorisations under the EU DCP for our value-added antithrombotic agent Delianda (edoxaban) film-coated tablets. We obtained marketing authorisations for Apremilast Krka (apremilast) film-coated tablets for safe and effective treatment of moderate to severe chronic plaque psoriasis. We also obtained marketing authorisations for Eltrombopag Krka (eltrombopag) film-coated tablets indicated for the treatment of various types of thrombocytopenia and severe aplastic anaemia. We were granted marketing authorisations for our new triple single-pill combination Co-Amlessa Neo (perindopril/amlodipine/indapamide) tablets indicated for the treatment of cardiovascular diseases. We received a positive opinion from the European Medicines Agency for our oncology product Pomalidomide Krka (pomalidomide) hard capsules indicated for multiple myeloma in cancer patients. We also obtained marketing authorisations for a new strength of Vitamin D3 Krka (cholecalciferol) 30,000 IU tablets indicated for the prevention and treatment of vitamin D deficiency and as adjunctive therapy in the treatment of osteoporosis.

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

We obtained marketing authorisations for new product Herbion Iceland Moss lozenges containing Iceland moss dry extract from our non-prescription product range. This traditional herbal remedy helps to relieve irritation, has a soothing effect on the throat, larynx and vocal cords, and can be taken by adults and adolescents 12 years of age and older.

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

We finalised more than 850 registration procedures in the period and received approvals for more than 18,000 regulatory variations.

Investments

In the period from January to September 2024, the Krka Group allocated €91.7 million to investments, of that €70 million to the controlling company.

We upgraded water supply systems and automated washing systems in Notol, our solid dosage forms production plant in Novo mesto, Slovenia. We gradually replaced 16 packaging lines, and the start-ups and qualifications of the last three are currently in progress. We also plan to increase tableting and granulation capacities at Notol and Notol 2 in Novo mesto, Slovenia. We started upgrading the logistic system to allow for reliable operations of the Notol plant in the upcoming 20 years.

The investment in additional capacities for compression mixture preparation and granulation in the tablet compression process and in logistic capacities at the Solid Dosage Products plant in Novo mesto, Slovenia, is drawing to a close.

We started construction and craft works to extend the Sterile Products Department in Novo mesto, Slovenia. A comprehensive audit of technical and technological concepts is currently being performed in accordance with the latest guidelines of good manufacturing practice and best available techniques.

We finished construction of a new multipurpose building called Paviljon 3 in Ločna, Novo mesto, Slovenia. The building design incorporates additional facilities for our microbiology laboratory, Supply Chain Management, and other organisational units.

We started construction of another multipurpose building in the same place. This new construction design also features a roofed cargo entry and a cargo vehicle control point.

We implemented a system that captures the excess effluent temperature for heat generation and increases the energy use efficiency at our wastewater treatment plant in Ločna, Novo mesto, Slovenia. This investment supports the responsible management of natural resources in line with the strategic environmental goals of our *ESG Policy*.

We increased capacities for granulation and packaging at our production site in Ljutomer, Slovenia.

We obtained the integral building permit for our plant in Krško, Slovenia, comprising the Sinteza 2 API production plant, laboratories for chemical analyses (Kemijsko-analitski center), the liquid raw materials warehouse, and the wastewater treatment plant, based on project documentation and an environmental impact assessment. Obtaining the environmental protection and chemical safety (SEVESO) permit is still pending. At the end of 2023, we started constructing a technically and technologically advanced wastewater treatment plant. However, we intend to postpone the construction of other buildings for a few years.

We are increasing production capacities for veterinary solid dosage forms at the manufacturing and distribution centre in Jastrebarsko, Croatia.

Employees

At the end of September 2024, the Krka Group had 11,745 employees on payroll, of that 5,185 or 44% outside Slovenia. Including agency workers, the Krka Group employed 12,724 persons. One half of all Krka Group employees have at least university-level qualifications, and of that, 201 hold doctoral degrees.

Investor and share information

At the end of September 2024 Krka had 47,139 shareholders. On 30 September 2024, the Krka share traded at €136.00 on the Ljubljana Stock Exchange, up 23.6% on year-end 2023, when it traded at €110.00. Market capitalisation totalled €4.5 billion.

We acquired 129,287 treasury shares from January to September 2024 and held 2,045,253 treasury shares at the end of September 2024, accounting for 6.237% of its share capital.

Sustainable operations

We have undertaken activities to implement the *EU Corporate Sustainability Reporting Directive (CSRD)* and the *European Sustainability Reporting Standards (ESRS)* and further upgrade sustainability reporting and governance. We conducted a double materiality assessment and adopted a few new corporate policies to prepare for the ESRS reporting. This underlines our ESG policy commitment with regard to promotion and implementation of sustainability principles in business operations for stable long-term sustainable growth and achieving strategic business objectives. Sustainability reporting for the year 2024 is due for external audit.

2024 Krka Group performance estimate

- Full-year sales of products and services are projected at €1,890 million, up 5.1% year on year. Estimated sales are somewhat higher than the 2024 sales target.
- The proportion of sales in markets outside Slovenia is estimated at 94%.
- Region East Europe is expected to generate the highest sales. We expect the Russian Federation to remain our largest individual market in size. Other regions are projected to follow in this order: a) Region Central Europe that comprises Poland, our second largest individual market in size; b) Region West Europe that comprises Germany, the largest regional market in size; c) Region South-East Europe; d) Region Slovenia; and e) Region Overseas Markets.
- Prescription pharmaceuticals will remain the most important product category, accounting for an 82% share of total sales.
- Net profit is projected at €339 million, an 8% year-on-year increase.
- We plan to allocate €130 million to investments in our in-house development, production, and infrastructure facilities. Also, at the beginning of October, we invested €2.5 million in initial share capital of our new joint venture in India, where we hold the 51% controlling stake. Investment in production capacities in India will start in the first half of 2025.
- At the end of 2024, the Krka Group is expected to have 12,928 regular employees on payroll, agency workers included, up 1%, of that 41% outside Slovenia.

2025 Krka Group business plan

- Product and service sales are projected at sound €2 billion. Average annual sales growth over the five-year period is planned at 5.5%.
- The proportion of sales in markets outside Slovenia is estimated at 94%.
- Prescription pharmaceuticals will remain the most important product group, and are expected to account for more than 80% of overall sales.
- Full-year net profit is estimated at €354 million.
- We plan to allocate €150 million to investments, primarily in expanding and upgrading production facilities and infrastructure. Of this, €120 million will be invested into our capacities and €30 million through joint ventures.
- The total number of employees in Slovenia and abroad is projected to increase by 1%.

The 2025 business plan derives from the *2024-2028 Krka Group Development Strategy* and is based on estimates, assessments, projections, and other available data. The Management Board believes the projections are reasonable. In the event of major changes in the business environment, e.g. price erosion, rising prices of raw materials, changes in exchange rates for certain currencies important for Krka, and lower demand for pharmaceutical products, the actual operating results can deviate from the plan.