



**The Krka Group and  
Krka, d. d., Novo mesto  
Unaudited Semi-Annual Report,  
1 January to 30 June 2022**



Novo mesto, July 2022

*Living a healthy life.*

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## INTRODUCTION

Condensed consolidated financial statements of the Krka Group and condensed financial statements of Krka, d. d., Novo mesto (hereinafter also Krka, the Company, or the controlling company) for the first half of 2022 and the first half of 2021 are unaudited, while financial statements for the full financial year 2021 are audited. Krka, d. d., Novo mesto has no authorised capital and has made no conditional share capital increase.

Krka promptly announces all significant data changes in its listing prospectus in the Ljubljana

Stock Exchange electronic information dissemination system (SEOnet) and in the Polish Financial Supervision Authority electronic information dissemination system (ESPI). Reports on the Krka Group and Krka performance are available on the Krka website [www.krka.biz](http://www.krka.biz).

The Supervisory Board of Krka discussed the Krka Group and Krka, d. d., Novo mesto unaudited semi-annual report at its regular meeting of 20 July 2022.

## Semi-Annual Performance Highlights

- Krka Group sales of products and services totalled €853.4 million, of which product sales accounted for just shy of 98%.
- We recorded a 6% increase in product and service sales year on year.
- We generated 94% of the Group product and service sales outside Slovenia. Export amounted to 96% of total product sales.
- The Group's largest sales region was Region East Europe, accounting for 33.7% of total sales, followed by Region Central Europe and Region West Europe.
- We generated operating profit (EBIT) of €139.2 million, down 31% year on year. EBIT margin was recorded at 16.2%. Earnings before interest, tax, depreciation, and amortisation (EBITDA) amounted to €192.4 million, while EBITDA margin reached 22.4%.
- We have already reported about the impact of the situation in Ukraine and the Russian Federation on the Krka Group operations in the *Unaudited Consolidated Financial Statements* published on 17 March 2022, the *2021 Annual Report of the Krka Group* published on 14 April 2022, and the *Krka Group Quarterly Report, 1 January to 31 March 2022*, published on 19 May 2022. The situation in Ukraine and the Russian Federation leaves us no choice but to constantly adapt our business in many areas. The course of future events and their impact on Krka's annual performance are difficult to assess given the state of affairs. However results for the first half of the year are encouraging.
- We have increased the inventories of raw materials, materials, bulk products, and products in subsidiaries in the Russian Federation to provide for long-term uninterrupted supply of Krka's pharmaceuticals in the Russian market. The purchase was made in roubles. Inventories are current, necessary, and will be converted into finished products and sales in the upcoming months. The value of the said inventories expressed in the euro further increased on account of significant appreciation of the rouble, which impacted the Krka Group income statement and temporarily reduced its EBITDA and EBIT. We also included adjusted values to present the results correctly. These do not include the effect of unrealised profit in inventory of intragroup companies in the amount of €77.7 million as a result of the appreciation of the rouble. The adjusted EBIT of the Krka Group amounted to €217.0 million, up 8% year on year, and the adjusted EBITDA of the Krka Group totalled €270.1 million, a 6% year-on-year increase.
- We created net financial result of €137.8 million in the Krka Group. Net foreign exchange gains from the Russian rouble exchange rate amounted to €123.0 million. Of that, unrealised foreign exchange gains totalled €116.0 million.
- The Krka Group net profit totalled €236.2 million, up 33% year on year. Net profit margin (ROS) was recorded at 27.5%.
- As at 30 June 2022, the Krka share traded at €94.20 on the Ljubljana Stock Exchange, a 20% drop on year-end 2021. Market capitalisation amounted to €3.1 billion. In the first six months of 2022, Krka repurchased treasury shares of €2.5 million.
- We also added four new products to our product portfolio in this period (three prescription pharmaceuticals and one non-prescription product).
- The Group allocated €49.5 million to investments, of that €35.0 million to the controlling company.
- At the end of June 2022, the Krka Group had 11,618 regularly employed people on payroll, up 1% on year-end 2021. Total headcount, including agency workers, was 12,576, also a 1% increase on the end of the last year.

## Financial Highlights

€ thousand	Krka Group			Krka		
	Jan-Jun 2022	Jan-Jun 2021	Index	Jan-Jun 2022	Jan-Jun 2021	Index
Revenue	857,443	808,585	106	846,874	711,771	119
– Of that revenue from contracts with customers (products and services)	853,440	806,546	106	706,544	631,970	112
Gross profit	433,687	460,744	94	509,658	403,534	126
Earnings before interest, tax, depreciation and amortisation (EBITDA)	192,373	255,030	75	282,730	208,650	136
Adjusted EBITDA <sup>1</sup>	270,112	255,030	106			
Operating profit (EBIT) <sup>2</sup>	139,250	200,505	69	241,777	165,980	146
Adjusted EBIT <sup>1</sup>	216,989	200,505	108			
Profit before tax (EBT)	277,059	207,251	134	377,692	178,114	212
Net profit	236,151	177,426	133	317,526	154,586	205
Effective tax rate	14.8%	14.4%		15.9%	13.2%	
R&D expenses	81,020	75,581	107	81,472	73,675	111
Investments	49,479	29,503	168	34,986	22,503	155
€ thousand	30 Jun 2022	31 Dec 2021	Index	30 Jun 2022	31 Dec 2021	Index
Non-current assets	1,179,449	1,075,747	110	1,122,383	1,095,419	102
Current assets	1,644,211	1,461,936	112	1,556,822	1,332,521	117
– Inventories	488,534	455,707	107	409,970	394,323	104
– Trade receivables	571,024	467,764	122	611,151	424,588	144
– Cash and cash equivalents	141,044	159,838	88	110,784	144,981	76
Equity	2,256,611	1,919,085	118	2,191,169	1,876,142	117
Non-current liabilities	163,395	162,674	100	130,516	128,783	101
Current liabilities	403,654	455,924	89	357,520	423,015	85
– Trade payables	123,189	130,011	95	182,158	178,143	102
<b>RATIOS</b>	<b>Jan-Jun 2022</b>	<b>Jan-Jun 2021</b>		<b>Jan-Jun 2022</b>	<b>Jan-Jun 2021</b>	
Gross profit margin	50.6%	57.0%		60.2%	56.7%	
EBITDA margin	22.4%	31.5%		33.4%	29.3%	
Adjusted EBITDA <sup>1</sup> margin	31.5%	31.5%				
EBIT margin	16.2%	24.8%		28.5%	23.3%	
Adjusted EBIT <sup>1</sup> margin	25.3%	24.8%				
EBT margin	32.3%	25.6%		44.6%	25.0%	
Net profit margin (ROS)	27.5%	21.9%		37.5%	21.7%	
Return on equity (ROE) <sup>3</sup>	22.6%	19.3%		31.2%	16.6%	
Return on assets (ROA) <sup>4</sup>	17.6%	15.2%		24.9%	13.5%	
Liabilities/Equity	0.251	0.256		0.223	0.215	
R&D expenses/Revenue	9.4%	9.3%		9.6%	10.4%	
<b>NUMBER OF EMPLOYEES</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>Index</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>Index</b>
Balance at	11,618	11,511	101	6,257	6,228	100
<b>SHARE INFORMATION</b>	<b>Jan-Jun 2022</b>	<b>Jan-Jun 2021</b>	<b>Index</b>			
Total number of shares issued	32,793,448	32,793,448	100			
Earnings per share (EPS) in € <sup>5</sup>	15.16	11.41	133			
Closing price at end of period in € <sup>6</sup>	94.20	103.50	91			
Price/Earnings ratio (P/E)	6.21	9.07	68			
Book value in € <sup>7</sup>	68.81	58.95	117			
Price/Book value (P/B)	1.37	1.76	78			
Market capitalisation in € thousand (end of period)	3,089,143	3,394,122	91			

<sup>1</sup> We have increased the inventories of raw materials, materials, bulk products, and products in our subsidiaries in the Russian Federation to provide for long-term uninterrupted supply of Krka's pharmaceuticals in the Russian market. The purchase was made in roubles. Inventories are current, necessary, and will be converted into finished products and sales in the upcoming months. The value of the said inventories expressed in the euro further increased on account of significant appreciation of the rouble, which impacted the Krka Group income statement and temporarily reduced its EBITDA and EBIT. In order to present the results correctly, the table above includes accounting values as well as adjustments. Adjusted EBITDA and EBIT do not include the effect of unrealised profit in inventory of intragroup companies in the amount of €77.7 million as a result of the appreciation of the rouble.

<sup>2</sup> The difference between operating income and expenses

<sup>3</sup> Net profit, annualised/Average shareholders' equity in the period

<sup>4</sup> Net profit, annualised/Average total asset balance in the period

<sup>5</sup> Net profit attributable to majority equity holders of the controlling company, annualised/Average number of shares issued in the period, excluding treasury shares

<sup>6</sup> Share price on the Ljubljana Stock Exchange

<sup>7</sup> Equity at end of period/Total number of shares issued

## ID Card

Krka, tovarna zdravil, d. d., Novo mesto is the controlling company of the Krka Group.

**Registered office** Šmarješka cesta 6, 8501 Novo mesto, Slovenia

**Telephone** +386 (0) 7 331 21 11

**Fax** +386 (0) 7 332 15 37

**E-mail** info@krka.biz

**Website** www.krka.biz

**Core business** Manufacture of pharmaceutical preparations

**Business classification code** 21,200

**Year established** 1954

**Registration entry** 1/00097/00, District Court of Novo mesto, Slovenia

**Tax number** 82646716

**VAT number** SI82646716

**Company ID number** 5043611000

**Share capital** €54,732,264.71

**Total number of shares issued** 32,793,448 ordinary registered no-par value shares, KRKG stock symbol. Krka has been listed on the Ljubljana Stock Exchange under the KRKG stock symbol since 1997 and since April 2012 on the Warsaw Stock Exchange under the KRK stock symbol.

## At a Glance

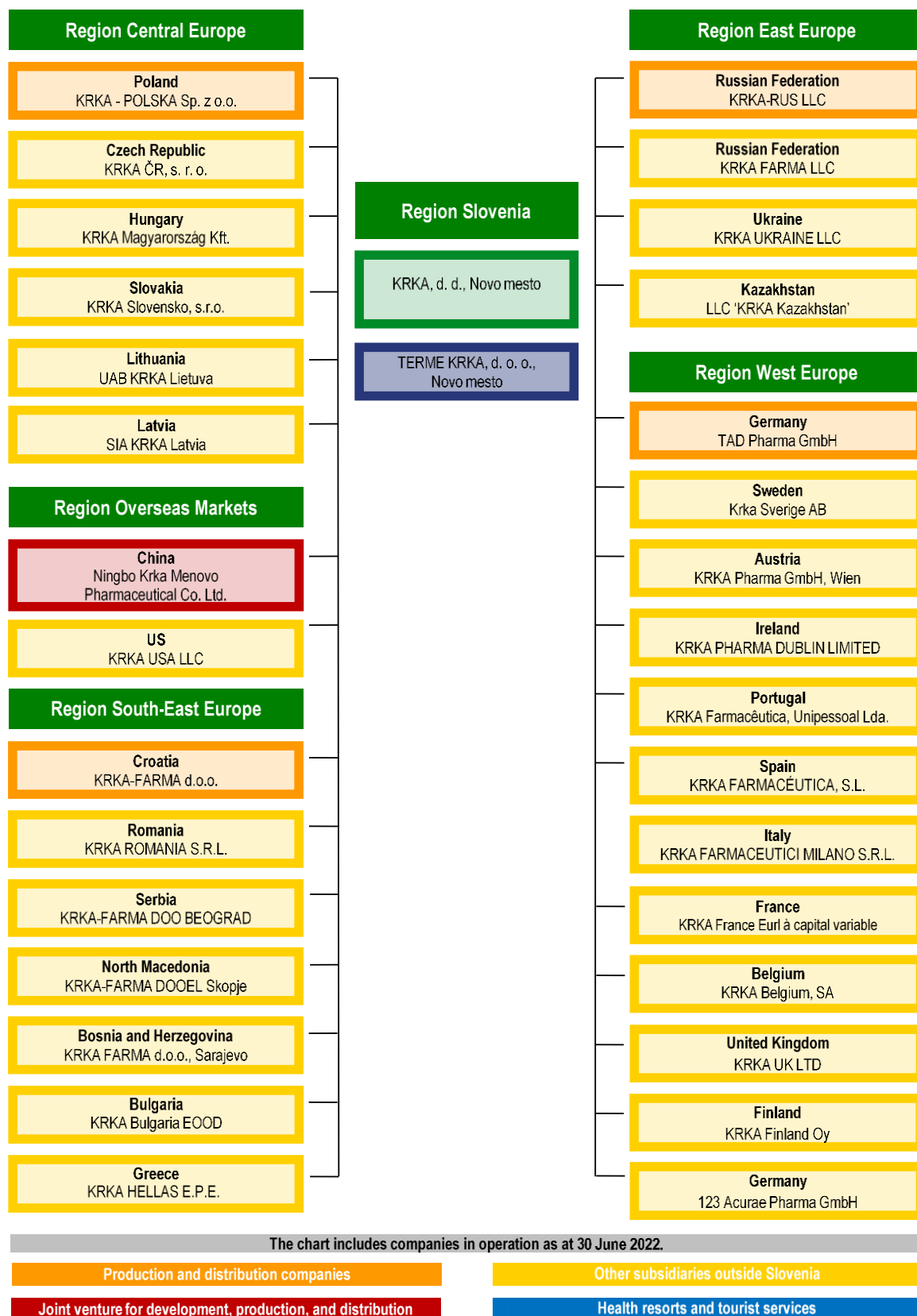
The Krka Group consists of the controlling company, Krka, d. d., Novo mesto, a subsidiary in Slovenia, Terme Krka, d. o. o., Novo mesto, and 31 subsidiaries abroad. The controlling company, Krka, d. d., Novo mesto, owns a 100% stake in all subsidiaries except in Ningbo Krka Menovo Pharmaceutical Co. Ltd., where Krka holds a 60% stake and the Chinese partner, Ningbo Menovo Pharmaceutical Co., Ltd., a 40% stake.

The Krka Group develops, produces, markets, and sells human health products (prescription pharmaceuticals and non-prescription products), animal health products, and health resorts and tourist services.

Production takes place in the controlling company in Slovenia and in Krka subsidiaries in the Russian Federation, Poland, Croatia, and Germany. In addition to production, these subsidiaries, apart from Krka-Rus in the Russian Federation, also deal with marketing and sales. In China, production takes place in long-term leased production facilities. Other subsidiaries outside Slovenia carry out marketing and/or sales of Krka products but do not have production capacities.

The subsidiary Terme Krka deals with health resorts and tourist services, and is the owner of Golf Grad Otočec.

## Organisational Chart



## Krka Group Development Strategy

The Krka Group updates its development strategy every two years. The Management Board of Krka adopted the *2022–2026 Krka Group Development Strategy* in November 2021 and presented it to the Supervisory Board.

We measure the achievement of strategic objectives through performance criteria at three levels: i) the Krka Group, ii) product and service groups, and iii)

business functions. The Group's performance criteria are monitored by the Management Board, while criteria at the level of product and service groups and business functions are monitored by relevant committees. The guiding principle in criteria system management is to increase the competitiveness of the Krka Group as a whole and of individual companies within the Group.

### Key Strategic Objectives up to 2026

- To attain at least 5% average annual sales growth in terms of volume and/or value, achieve above-average sales growth against market dynamics, and remain or rank among the leading generic pharmaceutical companies with our brands in individual markets and selected therapeutic categories.
- To strengthen and optimise the vertically integrated business model, proven to be an effective strategic guideline and a comparative advantage. To ensure high standards of product quality, safety, and efficacy.
- To keep the focus on the long-term profitability of the products sold, from development and production to marketing and sales, including all other functions within the Krka Group, and to achieve an average EBITDA margin of at least 25%.
- To ensure that new products and vertically integrated products account for the largest possible proportion in total sales in addition to the existing range of products, also referred to as 'the golden standard'. To enter new therapeutic categories and specialities as an innovative generic pharmaceutical company, and develop complex products, including biosimilars.
- To ensure growth through long-term business partnerships and targeted acquisitions in addition to organic growth. The primary goal is to increase sales by entering new markets and adding new products.
- To allocate 10% of revenue to research and development and an approximate amount of calculated amortisation, i.e. €110 million annually on average, to investments.
- To pursue a stable dividend policy and consider the Group's financial requirements for investments and acquisitions when determining the net profit share for dividend payout each year, and to allocate at least 50% of net profit of majority shareholders for dividends.
- To upgrade the Krka Group's sustainability culture, integrate sustainability aspects into corporate governance and business decisions, and maintain our economic, social and environmental responsibility to the environments in which we operate. To disclose sustainability topics in accordance with the GRI standards in 2022 and obtain an ESG rating in 2023.
- To exploit digitalisation potentials in all business phases.
- To maintain independence.

### Krka Group Business Objectives for 2022

- Sales of products and services are expected to reach €1,610 million.
- The proportion of sales in markets outside Slovenia is estimated at 94%.
- Prescription pharmaceuticals are set to remain the most important product group, composing 84% of overall sales.
- Profit is planned at approximately €300 million.
- The total number of employees in Slovenia and abroad is projected to increase by 2%.
- We plan to allocate €130 million to investments, primarily for expanding and modernising production facilities and infrastructure.
- Performance results for the first half of the year are encouraging and we expect to reach the 2022 plans. However, business results for the remaining part of 2022 may depend on any new situation that might arise, including a potential new wave of COVID-19 and the related restrictions imposed by individual countries, rising prices of raw materials and energy-generating products, situation in eastern Europe, and volatility of exchange rates important to Krka.

## BUSINESS REPORT

### Financial Risks

#### Foreign Exchange Risk

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

Currency exposure arises from the difference in the value of assets and liabilities in a particular currency in the financial position statement of the Group and from differences between operating income and expenses generated in individual currencies.

Krka's key policy with regard to currency risk management remains to mitigate foreign currency exposure by natural hedging. To a limited extent, we also use financial instruments. In 2022, we have continued our policy of partial hedging against the Russian rouble and US dollar with financial instruments. We used forward contracts for partial hedging against the rouble-related risk in the first quarter of 2022. Since April 2022, it has been no longer possible to hedge the rouble with forward contracts.

The situation in the east of Europe impacted currency markets in the first six month of the year. Heightened geopolitical risks were also a reason for surging energy prices and consequently increased inflation recorded in all globally important economies. Central banks responded to the situation by announcing they would increase interest rates and reduce monetary stimulus.

After the value of the Russian rouble fell in the first half of March, it has rallied against the euro and the

dollar since mid-March. Over the first six months of 2022, the value of the rouble denominated in the euro rose by 51%. In the same period, the average value of the Russian rouble increased by 5.5% year on year. In the first half of 2022, the Krka Group generated foreign exchange gains from the long position in the Russian rouble. These are mostly unrealised foreign exchange differences arising from the revaluation of expected customer payments to the value of the rouble as at 30 June 2022, which was 56.5 roubles to the euro.

Krka's other important currencies on the sell-side generally remained stable in the first six months of 2022, while their foreign exchange differences positively impacted the final net financial result.

The value of the US dollar against the euro increased by 9% during the first half of this year. The Krka Group accrued a surplus of liabilities over assets from exposure to the US dollar and a short currency position. As a result, strengthening of the dollar has negatively affected the Group's operating profit. The negative impact of the strong dollar was offset by financial instruments.

Total net financial result for the first six months of 2022 was positive and amounted to €137.8 million, taking into account net foreign exchange differences, financial instruments income and expenses, interest income and expense, and other financial income and expenses.

#### Interest Rate Risk

In the first half of 2022, the Krka Group had no non-current borrowings and was not exposed to the reference interest rate risk.

#### Credit Risk

The key credit risk of the Krka Group arises from trade receivables. This is the risk of customers failing to settle their liabilities by maturity dates. The Krka Group introduced a centralised credit control process, which includes all customers with credit limits exceeding €20,000. Numbering over 650 at the end of the first half of 2022, they accounted for more than 95% of total trade receivables. Control over

small customers is decentralised in the sales network and under the constant supervision of the controlling company.

The amount of the Krka Group receivable write-offs and impairments is low because receivables are dispersed across many customers and sales markets, and the majority of outstanding receivables

are due from customers with whom Krka has been doing business for several years.

Our credit risk management policy remained unchanged in the first six months of 2022. At the end of this period, more than 90% of Krka Group trade receivables were insured with a credit insurance company. Only a small portion of trade receivables was secured by bank instruments. Due to the situation in Ukraine, the Russian Federation, and Belarus, we paid special attention to these markets in the first half of 2022 and further strengthened our activities of trade receivables management.

## Liquidity Risk

The Krka Group exposure to liquidity risk was low in the first half of 2022. We employed cash flows from operating activities to provide for adequate short-term liquidity. The Krka Group recorded excess liquid assets, primarily as cash at bank and deposits with commercial banks, in the first six months of the year. We did not draw any additional funds from pre-approved short-term bank credit lines.

At the end of the first six months, total value of trade receivables denominated in euros grew by 22% compared to the beginning of the year. The increase in trade receivables largely results from the revaluation of receivables in the Russian rouble to the strong rouble value at the end of the first half of 2022. The maturity structure of receivables remained stable. The percentage of overdue receivables to total trade receivables remained within acceptable limits at the end of the first six months. Credit control guarantees permanent control over the quality of the trade receivables portfolio.

We monitor cash flows from operating activities by daily, rolling weekly, and monthly planning. We maintain optimal cash balances in subsidiary bank accounts. All Krka Group liabilities were settled on time.

## Property, Liability, and Business Interruption Insurance

We extended liability insurance for Management and Supervisory Board members at the end of March despite volatile international insurance markets. We also arranged several international insurance contracts for our companies abroad in the observed period. We managed to maintain a low premium share in revenue despite the demanding conditions in the global insurance market. An analysis of car

insurance for 2021 confirmed the measures taken to reduce the number of car damages and the amount of insurance premiums were effective. We carried on our activities aiming to win new international insurance providers and hence increase the competitiveness. We also continued to reduce the number of property damages and optimise the insurance programme.

## Investor and Share Information

The Krka share price on the Ljubljana Stock Exchange dropped by 20% in the first half of 2022. Holdings of Slovenian retail investors, legal entities and institutional investors, and treasury shares

increased in this period. Holdings of foreign investors declined by 1.4 percentage points. Krka had 47,142 shareholders at the end of June 2022.

### Shareholder structure (%)

	30 Jun 2022	31 Dec 2021
Slovenian retail investors	40.0	38.8
Slovenski državni holding (SDH, Slovenian Sovereign Holding) and the Republic of Slovenia	16.2	16.2
Kapitalska družba, d. d. (Pension Fund Management) and Prvi pokojninski sklad (First Pension Fund)	10.9	10.9
Slovenian legal entities and institutional investors	6.9	6.8
Foreign investors	20.8	22.2
Treasury shares	5.2	5.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Krka acquired 21,689 treasury shares in the first half of 2022.

As at 30 June 2022, Krka held 1,705,597 treasury shares, accounting for 5.201% of share capital.

#### Ten largest shareholders as at 30 June 2022

	Country	No. of shares	Equity (%)	Voting rights (%)
Kapitalska družba, d. d.	Slovenia	3,493,030	10.65	11.24
Slovenski državni holding, d. d. (SDH)	Slovenia	2,949,876	9.00	9.49
Republic of Slovenia	Slovenia	2,366,121	7.22	7.61
OTP banka d.d.*	Croatia	1,547,420	4.72	4.98
Erste Group Bank AG – PBZ Croatia Osiguranje*	Austria	1,209,438	3.69	3.89
Clearstream Banking S.A.*	Luxembourg	1,087,009	3.31	3.50
Luka Koper, d. d.	Slovenia	433,970	1.32	1.40
State Street Bank and Trust*	US	397,604	1.21	1.28
KDPW*	Poland	330,209	1.01	1.06
Privredna banka Zagreb d.d.*	Croatia	318,434	0.97	1.02
<b>Total</b>		<b>14,133,111</b>	<b>43.10</b>	<b>45.46</b>

\* The shares are on custody accounts with the above banks and are owned by their clients.

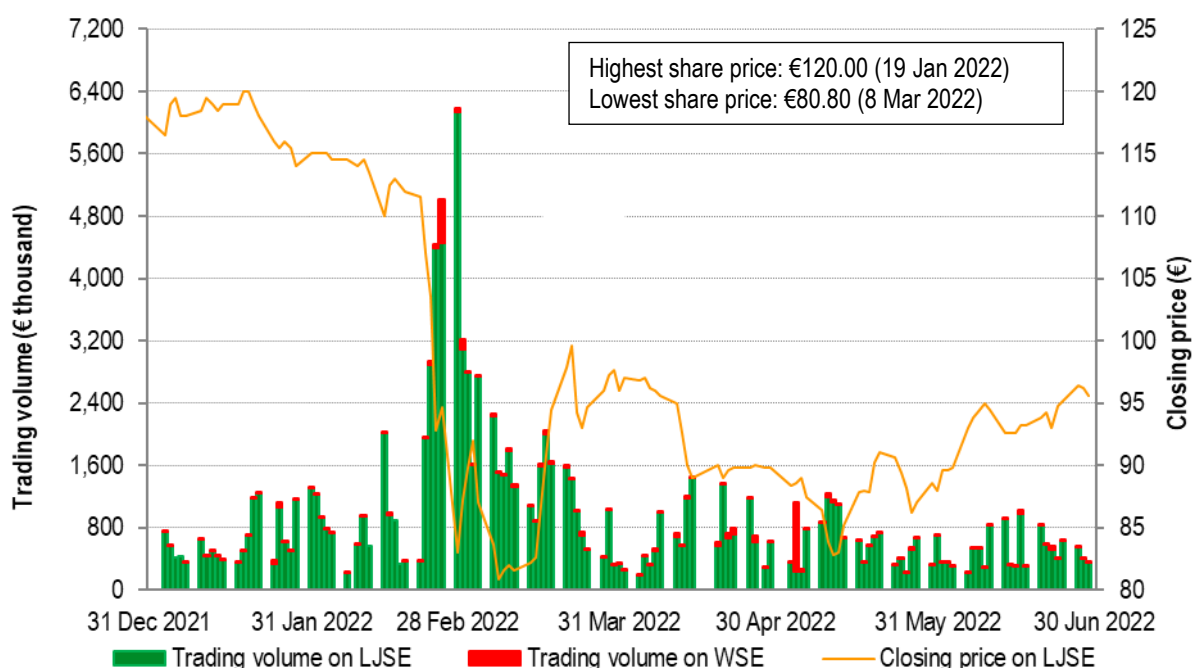
Ten largest Krka shareholders held 14,133,111 shares or 43.10% of total shares issued as at 30 June 2022.

As at the same date, members of the Management and Supervisory Boards held a total of 40,387 Krka shares or 0.12% of total shares issued.

#### Equity holdings and voting rights of Management and Supervisory Board members as at 30 June 2022

	No. of shares	Equity (%)	Voting rights (%)
<b>Management Board members</b>			
Jože Colarič	22,500	0.069	0.072
David Bratož	0	0.000	0.000
Aleš Rotar	13,915	0.042	0.045
Vinko Zupančič	120	0.000	0.000
Milena Kastelic	505	0.002	0.002
<b>Total Management Board members</b>	<b>37,040</b>	<b>0.113</b>	<b>0.119</b>
<b>Supervisory Board members</b>			
Jože Mermal	0	0.000	0.000
Julijana Kristl	230	0.001	0.001
Boris Žnidarič	0	0.000	0.000
Matej Lahovnik	600	0.002	0.002
Borut Jamnik	0	0.000	0.000
Mojca Osolnik Videmšek	617	0.002	0.002
Franc Šašek	1,400	0.004	0.004
Tomaž Sever	500	0.002	0.002
Mateja Vrečer	0	0.000	0.000
<b>Total Supervisory Board members</b>	<b>3,347</b>	<b>0.011</b>	<b>0.011</b>

## Krka share trades in the first half of 2022



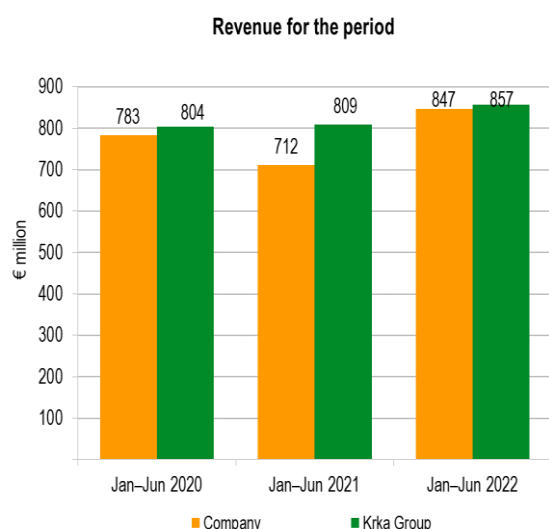
In the first half of 2022, the Krka share price on the Ljubljana Stock Exchange peaked in the second half of January, when it traded at €120.00, and reached its low at the beginning of March, when it amounted to €80.80. Krka shares traded at €94.20 per share on 30 June 2022.

As at the same date, market capitalisation of Krka on the Ljubljana Stock Exchange amounted to €3.1 billion. The average daily trading volume of Krka shares reached €0.9 million in this period. Krka shares have also been listed on the Warsaw Stock Exchange since April 2012.

## Business Performance

Business performance analysis includes data for the Krka Group and the controlling company Krka, whereas notes primarily relate to the Krka Group.

### Revenue



The Krka Group generated revenue totalling €857.4 million, of which revenue from contracts with customers on sales of products and services amounted to €853.4 million. Revenue from contracts with customers on sales of materials and other revenue constituted the difference. Sales grew by €48.9 million, up 6% year on year.

Other operating income amounted to €3.9 million, while financial income totalled €139.7 million. The Krka Group generated total revenue of €1,001.1 million, up 21% year on year.

Detailed analysis of product-and-service sales by markets and product groups is presented in the 'Marketing and Sales' section.

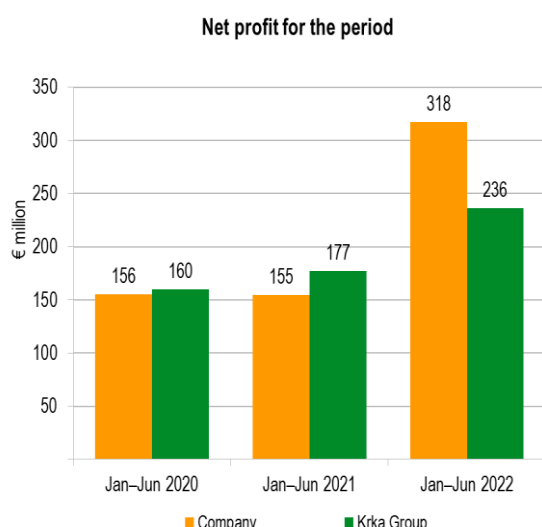
## Expenses

The Krka Group's total expenses amounted to €724.0 million, up 17% year on year.

The Group incurred operating expenses of €722.1 million, up 18% on the same period last year. They comprised cost of goods sold amounting to €423.8 million, selling and distribution expenses of €174.6 million, R&D expenses of €81.0 million, and general and administrative expenses totalling €42.7 million.

Cost of goods sold accounted for 49.4% of revenue, a 22% year-on-year increase. Selling and distribution expenses rose by 19% and accounted for 20.4% of revenue. R&D expenses increased by 7% and were recognised as expenses for the period in full as the Krka Group does not capitalise them. They accounted for 9.4% of revenue. General and administrative expenses went down by 3% and amounted to 5.0% of revenue.

## Operating Results



The Krka Group's operating profit (EBIT) amounted to €139.2 million, a 31% drop year on year. Earnings before interest, tax, depreciation and amortisation (EBITDA) totalled €192.4 million, down 25% on the first half of 2021.

Profit before tax jumped by 34% year on year to €277.1 million. Income tax totalled €40.9 million and effective tax rate was 14.8%.

The Krka Group recorded net profit of €236.2 million, a 33% year-on-year climb.

## Assets

At the end of June 2022, the Krka Group's assets were valued at €2,823.7 million, up 11% on year-end 2021.

Non-current assets decreased by 0.6 percentage points on the beginning of the year, accounting for 41.8% of total assets. Property, plant and equipment (PP&E) worth €810.6 million was the most important item under non-current assets of €1,179.4 million. Its value increased by 5% on year-end 2021, accounting for 28.7% of total Krka Group assets.

Intangible assets amounted to €102.7 million, a 2% decline on year-end 2021.

Current assets increased by 12% to €1,644.2 million. Inventories saw a rise of 7% to €488.5 million in this period. Receivables went up by 23% to €610.6 million, of which trade receivables totalled €571.0 million, up 22% on year-end 2021 as a result of the strengthening of the rouble.

## Equity and Liabilities

The Krka Group equity totalled €2,256.6 million, an 18% increase on year-end 2021, and accounted for 79.9% of total equity and liabilities.

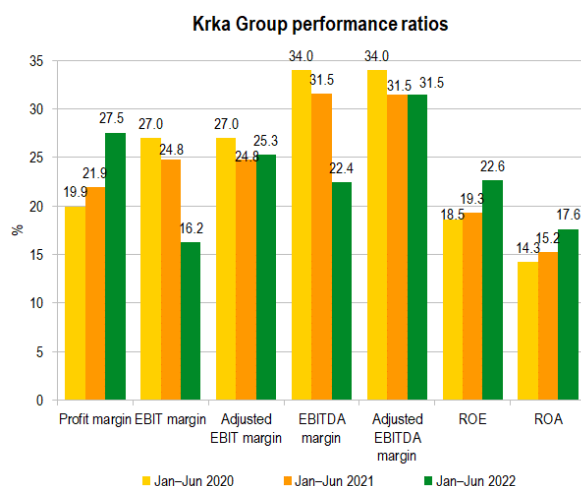
Non-current liabilities amounted to €163.4 million and accounted for 5.8% of the Krka Group balance sheet total, remaining at the level of year-end 2021. Provisions totalled €127.7 million (of which post-employment and other non-current employee

benefits amounted to €125.7 million, provisions for lawsuits €0.6 million, and other provisions €1.4 million), up 1% on year-end 2021.

Current liabilities declined by 11% on year-end 2021 and totalled €403.7 million, i.e. 14.3% of balance sheet total. Among current liabilities, trade payables amounted to €123.2 million, down 5% on year-end 2021. Liabilities from contracts with customers

totalled €147.7 million, up 18% on year-end 2021. Other current liabilities dropped by 55% to €85.1 million.

## Performance Ratios



The Krka Group net profit margin (ROS) for the first half of 2022 was 27.5%, EBIT margin 16.2%, and EBITDA margin 22.4%. The adjusted EBIT margin was 25.3% and the adjusted EBITDA margin 31.5%.

At the Group level, annualised return on equity (ROE) was 22.6% and annualised return on assets (ROA) 17.6%.

## Marketing and Sales

In the first half of 2022, the Krka Group generated revenue in total of €857.4 million, a 6% year-on-year rise. Of that, revenue from contracts with customers (products and services) amounted to €853.4 million. Compared to the first half of 2021, sales went up

by 6%. Sales in countries outside Slovenia reached €804.0 million, accounting for 94% of total Krka Group sales. Product sales volume increased by 5% year on year.

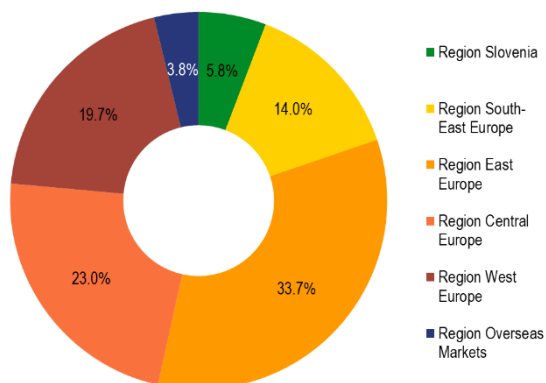
## Product and Service Sales by Region

Sales increased in all sales regions and most markets.

### Product and Service Sales by Region

€ thousand	Krka Group			Krka		
	Jan-Jun 2022	Jan-Jun 2021	Index	Jan-Jun 2022	Jan-Jun 2021	Index
Region Slovenia	49,420	41,772	118	30,006	28,432	106
Region South-East Europe	119,261	112,266	106	118,125	108,704	109
Region East Europe	287,683	276,523	104	197,778	167,663	118
Region Central Europe	196,063	188,903	104	190,026	181,344	105
Region West Europe	168,536	159,622	106	146,257	121,258	121
Region Overseas Markets	32,477	27,460	118	24,352	24,569	99
<b>Total</b>	<b>853,440</b>	<b>806,546</b>	<b>106</b>	<b>706,544</b>	<b>631,970</b>	<b>112</b>

## Krka Group 2022 Semi-Annual Product and Service Sales by Region



### Region Slovenia

Region Slovenia generated €49.4 million in sales of products and services. The major portion of sales total, €30.0 million, was generated in product sales, up 6%.

Prescription pharmaceuticals contributed to sales result the most, accounting for €22.1 million or 74% of product sales. Non-prescription products generated €6.8 million or 23% of total product sales. Animal health product sales added up to €1.2 million or 4% of product sales. Holding a 7.4% market share, we maintained the leading position among providers of generic medicines in Slovenia in terms of sales value. Health resorts and tourist services generated €19.4 million, up 46% on the same period last year.

Products promoted in marketing campaigns contributed most substantially to sales, above all those from our key therapeutic categories:

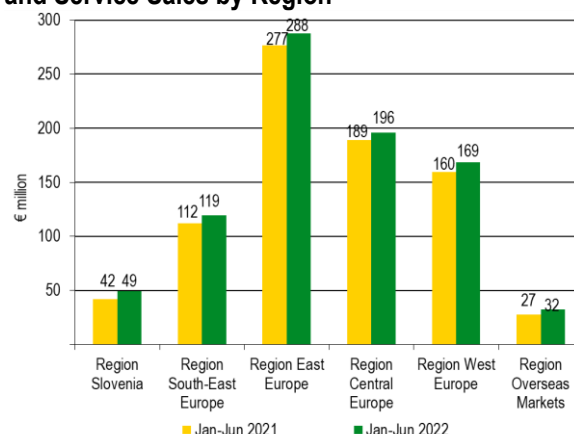
- Cardiovascular diseases;
- Central nervous system;
- Gastrointestinal tract;
- Pain relief;
- Cough and cold products; and
- Vitamins and minerals.

We should mention our key medicines from the class of prescription pharmaceuticals for the treatment of cardiovascular diseases as they strengthened our marketing position and earned us further recognition in the market of antihypertensive agents. They were:

- Prenessa (perindopril);
- Prenewel (perindopril/indapamide);
- Amlessa (perindopril/amlodipine); and
- Amlewel (perindopril/amlodipine/indapamide).

We strengthened the leading position of Sorvasta (rosuvastatin) and improved the visibility of the single-

## Krka Group 2021 and 2022 Semi-Annual Product and Service Sales by Region



pill combination of rosuvastatin and ezetimibe, Sorvitimb. We also increased the visibility of single-pill triple-combination tablets Roxiper (rosuvastatin/perindopril/indapamide) and Roxampex (rosuvastatin/amlodipine/perindopril). As regards our pain relief range, we primarily focused on our analgesic Doreta (tramadol/paracetamol), especially its new dosage form, Doreta SR 75 mg/650 mg prolonged-release bilayer tablets. We also increased the visibility of our non-opioid analgesic Algomin (metamizole). We strengthened the visibility of two central nervous system agents, our antipsychotic Pamido (paliperidone) and antidepressant Dulsevia (duloxetine). We gave attention to Lenalidomid Krka (lenalidomide), the newly launched immunomodulator.

Our prescription pharmaceuticals that recorded highest sales were:

- Sorvasta (rosuvastatin);
- Prenewel (perindopril/indapamide);
- Nolpaza (pantoprazole);
- Nalgesin Forte (naproxen); and
- Prenessa (perindopril).

Of non-prescription products, sales were driven by products containing magnesium. We added Magnezij Krka 400, another magnesium-containing product of higher strength, to Magnezij Krka 300. The analgesic Nalgesin S (naproxen) and the antiseptic Septabene (benzylamine/cetylpyridinium chloride) recorded next highest sales. We put Bilobil (ginkgo extract leaf) 120 mg capsules on the market, now available also in packages containing 120 capsules. Fypryst Combo (fipronil/S-methoprene), Grovit and Milprazon (milbemycin/praziquantel) achieved highest sales of our animal health products.

## Region South-East Europe

Region South-East Europe generated product sales of €119.3 million, up 6% on the same period a year ago. We recorded sales growth in all regional markets. Croatia recorded the highest absolute sales growth, a 2.2 million year-on-year sales increase. It was followed by Romania and Serbia in terms of absolute sales growth, where year-on-year sales increased by €1.6 million and €1.1 million, respectively.

Prescription pharmaceuticals accounted for 86% and non-prescription products for 11% of regional sales. Animal health products constituted 4% of total regional sales. Year-on-year sales of prescription pharmaceuticals increased by 4%. While non-prescription product sales went up by 38%, sales of animal health products presented a year-on-year drop primarily on account of declining sales in the segment of farm animals.

In **Romania**, our key and largest regional market, sales amounted to €34.0 million, a 5% year-on-year rise. We placed third among foreign providers of generic prescription pharmaceuticals, holding a 6.9% market share in terms of volume. The most important medicines in terms of sales were:

- Atoris (atorvastatin);
- Co-Prenessa (perindopril/indapamide);
- Roswera (rosuvastatin);
- Doreta (tramadol/paracetamol); and
- Nolpaza (pantoprazole).

Our best-selling non-prescription products were Bilobil (ginkgo leaf extract), Nalgesin (naproxen), and Herbion.

**Croatia**, also one of our key markets, recorded second highest sales in the region. We ranked fifth among all providers of generic medicines in the country. Product sales reached €20.8 million, a 12% year-on-year increase. Year-on-year sales of prescription pharmaceuticals and non-prescription products increased, while sales of animal health products saw a slight decline.

Sales of prescription pharmaceuticals generated the highest value, above all:

- Emanera (esomeprazole);
- Atoris (atorvastatin);
- Co-Perineva (perindopril/indapamide);
- Co-Dalneva (perindopril/amlodipine/indapamide);

- Roswera (rosuvastatin);
- Valsacombi (valsartan/hydrochlorothiazide);
- Helex (alprazolam);
- Dalneva (perindopril/amlodipine); and
- Doreta (tramadol/paracetamol).

Of non-prescription products, Nalgesin (naproxen), the Septotele brand products, and B-Complex recorded strongest sales.

In **Serbia**, sales reached €16.6 million, a 7% year-on-year growth. Prescription pharmaceuticals accounted for 85% of sales, an increase of 5%. Sales of non-prescription products saw a 43% rise.

In **Bulgaria**, our sales reached €14.4 million, a 2% year-on-year increase. Prescription pharmaceuticals generated strongest sales, above all Co-Valsacor (valsartan/hydrochlorothiazide) and Valsacor (valsartan). The two agents accounted for 65% of the market share in terms of value and volume. Year-on-year sales of non-prescription and animal health products increased.

We have recorded sales growth in **North Macedonia** for eighteen successive years. Year-on-year sales climbed by 5% to €13.2 million. Krka remained the leading foreign provider of generic medicines in the country. Key sales category were prescription pharmaceuticals, up 2%. Sales of non-prescription products saw a 20% increase, while animal health products presented an 11% rise.

In **Bosnia and Herzegovina**, sales of our products amounted to €11.6 million, a 2% year-on-year climb. We maintained the leading position among foreign providers of generic medicines on the market despite restrictions that applied to foreign manufacturers on certain reimbursement lists. Prescription pharmaceuticals accounted for the major part of sales total, while sales of non-prescription products advanced by 42%.

In **Kosovo**, we recorded a 4% sales increase, placing us among the leading providers of medicines in the country. Sales reached €4.7 million. In **Albania**, our product sales totalled €2.0 million, up 7%. In **Montenegro**, sales totalled €1.2 million, a 12% climb compared to the same period last year. In **Greece**, product sales reached €0.8 million.

## Region East Europe

Region East Europe generated sales total of €287.7 million, a 4% year-on-year rise. We recorded sales growth on most regional markets, with Turkmenistan and Kazakhstan presenting the highest relative growth. Prescription pharmaceuticals accounted for 82% of regional sales. Sales of non-prescription products followed with 13%, and animal health products with 5% of regional sales. Year-on-year sales of prescription pharmaceuticals increased by 0.3%, non-prescription products by 26%, and animal health products by 22%.

In the **Russian Federation**, year-on-year sales reached €172.7 million, up 3% in terms of value and 4% in terms of volume. According to the latest available data, Krka ranks second among foreign generic providers of pharmaceuticals in the Russian Federation.

Prescription pharmaceuticals accounted for 82% of the country sales, totalling €141.8 million, down 2% year on year. Sales dropped primarily because regulated prices of the life-saving medicines decreased. Agents that recorded strongest sales were:

- Lorista H/HD (losartan/hydrochlorothiazide);
- Lorista (losartan);
- Valsacor (valsartan);
- Valsacor H/HD (valsartan/hydrochlorothiazide);
- Nolpaza (pantoprazole);
- Co-Perineva (perindopril/indapamide);
- Co-Dalneva (perindopril/amlodipine/indapamide);
- Vamloset (valsartan/amlodipine);
- Roxera (rosuvastatin); and
- Co-Vamloset (amlodipine/valsartan/hydrochlorothiazide).
- The products that achieved the highest absolute sales growth were:
  - Lorista H/HD (losartan/hydrochlorothiazide);
  - Valsacor H/HD (valsartan/hydrochlorothiazide); and
  - Co-Dalneva (perindopril/amlodipine/indapamide).

We further strengthened our position of the leading provider of cardiovascular agents in the Russian Federation.

Sales value of non-prescription products reached €19.3 million, a 36% year-on-year rise. Septotele Total (benzylamine/cetylpyridinium chloride), Nalgesin (naproxen), and the Herbion

brand products recorded strongest sales. The Septotele Total products presented the highest absolute growth. Sales of animal health products grew by 23% to €11.7 million. Two products for companion animals, Milprazon (milbemycin/praziquantel) and Selafor (selamectin), and Floron (florfenicol) for farm animals generated strongest sales.

Our subsidiary Krka-Rus has the status of a domestic manufacturer. In the first six months of 2022, the plant produced more than 70% of all our products sold in the Russian Federation. We increased safety stocks of raw and key materials in the Russian Federation to meet the production requirements for several months. We also increased inventories of finished products.

Krka uses the European Central Bank (ECB) reference rate to convert transactions and balances from foreign currencies to the euro. On 2 March 2022, the ECB suspended publication of the euro reference rate for the Russian rouble until further notice. Therefore, Krka has switched to the Bloomberg exchange rate and intends to use it until the ECB starts publishing the reference rate again.

In **Ukraine**, we generated €45.8 million in product sales, down 1% on the same period last year. We placed second among foreign providers of generic medicines, holding a 3.1% market share. Sales of prescription pharmaceuticals added up to €38.8 million, a 2% year-on-year drop. Products that recorded strongest sales were:

- Co-Prenessa (perindopril/indapamide);
- Co-Amlessa (perindopril/amlodipine/indapamide); and
- Valsacor (valsartan).

Sales of non-prescription products totalled €5.6 million, up 11%. The Herbion brand products; Nalgesin (naproxen); and Septotele Total (benzylamine/cetylpyridinium chloride) generated strongest sales. Sales of animal health products totalled €1.4 million, a 1% year-on-year drop. According to projections, our products kept in stock at distributors and pharmacies should last a few months.

The situation in Ukraine and the Russian Federation leaves us no choice but to constantly adapt our business in many areas. The course of future events and their impact on Krka's annual performance are

difficult to assess. However, the results for the first six months are encouraging.

### Subregion East Europe B

In the first half of 2022, Subregion East Europe B, composed of Belarus, Mongolia, Azerbaijan, and Armenia, generated product sales of €24.0 million, up 5% compared to the same period last year.

We generated €10.3 million in product sales in **Belarus**, up 1% on the same period last year. According to the latest available data, we ranked first among foreign providers of generic medicines in the country. Prescription pharmaceuticals made up the major part (81%) of country sales.

Our product sales in **Mongolia** totalled €6.8 million, a 7% year-on-year rise. We remained one of the leading foreign providers of generic medicines in the country. Our product sales in **Azerbaijan** reached €4.1 million, a 12% year-on-year increase. Sales in **Armenia** totalled €2.7 million, a 6% year-on-year increase.

### Subregion East Europe K

Our Subregion East Europe K includes Kazakhstan, Moldova, and Kyrgyzstan. The subregional sales in the first half of 2022 totalled €18.9 million, a 10% year-on-year rise.

Product sales yielded €9.8 million in **Kazakhstan**, a 22% year-on-year rise. Most of that, 69%, was generated by prescription pharmaceuticals. Non-

## Region Central Europe

Region Central Europe generated product sales in the amount of €196.1 million, or 4% more than in the same period a year ago. We recorded growth in all markets, except in Hungary and Slovakia.

Prescription pharmaceuticals accounted for 90% of regional sales. Non-prescription products followed with 6%, and animal health products with 4%. Year-on-year sales of prescription pharmaceuticals increased by 1%. Non-prescription product sales increased by 60% and animal health product sales by 3%.

Product sales added up to €88.8 million in **Poland**, our second largest individual market, up 1% year on year. Sales denominated in the Polish zloty went up by 3%, while sales volume increased by 5%.

prescription products accounted for 26% of overall sales.

Product sales amounted to €6.7 million in **Moldova**, a 13% year-on-year increase. Prescription pharmaceuticals contributed the most to sales growth and constituted 75% of overall country sales. We started marketing our new products:

- Rivaroxia (rivaroxaban);
- Dekenor (dexketoprofen) tablets; and
- Dulsevia (duloxetine).

Non-prescription products accounted for 22% of overall sales. Product sales generated €2.4 million in **Kyrgyzstan**, a drop on the same period last year.

### Subregion East Europe U

Subregion East Europe U, consisting of Uzbekistan, Georgia, Tajikistan, and Turkmenistan, recorded product sales in total of €26.3 million in the first half of 2022, an 18% year-on-year increase. We recorded growth in all markets.

Our product sales in **Uzbekistan** reached €19.2 million, a 17% year-on-year increase. This earned us a place at the top of the medicine providers in the country, especially medicines for the treatment of cardiovascular diseases.

In **Georgia**, our product sales amounted to €4.6 million, up 14%. In **Turkmenistan**, we generated €1.3 million in product sales, a 62% year-on-year upsurge. We recorded sales in total of €1.1 million, a 14% rise, in **Tajikistan**.

According to the latest data, we ranked third among foreign providers of generic medicines in the country.

Prescription pharmaceuticals remained the leading sales group, primarily due to strong sales of:

- Atoris (atorvastatin);
- Roswera (rosuvastatin);
- Doreta (tramadol/paracetamol);
- Valsacor (valsartan);
- Co-Valsacor (valsartan/hydrochlorothiazide); and
- Emanera (esomeprazole).

We recorded an increase in sales of recently launched products, above all Co-Roswera (rosuvastatin/ezetimibe) that doubled in sales. Of other prescription pharmaceuticals, we should mention sales of:

- Valtricom (valsartan/amlodipine/hydrochlorothiazide), up 64%;
- Dulsevia (duloxetine), up 35%; and
- Teldipin (telmisartan/amlodipine), up 17% year on year.

We remained one of the leading producers of prescription pharmaceuticals from the reimbursement list for patients aged 75 years plus.

Sales of non-prescription products soared by 117%. The Septotele brand products, presenting a three-fold year-on-year increase, and Septanazal (xylometazoline/dexpanthenol) remained sales leaders. Our animal health products generated sales of €3.4 million, a 3% year-on-year rise. Milprazon (milbemycin/praziquantel), Floron (florfenicol), and products sold under the Fypryst brand in that order sold best.

Our product sales advanced by 16% to €30.0 million in the **Czech Republic**. Prescription pharmaceuticals remained our leading category in terms of sales, in particular:

- Lexaurin (bromazepam);
- Atoris (atorvastatin);
- Sorvasta (rosuvastatin);
- Doreta (tramadol/paracetamol);
- Asentra (sertraline);
- Tonanda (perindopril/amlodipine/indapamide);
- Nalpaza (pantoprazole);
- Elicea (escitalopram); and
- Zalasta (olanzapine).

Tonarssa (perindopril/amlodipine), Kventiax (quetiapine), and Emanera (esomeprazole) also recorded strong sales.

Year-on-year sales of non-prescription products totalled €1.5 million, up 33%. Nalgesin S (naproxen) and Septabene (benzylamine/cetylpyridinium chloride) remained at the forefront. Sales of animal health products saw a 25% year-on-year increase.

We generated €27.8 million in product sales in **Hungary**, a 3% year-on-year decrease. Prescription pharmaceuticals accounted for the major part of sales total, in particular:

- Co-Prenessa (perindopril/indapamide);
- Roxera (rosuvastatin);
- Valsacor (valsartan);
- Emozul (esomeprazole);
- Zyllt (clopidogrel);
- Co-Valsacor (valsartan/hydrochlorothiazide);
- Atoris (atorvastatin);

- Co-Dalnessa (perindopril/amlodipine/indapamide); and
- Tamloset (telmisartan/amlodipine).

Year-on-year sales of non-prescription products totalled €2.1 million, up 13%. Bilobil (ginkgo leaf extract), Flebaven (diosmin), and the Herbion brand products generated strongest sales. Year-on-year sales of our animal health products were slightly lower.

We recorded product sales in total of €20.8 million in **Slovakia**, a 9% year-on-year drop. According to the latest available data, we ranked fourth among all medicine providers. Prescription pharmaceuticals contributed the most to sales total, above all:

- Nalpaza (pantoprazole);
- Co-Prenessa (perindopril/indapamide);
- Atoris (atorvastatin);
- Co-Amlessa (perindopril/amlodipine/indapamide);
- Prenessa (perindopril), and
- Amlessa (perindopril/amlodipine).

Year-on-year sales of non-prescription products grew by 16%. The following medicines added to sales the most:

- Nalgesin S (naproxen);
- Flebaven (diosmin);
- Septotele (benzylamine/cetylpyridinium chloride); and
- Nalpaza (pantoprazole).

Our animal health products recorded 12% sales growth.

Product sales in **Lithuania** reached €14.3 million, a 23% year-on-year increase. Prescription pharmaceuticals accounted for the major part of country sales, and key medicines were:

- Atoris (atorvastatin);
- Captopril Krka (captopril);
- Nalpaza (pantoprazole);
- Escadra (esomeprazole), and
- Roswera (rosuvastatin).

Year-on-year sales of non-prescription products soared by 142%. Nalgesin S (naproxen) and Septabene (benzylamine/cetylpyridinium chloride) were the leading non-prescription products. Animal health product sales saw a drop compared to the same period last year.

Sales in **Latvia** totalled €9.3 million and exceeded year-on-year sales by 21%. Prescription pharmaceuticals accounted for the major part of

overall sales. Year on year, non-prescription product sales jumped by 206%, while animal health products dropped.

## Region West Europe

The markets of Region West Europe are collectively regarded as one of our key markets. Regional sales amounted to €168.5 million in the first half of 2022, a 6% year-on-year increase. Germany, the Scandinavian countries, France, and Italy led in terms of sales. Sales through subsidiaries totalled €132 million, up 12% on the same period last year. We generated 22% of regional sales through unrelated parties.

Sales of prescription pharmaceuticals, our leading product group, saw a 6% increase compared to the first half of 2021 and accounted for 86% of overall regional sales. Medicines containing esomeprazole, losartan, and candesartan were at the forefront. We remained one of the leading sartan providers on markets of western Europe. Year-on-year sales of animal health products increased by 1% and accounted for 11% of regional sales. Sales were driven by a combination of milbemycin and praziquantel, and fipronil-based products. Non-prescription products accounted for 2% of regional sales. Products containing paracetamol, the Septotele brand and diosmin-based products recorded highest sales.

In **Germany**, Krka's largest market in the region and third largest individual market, product sales amounted to €47.2 million, recording a 9% year-on-year increase. Most important medicines followed in that order:

- (i) Cardiovascular agents;
- (ii) Medicines for the alimentary tract and metabolism; and
- (iii) Medicines for the central nervous system.

We remained the leading provider of sartans in terms of volume. Sales were driven by medicines containing candesartan, valsartan, losartan, ramipril,

Sales in **Estonia** totalled €5.1 million, a 9% year-on-year rise.

esomeprazole, and pantoprazole. Oncology agents containing lenalidomide, sunitinib, and everolimus also presented strong sales.

Our sales in **Scandinavia** reached €27.2 million, up 17% year on year. **Sweden** remained our leading market and was followed by **Finland**, **Norway**, **Denmark**, and **Iceland**. Our prescription pharmaceuticals and non-prescription products recorded growth.

Sales amounted to €17.2 million in **France**, a 20% year-on-year drop.

Year-on-year sales value went up by 0.3% in **Italy**, amounting to €16.1 million. Prescription pharmaceuticals and non-prescription products contributed to growth the most.

Sales grew by 16% to €13.6 million in **Portugal**. We recorded sales growth in all three product groups.

We generated €11.9 million in product sales in **Spain**, up 1% on the same period last year.

Year-on-year sales in **Benelux** rose by 29% to €10.2 million. We increased sales of prescription pharmaceuticals and animal health products.

Year-on-year sales in the **United Kingdom** dropped by 6%, amounting to €8.0 million. We generated €6.2 million in product sales in **Ireland**, up 4% year on year.

Our sales in **Austria** saw a 4% drop and totalled €5.0 million. We generated €6 million in product sales in **other western European countries**, up 36% on the same period last year.

## Region Overseas Markets

Region Overseas Markets generated product sales in the amount of €32.5 million, or 18% more than in the same period a year ago. Prescription pharmaceuticals in most markets sold under our own brands accounted for the major portion of overall sales.

We still encounter economic and security issues when doing business in the countries of the **Middle**

**East**. Sales of our products amounted to €14.8 million, a 21% year-on-year rise. Good performance in **Iran**, our largest regional market, where year-on-year sales advanced by 20%, significantly contributed to the overall regional sales performance. We doubled our year-on-year sales in **Iraq**. **Saudi Arabia**, the **United Arab Emirates**, **Yemen**, and **Lebanon** followed.

Sales generated in the markets of the **Far East** and **Africa** amounted to €9.9 million, a 19% drop on the same period last year. We recorded a roughly 30% sales drop in **Vietnam** primarily because the country borders were closed for a long time due to a high number of infections during the COVID-19 pandemic. Year-on-year sales also declined in the **Republic of South Africa** and **Sudan**, but we recorded significant sales increases in **Ghana** and **Malaysia**.

We increased year-on-year sales threefold in **China** to €6.9 million. We continued good sales of Palprostes (saw palmetto extract) through our subsidiary TAD Pharma and at the same time

strengthened product sales through our subsidiary Ningbo Krka Menovo, through which we also successfully market a pregabalin-based product. We launched a losartan-based product in January, an atorvastatin-based product in March, and a rosuvastatin-based product in April. We also obtained a marketing authorisation for a product containing valsartan in June.

The smallest regional office operates in markets of the **Americas**. Especially in the countries of the Central America, our product sales generated €0.8 million, a 13% year-on-year rise.

## Sales by Product and Service Group

From January to June 2022, medicinal products for human use accounted for 92.2% of overall sales and were the most important category in the sales structure of the Krka Group. Prescription pharmaceuticals constituted 83.1% of the Krka Group total sales, and were followed by non-prescription products and animal health products.

In comparison to the same period last year, sales of prescription pharmaceuticals increased by 3% and

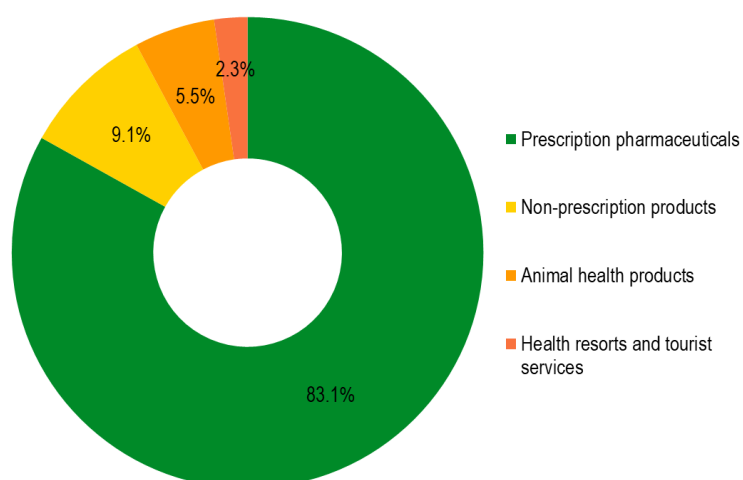
animal health products by 5%, while non-prescription product sales jumped by 31%, because in 2021 measures for curbing the COVID-19 pandemic prevented flu, coughs and colds from spreading.

Sales of health resorts and tourist services constituted 2.3% of total Krka Group sales. Compared to the same period last year, which was marked by the COVID-19 pandemic, the sales figure increased by 46%.

### Sales by Product and Service Group

€ thousand	Krka Group			Krka		
	Jan–Jun 2022	Jan–Jun 2021	Index	Jan–Jun 2022	Jan–Jun 2021	Index
Human health	786,814	748,246	105	659,243	591,327	111
– Prescription pharmaceuticals	709,172	689,129	103	581,070	540,444	108
– Non-prescription products	77,642	59,117	131	78,173	50,883	154
Animal health products	47,208	44,960	105	47,301	40,643	116
Health resorts and tourist services	19,418	13,340	146			
<b>Total</b>	<b>853,440</b>	<b>806,546</b>	<b>106</b>	<b>706,544</b>	<b>631,970</b>	<b>112</b>

## Structure of Krka Group Semi-Annual Product and Service Sales by Category,



### Prescription Pharmaceuticals

The Krka Group generated €709.2 million in sales of prescription pharmaceuticals, up 3% on the first half of 2021.

Year-on-year sales increases by regions were as follows:

- Region Overseas Markets 17%;
- Region West Europe 6%;
- Region Slovenia 6%;
- Region South-East Europe 4%; and
- Region Central Europe 1%.

Of our three largest markets, sales increased in Germany by 10%, remained the same in Poland, and dropped in the Russian Federation by 2%.

We recorded sales growth on other major markets as follows:

- Scandinavia 16%;
- The Czech Republic 15%;
- Croatia 13%;
- Slovenia 6%;
- Italy 1%; and
- Romania 1%.

We recorded an impressive increase in sales of prescription pharmaceuticals also in China, where sales volume has been growing substantially since the second quarter of 2021.

Ten 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\*);
- pantoprazole (Nolpaza\*);
- rosuvastatin (Roswera\*, Co-Roswera\*);
- atorvastatin (Atoris);
- esomeprazole (Emanera\*);
- candesartan (Karbis\*, Karbicombi\*, Kandoset\*);
- tramadol (Doreta\*, Tadol\*);
- enalapril (Enap, Enap H, Enap HL, Elernap\*).

Product groups containing losartan, perindopril, valsartan, rosuvastatin, pantoprazole, and tramadol accounted for the major part of sales.

In the first half of 2022, we launched our very new medicines for the treatment of certain types of tumours:

- Lenalidomide Krka in Germany, Scandinavia, Italy, Slovenia, Austria, Ireland, and Poland;
- Sunitinib Krka in Germany, France, Scandinavia, Benelux, Slovenia, Hungary, and Slovakia;
- Bortezomib Krka in Benelux, Scandinavia, and Ireland.

The newly launched Lenalidomide Krka substantially contributed to an increase in overall sales.

We launched several pharmaceuticals on new markets:

- Xerdoxo (rivaroxaban) in Kosovo, Moldova, and Montenegro;
- Roxiper\* (perindopril/indapamide/rosuvastatin) in Belarus and Croatia;
- Co-Roswera\* (rosuvastatin/ezetimibe) in Georgia, Serbia, and Azerbaijan;
- Co-Vamloset\* (amlodipine/valsartan/hydrochlorothiazide) in Azerbaijan and Bosnia and Herzegovina;

- Polaplom\* (olmesartan/amlodipine) and Polaplom\* HCT (olmesartan/amlodipine/hydrochlorothiazide) in Greece;
- Telmista\* (telmisartan), Telmista\* H (telmisartan/hydrochlorothiazide), and Teldipin\* (telmisartan/amlodipine) in Uzbekistan;
- Doreta\* (tramadol/paracetamol) in Lithuania;
- Kventiax\* (quetiapine) in Belarus;
- Everolimus Krka (everolimus) in Slovakia, the Czech Republic, Hungary, Austria, and France.

## Non-Prescription Products

Sales of non-prescription products reached €77.6 million, up 31% on the same period last year. After measures for curbing the COVID-19 pandemic had been lifted, sales of seasonal cough-and-cold products jumped.

All regions recorded year-on-year sales increases:

- Region Central Europe 60%;
- Region South-East Europe 38%;
- Region East Europe 26%;
- Region West Europe 29%;
- Region Overseas Markets 41%; and
- Region Slovenia 12%.

Sales generated by Region East Europe accounted for 50% of non-prescription product sales total. We

recorded impressive growth on the largest market, the Russian Federation (136%), and achieved substantial sales growth in many other countries as well.

The leading products in the first half of 2022 with respect to sales were:

- Septotele\* brand products;
- Nalgesin\* (naproxen);
- Herbion\* brand products;
- Bilobil (ginkgo leaf extract); and
- Flebaven (diosmin).

Septotele\*, Herbion\*, and Nalgesin\* (naproxen) contributed to growth the most.

## Animal Health Products

Animal health product sales generated €47.2 million, a 5% year-on-year increase.

We recorded sales growth in Region East Europe (22%), Region Central Europe (3%), and Region West Europe (1%).

Of our major markets, sales presented most notable advances in:

- Portugal 40%;
- The United Kingdom 32%;
- The Czech Republic 25%;
- Benelux 24%; and
- The Russian Federation 23%.

Sales increased primarily because we launched our new antiparasitic chewable tablet Milprazon\* (milbemycin/praziquantel), and our new antimicrobial agent Cladaxxa\* (amoxicillin/clavulanic acid). Antiparasitic products for companion animals achieved sales growth, above all Milprazon\* (milbemycin/praziquantel) and Selehold\* (selamectin).

## Health Resorts and Tourist Services

In the first half of 2022, Terme Krka generated €19.4 million revenue, a 46% climb compared to the same period last year.

In the first half of 2022, we recorded 151,899 overnight stays, up 41% year on year. Talaso Strunjan recorded the highest proportion of all

overnight stays (36%). Terme Šmarješke Toplice spa recorded the highest increase (53 %) in overnight stays. Domestic guests prevailed, but the percentage of foreign guests started climbing and reached 9% of all overnight stays. Records showed that most foreign guests were Italian, Dutch, or Croat.

*\* Products marketed under different brand names in individual markets are marked with an asterisk.*

## Research and Development

We plan to obtain marketing authorisations for at least 12 new products in 2022.

In the first half of 2022, we added four new products to our product portfolio:

- An agent containing a new active substance dabigatran etexilate;
- A single-pill combination of perindopril arginine and amlodipine;
- A valsartan-based product for Chinese market;
- A new magnesium-based product.

We extended the portfolio of our products in all regions and obtained marketing authorisations for key and value-added products for important indication areas.

In the first half of 2022, we obtained 217 new marketing authorisations on various markets, of that

139 for prescription pharmaceuticals, 12 non-prescription products, and 66 animal health products.

We obtained a new Certificate of Suitability to the monograph of the European Pharmacopoeia (CEP) for our losartan API.

We pay special attention to established products, evaluate, complement, and adjust them to latest scientific findings and regulatory and marketing requirements, which makes it possible for us to uninterruptedly supply our products to all markets. This year, we have filed marketing authorisation documents for almost 14,000 variations and received approvals for more than 15,000 regulatory variations, of which more than half represent an even higher level of quality, enhanced flexibility and competitiveness in providing product supplies to the markets.

## Prescription Pharmaceuticals

We obtained marketing authorisations for three new prescription pharmaceuticals.

We developed and obtained marketing authorisations for **Dabixom** (dabigatran etexilate) hard capsules. This antithrombotic agent is used for the prevention of atherothrombotic and thromboembolic events in adults with 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. The API and finished product are manufactured at our production plants. We manage and connect all development and manufacturing processes by applying our know-how and hence ensure continuous supply of and therapy with this value-added antithrombotic agent.

We added a new perindopril arginine-based product to the portfolio of our cardiovascular agents. Last year we obtained first marketing authorisations for products based on this new perindopril salt. This year we added to the product group a new single-pill combination of perindopril arginine and amlodipine, available on markets as **Neoamlessini**, **Amlessa**, **AmlessaNEO**, **Aramlessa**, **Tonarssa NEO**, **Dalnessaneo**, **Dalnessa AS**, or **Aperneva**. Perindopril arginine is our product, developed and produced according to our vertical integration model. The development and production are the result of our

own know-how and take place in Krka-owned facilities. We can respond to market changes quickly and ensure ready availability of the perindopril-based products on markets thanks to extra perindopril molecule forms.

We continued obtaining new marketing authorisations for our products in China. We obtained marketing authorisations for the cardiovascular agent **valsartan** film-coated tablets based on results of additional trials and bioequivalence tests compliant with the requirements of the Chinese regulatory authorities.

We obtained new marketing authorisations in additional markets for medicines from important established and promising areas of antidiabetics, antithrombotics, cardiovascular agents, and other established therapeutic classes.

We obtained new marketing authorisations in the European Union for the oncology medicinal product **Imatinib Krka** (imatinib) film-coated tablets. We were granted new approvals for **Arisppa** (aripiprazole) tablets from our antipsychotic range, and **Dekenor** (dexketoprofen) film-coated tablets as a non-prescription product for the symptomatic treatment of mild to moderate pain. We concluded registration procedures for:

- **Amlodipine Krka** (amlodipine) tablets for lowering high blood pressure;
- **Fromilid UNO** (clarithromycin) prolonged-release tablets for the treatment of systemic infections;
- **Monkasta** (montelukast) film-coated tablets for the prevention and treatment of chronic bronchial asthma and alleviation of seasonal allergic rhinitis symptoms; and
- **Esozoll** (esomeprazole) hard gastro-resistant capsules indicated to treat stomach problems.

In eastern Europe, the most important approvals were those in key therapeutic areas, i.e. antithrombotics, antidiabetics, cardiovascular and oncology agents and other established therapeutic classes. We obtained a new marketing authorisation for a value-added antithrombotic agent **Rivaroxia** (rivaroxaban) film-coated tablets.

We extended our range of antidiabetics by approvals for:

- **Asiglia** (sitagliptin) film-coated tablets;
- The single-pill combination **Asiglia-Met** (sitagliptin/metformin) film-coated tablets; and
- **Glypvilo** (vildagliptin) tablets.

We added four new single-pill combinations to our cardiovascular portfolio. We extended our rosuvastatin-based product range by obtaining new marketing authorisations for **Roxatenz-Amlo** (perindopril/amlodipine/rosuvastatin) film-coated tablets and **Roxera Plus** (rosuvastatin/ezetimibe) film-coated tablets. In eastern European countries we obtained marketing authorisations for **Teldipin** (telmisartan/amlodipine) tablets and extended our telmisartan product range.

We added to our oncology range **Lenalidomide Krka** (lenalidomide) hard capsules indicated for multiple myeloma in cancer patients.

We obtained a marketing authorisation for **Dexiax** (dexketoprofen) film-coated tablets and extended our product range of analgesics.

We were granted new marketing authorisations for central nervous system agents:

- **Pregabia** (pregabalin) hard capsules;
- **Dulsevia** (duloxetine) gastro-resistant capsules; and
- **Yasnal** (donepezil) film-coated tablets.

We extended our antibiotic range available in the region by obtaining approvals for **Linezolid Krka** (linezolid) film-coated tablets and solutions for infusion.

We added products containing new APIs from several important therapeutic categories to our portfolio in south-eastern Europe. We extended our range of single-pill combinations indicated for the treatment of cardiovascular diseases by obtaining marketing authorisations for film-coated tablets:

- **Valtricom** (amlodipine/valsartan/hydrochlorothiazide);
- **Roxampex** (perindopril/amlodipine/rosuvastatin); and
- **Co-Roswera** (rosuvastatin/ezetimibe).

We obtained marketing authorisations for two value-added antithrombotic agents in film-coated tablets, **Xerdoxo** (rivaroxaban) and **Atixarso** (ticagrelor).

Additionally, we obtained a marketing authorisation for our analgesic **Apeneta** (tapentadol) prolonged-release tablets. We also obtained an additional marketing authorisation for our oncology agent **Bortezomib Krka** (bortezomib) powder for solution for injection.

We obtained new marketing authorisations in our overseas countries for single-pill combinations **Vasitimib** (ezetimibe/simvastatin) and **Tolucombi** (telmisartan/hydrochlorothiazide) in tablets. We obtained new marketing authorisations for:

- **Ezoleta** (ezetimibe) tablets;
- **Emanera** (esomeprazole) gastro-resistant capsules; and
- **Montelukast TAD** (montelukast) film-coated tablets.

We obtained a new Certificate of Suitability to the monograph of the European Pharmacopoeia (CEP) for our losartan API that meets the strictest quality criteria.

## Non-Prescription Products

In the first half of 2022, we added a new product and obtained new marketing authorisations for key product brands in order to extend our non-prescription product portfolio to new markets.

We added **Magnezij Krka 400** water soluble granules to our non-prescription product portfolio. The product, which classifies as a food supplement, contains magnesium citrate and B<sub>2</sub>. The two ingredients help reduce fatigue and exhaustion, and support normal functioning of the nervous system. Magnesium citrate is also vital for proper functioning of muscles. Our product does not contain preservatives, artificial colouring agents, flavours, sweeteners, gluten, and lactose.

## Animal Health Products

We expanded marketing opportunities for our key animal health product brands and introduced them to new markets in the first half of 2022.

We extended our portfolio of products for farm animals by **Tuloxxin** (tulathromycin) solution for injection for cattle and pigs indicated for the treatment of bovine respiratory disease (BRD); and vitamins and minerals **Catobevit** (butafosfan/cyanocobalamin) solution for injection indicated for the supportive treatment of metabolic or reproductive disorders in cattle, pigs, horses, sheep and goats. We expanded marketing opportunities for **Doxatib** (doxycycline) powder for preparation of medicated drinking water indicated for treating infections in pigs and broilers, and **Floron** (florfenicol) solution for injection indicated for the treatment of infections of the respiratory tract in cattle and pigs.

We obtained new marketing authorisations for companion animal products in additional markets. We added a single-pill combination **Cladaxxa** (amoxicillin/clavulanic acid) chewable tablets in three

## Investments

In the first half of 2022, the Krka Group allocated €49.5 million to investments, of that €35.0 million to the controlling company. We invested primarily to increase and technologically upgrade production facilities, development and quality management capacities and in our production and distribution centres around the world.

In Ločna in Novo mesto (Slovenia), our central location, we finished equipping Noto 2, our state-of-

We obtained approvals in new markets of the eastern Europe for **Vitamin D3 Krka** (cholecalciferol) tablets and **Pikovit** syrup.

We obtained marketing authorisations in the EU for **Magnesol 300** water soluble granules.

We expanded marketing opportunities in south-eastern Europe for our herbal product **Herbion Iceland Moss** syrup.

We obtained a new marketing authorisation for our nasal spray **Septanazal** (xylometazoline/dexpanthenol) on overseas markets.

strengths to our range of products for companion animals in the EU member states and countries of Region East Europe. The product is indicated for the treatment of bacterial infections of the skin, gums, respiratory tract, urinary tract, and intestines in dogs and cats.

We obtained marketing authorisations in the EU for the fixed-dose combination **Ataxxa** (imidacloprid/permethrin) spot-on solution in four filling sizes, also marketed as **Damtix** or **Daclotrix**. The product is indicated for the prevention and treatment of flea and tick infestations in dogs.

We concluded the marketing authorisation procedure in Region East Europe for **Enroxil** (enrofloxacin) flavoured tablets for the treatment of mixed infections in dogs.

We added **Amflee Combo** (fipronil/S-methoprene) spot-on solution for the protection against and treatment of external parasite infections in dogs to our product portfolio in Region Overseas Markets.

the-art plant for the production of solid dosage forms. We installed several highly automated and robotised packaging lines, of which the last two were made ready for operation in June 2022. This made the facility fully technologically equipped. Its full capacity is 5 billion manufactured and 8 billion packed tablets and capsules per year. We apportioned €39.2 million to the investment.

We finished several investments to upgrade the capacities for research, development and analyses in our development-and-control laboratories. They totalled €8.2 million.

As our production capacities increase, so do our energy demands. We finished investing in increased capacity for production of compressed air and new utility lines for energy supplies to manufacturing facilities. We invested €2.5 million in energy infrastructure extension at our Novo mesto (Slovenia) production facility.

At our Slovenian Beta Šentjernej plant, we upgraded the systems and equipment in compliance with ATEX standards and increased the production capacity for the preparation of dry granules. The investment totalled €2.4 million.

We are investing €26 million in additional capacities for compression mixture preparation and granulation in the tablet compression process, and in logistic capacities at the Solid Dosage Form Products plant (Novo mesto, Slovenia). We estimate 2022 cost of room refurbishment and procurement of technological equipment at €17 million.

We started preparation works in March for construction of a multi-purpose replacement building called Paviljon 3 in Novo mesto (Slovenia). It will house an extension for our microbiology laboratory and additional rooms for several organisational units. Earthworks and laying deep foundations for the building are currently in progress. Construction of the six-storey building is estimated at €19.3 million.

New analytical techniques require extra laboratory facilities, which we intend to obtain by refurbishing rooms in buildings RKC1 and 3. The €1.8-million investment will ensure safe conditions for work with materials that contain highly active ingredients.

We intend to build an extension to Sterile Products Department and install a new line for sterile solutions in order to double the capacity for manufacture of animal health products. This will provide for the long-term production of higher volumes of sterile products in compliance with GMP standards. The investment was estimated at €29 million.

We plan to install a new filling line and hence double the tube filling capacity in our Bršljin Department (Novo mesto, Slovenia) for production of powder and liquid products. The investment was estimated at €1.8 million.

We also plan to increase the production capacities for granulation and packaging at our Ljutomer Department (Slovenia) and refurbish the rooms in the old part of the plant in compliance with good manufacturing practice guidelines. The total value of investments was estimated at €16.4 million.

We plan to build new facilities for API development and production in Krško, Slovenia. We have obtained building permits based on project documents and IED OVD environmental impact assessment for Sinteza 2 plant (for API synthesis), and laboratories for chemical analyses (Kemijsko-analitski center in Slovene). The procedures for obtaining an environmental permit have started. We intend to start construction after the permit is granted. This project also includes construction of a highly efficient wastewater treatment plant for complete treatment of effluent and small technology and infrastructure buildings required for production. The investment was estimated at €163 million. It agrees with our strategy of vertical integration, from the development of a product to its production.

We expect installation of the secondary packaging line in the production-and-distribution centre in Jastrebarsko (Croatia) to increase production capacities for solid forms of animal health products by one quarter. The investment was estimated at €1.8 million.

Investment in expansion of production and laboratory capacities at the Krka-Rus plant in the industrial zone of Istra, a town north-west of Moscow, is in the finishing phase.

Our joint venture Ningbo Krka Menovo in China continues to purchase manufacturing and quality control equipment. The manufacture of products for markets outside the country has been arranged in facilities taken on long-term lease, and since January 2021 also of first products intended for the Chinese market.

## Employees

At the end of June 2022, the Krka Group employed 11,618 people, up 1% on the 2021 year-end, of whom 5,331 worked abroad, constituting 46% of the total Krka Group headcount. The Krka Group employees with at least university-level qualifications

accounted for 51% of all personnel, and 203 employees held doctoral degrees.

Together with agency workers, the Krka Group employed 12,576 persons.

### Employees by Education

	30 Jun 2022		31 Dec 2021	
	Number of employees	Share (%)	Number of employees	Share (%)
PhD	203	1.7	207	1.8
Master of Science	393	3.4	391	3.4
University degree	5,363	46.2	5,284	45.9
Higher professional education	1,789	15.4	1,755	15.3
Vocational college education	312	2.7	307	2.7
Secondary school education	2,588	22.3	2,572	22.3
Other	970	8.3	995	8.6
<b>Total</b>	<b>11,618</b>	<b>100.0</b>	<b>11,511</b>	<b>100.0</b>

We provide for continuous recruitment of talented employees by awarding scholarships. At the end of June, we listed 85 scholarship holders, primarily pharmacy and chemistry students. We also grant scholarships to exceptional students from other fields of interest to Krka. Due to our staff development and succession planning system, we can greatly meet our human resource needs for key professionals and managers within the Krka Group.

processes, market situations, and development needs of the Krka Group. We constantly update learning options and introduce new forms adjusted to the contemporary approaches to work.

At the end of June, 151 employees were enrolled in part-time graduate studies co-funded by Krka, 35 of them in postgraduate studies. Eight persons finished their studies.

We also invest in knowledge and development of our employees. In Slovenia and abroad, they undergo further professional training, and attend training courses on quality, management, informatics, personal growth, and foreign languages. We arrange most training courses in-house and adjust them to the needs of our employees, technological

Krka is also included in the national vocational qualification (NVQ) system. Between 2002 and the end of June 2022, we awarded 1,827 NVQ certificates to Krka employees for four vocational qualifications. At the end of June 2022, 187 Krka employees were included in the process of obtaining NVQ.

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP WITH NOTES

## Consolidated Statement of Financial Position of the Krka Group

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Assets</b>			
Property, plant and equipment	810,582	774,352	105
Intangible assets	102,650	104,301	98
Loans	77,250	40,300	192
Investments	111,433	108,883	102
Deferred tax assets	76,471	46,883	163
Other non-current assets	1,063	1,028	103
<b>Total non-current assets</b>	<b>1,179,449</b>	<b>1,075,747</b>	<b>110</b>
Assets held for sale	41	41	100
Inventories	488,534	455,707	107
Contract assets	948	1,214	78
Trade receivables	571,024	467,764	122
Other receivables	39,553	29,564	134
Loans	265,310	192,360	138
Investments	137,757	155,448	89
Cash and cash equivalents	141,044	159,838	88
<b>Total current assets</b>	<b>1,644,211</b>	<b>1,461,936</b>	<b>112</b>
<b>Total assets</b>	<b>2,823,660</b>	<b>2,537,683</b>	<b>111</b>
<b>Equity</b>			
Share capital	54,732	54,732	100
Treasury shares	-117,057	-114,541	102
Reserves	247,577	145,077	171
Retained earnings	2,053,103	1,819,937	113
<b>Total equity holders of the controlling company</b>	<b>2,238,355</b>	<b>1,905,205</b>	<b>117</b>
Non-controlling interests	18,256	13,880	132
<b>Total equity</b>	<b>2,256,611</b>	<b>1,919,085</b>	<b>118</b>
<b>Liabilities</b>			
Provisions	127,724	126,153	101
Deferred revenue	6,451	6,875	94
Trade payables	10,000	10,000	100
Lease liabilities	8,316	8,724	95
Deferred tax liabilities	10,904	10,922	100
<b>Total non-current liabilities</b>	<b>163,395</b>	<b>162,674</b>	<b>100</b>
Trade payables	123,189	130,011	95
Lease liabilities	3,743	3,433	109
Income tax payables	43,974	7,023	626
Contract liabilities	147,683	124,730	118
Other current liabilities	85,065	190,727	45
<b>Total current liabilities</b>	<b>403,654</b>	<b>455,924</b>	<b>89</b>
<b>Total liabilities</b>	<b>567,049</b>	<b>618,598</b>	<b>92</b>
<b>Total equity and liabilities</b>	<b>2,823,660</b>	<b>2,537,683</b>	<b>111</b>

## Consolidated Income Statement of the Krka Group

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
<b>Revenue</b>	<b>857,443</b>	<b>808,585</b>	<b>106</b>
– Revenue from contracts with customers	855,849	807,037	106
– Other revenue	1,594	1,548	103
Cost of goods sold	-423,756	-347,841	122
<b>Gross profit</b>	<b>433,687</b>	<b>460,744</b>	<b>94</b>
Other operating income	3,945	6,043	65
Selling and distribution expenses	-174,617	-146,757	119
– Of that net impairments and write-offs of receivables	8,772	758	1,157
R&D expenses	-81,020	-75,581	107
General and administrative expenses	-42,745	-43,944	97
<b>Operating profit</b>	<b>139,250</b>	<b>200,505</b>	<b>69</b>
Financial income	139,698	10,936	1,277
Financial expenses	-1,889	-4,190	45
<b>Net financial result</b>	<b>137,809</b>	<b>6,746</b>	<b>2,043</b>
<b>Profit before tax</b>	<b>277,059</b>	<b>207,251</b>	<b>134</b>
Income tax	-40,908	-29,825	137
<b>Net profit</b>	<b>236,151</b>	<b>177,426</b>	<b>133</b>
Attributable to:			
– Equity holders of the controlling company	235,682	178,034	132
– Non-controlling interests	469	-608	
<b>Basic earnings per share* (€)</b>	<b>7.58</b>	<b>5.70</b>	<b>133</b>
<b>Diluted earnings per share** (€)</b>	<b>7.58</b>	<b>5.70</b>	<b>133</b>

\* Net profit/Average number of shares issued in the period, excluding treasury shares

\*\* All shares issued by the controlling company are ordinary shares, hence the diluted earnings per share ratio equalled basic earnings per share.

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

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
<b>Net profit</b>	<b>236,151</b>	<b>177,426</b>	<b>133</b>
<b>Other comprehensive income for the period</b>			
<b>Other comprehensive income for the period reclassified to profit or loss at a future date</b>			
Translation reserve	100,599	10,043	1,002
<b>Net other comprehensive income for the period reclassified to profit or loss at a future date</b>	<b>100,599</b>	<b>10,043</b>	<b>1,002</b>
<b>Other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b>			
Change in fair value of financial assets	15	1,357	1
Deferred tax effect	-4	-258	2
<b>Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b>	<b>11</b>	<b>1,099</b>	<b>1</b>
<b>Total other comprehensive income for the period (net of tax)</b>	<b>100,610</b>	<b>11,142</b>	<b>903</b>
<b>Total comprehensive income for the period (net of tax)</b>	<b>336,761</b>	<b>188,568</b>	<b>179</b>
Attributable to:			
– Equity holders of the controlling company	335,666	188,801	178
– Non-controlling interests	1,095	-233	

## 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 period			
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	235,682	235,682	469	236,151
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	11	99,973	0	0	0	99,984	626	100,610
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	11	99,973	0	0	235,682	335,666	1,095	336,761
Transactions with owners, recognised in equity														
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	-2,516	0	0	0	0	0	0	0	0	0	-2,516	0	-2,516
Formation of reserves for treasury shares	0	0	2,516	0	0	0	0	0	0	0	-2,516	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	3,281	3,281
Total transactions with owners, recognised in equity	0	-2,516	2,516	0	0	0	0	0	0	293,952	-296,468	-2,516	3,281	765
At 30 Jun 2022	54,732	-117,057	117,057	105,897	14,990	30,000	-22,066	1,699	1,370,902	449,035	233,166	2,238,355	18,256	2,256,611

€ 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 period			
<b>At 1 Jan 2021</b>	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
<b>Net profit</b>	0	0	0	0	0	0	0	0	0	0	178,034	178,034	-608	177,426
<b>Total other comprehensive income for the period (net of tax)</b>	0	0	0	0	0	0	1,099	9,668	0	0	0	10,767	375	11,142
<b>Total comprehensive income for the period (net of tax)</b>	0	0	0	0	0	0	1,099	9,668	0	0	178,034	188,801	-233	188,568
<b>Transactions with owners, recognised in equity</b>														
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	-7,298	0	0	0	0	0	0	0	0	0	-7,298	0	-7,298
Formation of reserves for treasury shares	0	0	7,298	0	0	0	0	0	0	0	-7,298	0	0	0
<b>Total transactions with owners, recognised in equity</b>	0	-7,298	7,298	0	0	0	0	0	0	265,490	-272,788	-7,298	0	-7,298
<b>At 30 Jun 2021</b>	54,732	-106,577	106,577	105,897	14,990	30,000	-33,960	-101,844	1,280,090	404,195	170,736	1,924,836	8,246	1,933,082

## Consolidated Statement of Cash Flows of the Krka Group

€ thousand	Jan–Jun 2022	Jan–Jun 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit	236,151	177,426
Adjustments for:	128,645	91,888
– Amortisation/Depreciation	53,123	54,525
– Foreign exchange differences	44,745	5,033
– Investment income	-12,379	-1,974
– Investment expenses	895	3,843
– Financial income	-22	-34
– Interest expense and other financial expenses	1,376	670
– Income tax	40,907	29,825
<b>Operating profit before changes in net current assets</b>	<b>364,796</b>	<b>269,314</b>
Change in trade receivables	-111,214	-85,735
Change in inventories	-32,827	9,263
Change in trade payables	17,208	1,965
Change in provisions	831	102
Change in deferred revenue	-424	-473
Change in other current liabilities	-3,387	16,102
Income tax paid	-31,089	-37,262
<b>Net cash flow from operating activities</b>	<b>203,894</b>	<b>173,276</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	891	255
Dividends received	600	646
Proceeds from sale of property, plant and equipment	1,136	1,064
Purchase of property, plant and equipment	-46,614	-34,632
Purchase of intangible assets	-1,894	-581
Net payments for non-current loans	-36,918	-7,617
Net payments for/proceeds from current loans	-72,971	15,130
Net payments for non-current investments	-29,908	-14
Net payments for/proceeds from current investments	-49,707	7,020
Net proceeds from derivatives	8,170	64
<b>Net cash flow from investing activities</b>	<b>-227,215</b>	<b>-18,665</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-489	-83
Lease liabilities paid	-1,855	-1,780
Dividends and other profit shares paid	-19	-9
Repurchase of treasury shares	-2,516	-7,298
Proceeds from payment of non-controlling interests	3,281	0
<b>Net cash flow from financing activities</b>	<b>-1,598</b>	<b>-9,170</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-24,919</b>	<b>145,441</b>
Cash and cash equivalents at beginning of period	159,838	313,568
Effect of foreign exchange rate fluctuations on cash held	6,125	574
<b>Closing balance of cash and cash equivalents</b>	<b>141,044</b>	<b>459,583</b>

## Segment Reporting of the Krka Group

€ thousand	European Union		South-eastern Europe		Eastern Europe		Other		Eliminations		Total	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Revenue from external customers	471,643	444,293	49,165	46,905	287,752	276,567	48,883	40,820	0	0	857,443	808,585
– Revenue from contracts with customers	470,217	442,813	49,165	46,905	287,683	276,523	48,784	40,796	0	0	855,849	807,037
– Other revenue	1,426	1,480	0	0	69	44	99	24	0	0	1,594	1,548
Sales between Group companies	121,297	96,128	28,573	24,563	214,124	125,800	9,516	2,986	-373,510	-249,477	0	0
Other operating income	2,909	5,758	38	103	267	182	731	0	0	0	3,945	6,043
Operating expenses	-376,206	-356,057	-31,451	-29,724	-280,482	-197,159	-33,999	-31,183	0	0	-722,138	-614,123
Operating expenses to Group companies	-187,649	-166,015	-30,561	-27,010	-222,478	-270,625	-17,090	-8,398	457,778	472,048	0	0
Operating profit	98,346	93,994	17,752	17,284	7,537	79,590	15,615	9,637	0	0	139,250	200,505
Interest income	476	63	2	1	475	75	304	115	0	0	1,257	254
Interest income from Group companies	161	138	0	-1	-12	2	0	1	-149	-140	0	0
Interest expenses	-902	-100	-6	-6	-74	-53	-2	-2	0	0	-984	-161
Interest expenses to Group companies	-119	-139	0	0	0	0	0	0	119	139	0	0
Net financial result	-1,723	300	-26	-94	131,514	5,891	8,044	649	0	0	137,809	6,746
Income tax	-26,169	-16,936	-4,390	-2,435	-7,993	-9,268	-2,356	-1,186	0	0	-40,908	-29,825
Net profit	70,454	77,358	13,336	14,755	131,058	76,213	21,303	9,100	0	0	236,151	177,426
Depreciation of property, plant and equipment	32,643	36,475	950	1,066	12,939	10,733	1,311	1,267	0	0	47,843	49,541
Depreciation of right-of-use assets	1,353	1,206	54	52	356	277	29	39	0	0	1,792	1,574
Amortisation	2,020	2,131	163	174	1,164	957	141	148	0	0	3,488	3,410
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Total assets	2,069,374	1,957,545	60,165	56,344	644,412	484,051	49,709	39,743	0	0	2,823,660	2,537,683
Goodwill	42,644	42,644	0	0	0	0	0	0	0	0	42,644	42,644
Trademark	34,482	34,918	0	0	0	0	0	0	0	0	34,482	34,918
Total liabilities	360,581	405,218	17,189	23,401	148,068	151,208	41,211	38,771	0	0	567,049	618,598

## Notes to Consolidated Financial Statements of the Krka Group

### Costs by nature

€722,138 thousand

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
Cost of goods and materials	312,154	204,828	152
Cost of services	119,951	110,205	109
Employee benefits	230,055	214,156	107
Amortisation and depreciation	53,123	54,525	97
Inventory write-offs and allowances (net)	9,753	6,794	144
Receivable impairments and write-offs (net)	8,772	758	1,157
Other operating expenses	17,392	16,824	103
<b>Total costs</b>	<b>751,200</b>	<b>608,090</b>	<b>124</b>
Change in the value of inventories of finished products and work in progress	-29,062	6,033	
<b>Total</b>	<b>722,138</b>	<b>614,123</b>	<b>118</b>

### Employee benefits

€230,055 thousand

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
Gross wages and salaries and continued pay	176,796	164,037	108
Social security contributions	14,470	13,581	107
Pension insurance contributions	23,390	21,213	110
Payroll tax	356	387	92
Post-employment benefits and other non-current employee benefits	3,617	3,917	92
Other employee benefits	11,426	11,021	104
<b>Total employee benefits</b>	<b>230,055</b>	<b>214,156</b>	<b>107</b>

### Other operating expenses

€17,392 thousand

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
Grants and assistance for humanitarian and other purposes	647	533	121
Environmental protection expenditures	2,904	2,861	102
Other taxes and levies	10,844	11,047	98
Revaluation operating expenses for property, plant and equipment and intangible assets	667	359	186
Other operating expenses	2,330	2,024	115
<b>Total other operating expenses</b>	<b>17,392</b>	<b>16,824</b>	<b>103</b>

Other levies include of various taxes and levies paid on pharmaceuticals and fees paid for associates in individual foreign countries for pursuing promotional activities.

## Financial income and expenses

€ thousand	Jan-Jun 2022	Jan-Jun 2021	Index
Net foreign exchange differences	127,851	9,460	1,351
Interest income	1,257	254	495
Derivatives income	9,495	529	1,795
– Realised revenue	8,170	529	1,544
– Fair value change	1,325	0	
Income from dividends and other profit shares	600	669	90
Other financial income	495	24	2,063
<b>Total financial income</b>	<b>139,698</b>	<b>10,936</b>	<b>1,277</b>
Interest expenses	-984	-161	611
– Interest paid	-823	-15	5,487
– Interest expenses on lease liabilities	-161	-146	110
Derivatives expenses	0	-3,512	0
– Incurred expenses	0	-465	0
– Fair value change	0	-3,047	0
Other financial expenses	-905	-517	175
<b>Total financial expenses</b>	<b>-1,889</b>	<b>-4,190</b>	<b>45</b>
<b>Net financial result</b>	<b>137,809</b>	<b>6,746</b>	<b>2,043</b>

## Income tax

€40,908 thousand

Current income tax amounted to €66,287 thousand or 23.9% of profit before tax. Taking into account deferred tax of -€25,379 thousand, tax totalling

€40,908 thousand was expensed in the income statement. Effective tax rate was 14.8%.

## Property, plant and equipment

€810,582 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Land	40,903	40,645	101
Buildings	370,234	359,247	103
Equipment	310,681	313,864	99
Property, plant and equipment being acquired	58,972	44,090	134
Advances for property, plant and equipment	18,282	4,743	385
Right-of-use assets	11,510	11,763	98
<b>Total property, plant and equipment</b>	<b>810,582</b>	<b>774,352</b>	<b>105</b>

Value of property, plant, and equipment accounted for 29% of the Krka Group balance sheet total.

See the 'Investments' section in the business report for details on Krka's major investments.

## Intangible assets

€102,650 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Goodwill	42,644	42,644	100
Trademark	34,482	34,918	99
Concessions, trademarks and licences	21,262	22,806	93
Intangible assets being acquired	4,262	3,933	108
<b>Total intangible assets</b>	<b>102,650</b>	<b>104,301</b>	<b>98</b>

## Loans

€342,560 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Non-current loans</b>	<b>77,250</b>	<b>40,300</b>	<b>192</b>
– Loans to others	77,250	40,300	192
<b>Current loans</b>	<b>265,310</b>	<b>192,360</b>	<b>138</b>
– Portion of non-current loans maturing next year	1,558	1,826	85
– Loans to others	263,783	190,585	138
– Current interest receivables	-31	-51	61
<b>Total loans</b>	<b>342,560</b>	<b>232,660</b>	<b>147</b>

## Investments

€249,190 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Non-current investments</b>	<b>111,433</b>	<b>108,883</b>	<b>102</b>
– Investments at fair value through OCI	15,882	15,861	100
– Investments at amortised cost	95,551	93,022	103
<b>Current investments including derivatives</b>	<b>137,757</b>	<b>155,448</b>	<b>89</b>
– Investments at amortised cost	134,941	113,987	118
– Derivatives	2,816	1,491	189
– Other current investments at fair value through profit or loss	0	39,970	0
<b>Total investments</b>	<b>249,190</b>	<b>264,331</b>	<b>94</b>

Investments at fair value through OCI comprised shares and interests in companies in Slovenia totalling €955 thousand and shares and interests in companies located abroad totalling €14,927 thousand.

Investments at amortised cost comprised investments in Slovenian government bonds of €6,853 thousand and investments in foreign government bonds of €223,639 thousand.

## Inventories

€488,534 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Materials	198,624	188,994	105
Work in progress	114,114	104,640	109
Finished products	159,093	152,597	104
Merchandise	8,738	7,299	120
Advances for inventories	7,965	2,177	366
<b>Total inventories</b>	<b>488,534</b>	<b>455,707</b>	<b>107</b>

## Trade and other receivables

€610,577 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Current trade receivables	571,024	467,764	122
– Trade receivables	572,765	468,589	122
– Deferred revenue from contracts with customers	-1,741	-825	211
Other current receivables	39,553	29,564	134
<b>Total trade and other receivables</b>	<b>610,577</b>	<b>497,328</b>	<b>123</b>

## Cash and cash equivalents

€141,044 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Cash in hand	67	30	223
Bank balances	140,977	159,808	88
<b>Total cash and cash equivalents</b>	<b>141,044</b>	<b>159,838</b>	<b>88</b>

Bank balances included bank deposits of the controlling company in total of €40,000 thousand maturing in less than 30 days.

## Equity

€2,256,611 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Share capital	54,732	54,732	100
Treasury shares	-117,057	-114,541	102
Reserves	247,577	145,077	171
– Reserves for treasury shares	117,057	114,541	102
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	-22,066	-22,077	100
– Translation reserve	1,699	-98,274	
Retained earnings	2,053,103	1,819,937	113
<b>Total equity holders of the controlling company</b>	<b>2,238,355</b>	<b>1,905,205</b>	<b>117</b>
Non-controlling interests	18,256	13,880	132
<b>Total equity</b>	<b>2,256,611</b>	<b>1,919,085</b>	<b>118</b>

## Trade payables

€133,189 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Non-current trade payables</b>	<b>10,000</b>	<b>10,000</b>	<b>100</b>
<b>Current trade payables</b>	<b>123,189</b>	<b>130,011</b>	<b>95</b>
Payables to domestic suppliers	56,791	46,767	121
Payables to foreign suppliers	66,398	83,244	80
<b>Total trade payables</b>	<b>133,189</b>	<b>140,011</b>	<b>95</b>

Non-current trade payables included liabilities to the European Commission. In 2014, the Commission of the European Union ruled that Krka infringed the provision of Article 101 of the *Treaty on the Functioning of the European Union*, which resulted in a distortion of competition on the perindopril market of the European Union. Thus, it imposed a fine of €10,000 thousand on Krka. Krka paid the penalty imposed within the deadline set by the Commission and filed a lawsuit against the Commission's decision before the General Court of the European Union,

because it considered that its conduct did not violate the competition law rules. In December 2018, the Court ruled in favour of Krka. The decision of the General Court is not final, as the Commission lodged an appeal against the decision of the General Court, which will be decided by the European Court of Justice. Although the Commission did indeed pay back the fine of €10,000 thousand in early 2019, Krka deferred the revenue based on the assessment of legal experts and recognised non-current trade payables in that same amount.

## Provisions

€127,724 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Provisions for lawsuits	577	577	100
Provisions for post-employment benefits	105,433	104,429	101
Provisions for other non-current employee benefits	20,295	19,854	102
Other provisions	1,419	1,293	110
<b>Total provisions</b>	<b>127,724</b>	<b>126,153</b>	<b>101</b>

## Deferred revenue

€6,451 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Grants received from the European Regional Development Fund and budget of the Republic of Slovenia intended for the production of pharmaceuticals in the new Notol 2 plant	950	1,058	90
Grants received from the budget for the Dolenjske and Šmarješke Toplice health resorts and Golf Grad Otočec	3,276	3,320	99
Grants received from the European Regional Development Fund (Farma GRS)	2,121	2,376	89
Subsidy for acquisition of electric drive vehicles	3	3	100
Property, plant and equipment received free of charge	6	12	50
Emission coupons	0	10	0
Subsidy for purchase of joinery	92	93	99
Subsidy for acquisition of other equipment	3	3	100
<b>Total deferred revenue</b>	<b>6,451</b>	<b>6,875</b>	<b>94</b>

## Current contract liabilities

€147,683 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Refund liabilities</b>	<b>139,905</b>	<b>116,965</b>	<b>120</b>
– Bonuses and volume rebates	138,797	114,795	121
– Rights of return	1,108	2,170	51
<b>Contract liabilities</b>	<b>7,778</b>	<b>7,765</b>	<b>100</b>
– Contract liabilities – deferred revenue	1,140	1,101	104
– Contract liabilities – advances from other customers	6,638	6,664	100
<b>Total current contract liabilities</b>	<b>147,683</b>	<b>124,730</b>	<b>118</b>

## Other current liabilities

€85,065 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Payables to employees – gross salaries, other receipts and charges	73,898	67,978	109
Liabilities under repurchase transactions (repo-type operations)	0	102,234	0
Other	11,167	20,515	54
<b>Total other current liabilities</b>	<b>85,065</b>	<b>190,727</b>	<b>45</b>

## Contingent liabilities

€18,548 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Guarantees issued	17,540	16,019	109
Other	1,008	976	103
<b>Total contingent liabilities</b>	<b>18,548</b>	<b>16,995</b>	<b>109</b>

## Fair value

€ thousand	30 Jun 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current financial assets</b>				
Loans	77,250	77,250	40,300	40,300
Investments at fair value through OCI	15,882	15,882	15,861	15,861
Investments at amortised cost	95,551	92,012	93,022	92,570
<b>Current financial assets</b>				
Loans	265,310	265,310	192,360	192,360
Investments through profit or loss	0	0	39,970	39,970
Investments at amortised cost	134,941	133,345	113,987	113,912
Derivatives	2,816	2,816	1,491	1,491
Trade receivables	571,024	571,024	467,764	467,764
Cash and cash equivalents	141,044	141,044	159,838	159,838
<b>Non-current financial liabilities</b>				
Trade payables	-10,000	-10,000	-10,000	-10,000
Lease liabilities	-8,316	-8,316	-8,724	-8,724
<b>Current financial liabilities</b>				
Lease liabilities	-3,743	-3,743	-3,433	-3,433
Trade payables excluding advances	-123,189	-123,189	-130,011	-130,011
Contract liabilities excluding advances	-138,797	-138,797	-114,795	-114,795
Liabilities under repurchase transactions (repo-type operations)	0	0	-102,234	-102,234
Other liabilities excluding amounts owed to the state, to employees, and advances	-8,122	-8,122	-4,241	-4,241
<b>Total</b>	<b>1,011,651</b>	<b>1,006,516</b>	<b>751,155</b>	<b>750,628</b>

In terms of fair value, assets and liabilities are classified into three levels:

- Level 1 – Assets at market price;
- Level 2 – Assets not classified within level 1 and the value of which is determined directly or indirectly based on observable market data;
- Level 3 – Assets the value of which cannot be determined using market data.

## Assets at fair value

€ thousand	30 Jun 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>								
Investments at fair value through OCI	14,495	0	1,387	15,882	14,474	0	1,387	15,861
Investments through profit or loss	0	0	0	0	39,970	0	0	39,970
Derivatives	0	0	2,816	2,816	0	0	1,491	1,491
<b>Total assets at fair value</b>	<b>14,495</b>	<b>0</b>	<b>4,203</b>	<b>18,698</b>	<b>54,444</b>	<b>0</b>	<b>2,878</b>	<b>57,322</b>
<b>Assets for which fair value is disclosed</b>								
Loans	0	0	342,560	342,560	0	0	232,660	232,660
Trade receivables	0	0	571,024	571,024	0	0	467,764	467,764
Investments at amortised cost	225,357	0	0	225,357	206,482	0	0	206,482
Cash and cash equivalents	0	0	141,044	141,044	0	0	159,838	159,838
<b>Total assets for which fair value is disclosed</b>	<b>225,357</b>	<b>0</b>	<b>1,054,628</b>	<b>1,279,985</b>	<b>206,482</b>	<b>0</b>	<b>860,262</b>	<b>1,066,744</b>
<b>Total</b>	<b>239,852</b>	<b>0</b>	<b>1,058,831</b>	<b>1,298,683</b>	<b>260,926</b>	<b>0</b>	<b>863,140</b>	<b>1,124,066</b>

## Liabilities at fair value

€ thousand	30 Jun 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value is disclosed</b>								
Trade payables	0	0	10,000	10,000	0	0	10,000	10,000
Lease liabilities	0	0	12,059	12,059	0	0	12,157	12,157
Trade payables excluding advances	0	0	123,189	123,189	0	0	130,011	130,011
Contract liabilities excluding advances	0	0	138,797	138,797	0	0	114,795	114,795
Liabilities under repurchase transactions (repo-type operations)	0	0	0	0	0	0	102,234	102,234
Other liabilities excluding amounts owed to the state, to employees, and advances	0	0	8,122	8,122	0	0	4,241	4,241
<b>Total liabilities for which fair value is disclosed</b>	<b>0</b>	<b>0</b>	<b>292,167</b>	<b>292,167</b>	<b>0</b>	<b>0</b>	<b>373,438</b>	<b>373,438</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>292,167</b>	<b>292,167</b>	<b>0</b>	<b>0</b>	<b>373,438</b>	<b>373,438</b>

# CONDENSED FINANCIAL STATEMENTS OF KRKA, D. D., NOVO MESTO WITH NOTES

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

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Assets</b>			
Property, plant and equipment	562,780	570,086	99
Intangible assets	24,265	25,628	95
Investments in subsidiaries	351,471	346,444	101
Loans	59,248	31,010	191
Investments	111,432	108,882	102
Deferred tax assets	12,544	12,742	98
Other non-current assets	643	627	103
<b>Total non-current assets</b>	<b>1,122,383</b>	<b>1,095,419</b>	<b>102</b>
Assets held for sale	41	41	100
Inventories	409,970	394,323	104
Contract assets	0	300	0
Trade receivables	611,151	424,588	144
Other receivables	15,983	17,381	92
Loans	271,136	195,459	139
Investments	137,757	155,448	89
Cash and cash equivalents	110,784	144,981	76
<b>Total current assets</b>	<b>1,556,822</b>	<b>1,332,521</b>	<b>117</b>
<b>Total assets</b>	<b>2,679,205</b>	<b>2,427,940</b>	<b>110</b>
<b>Equity</b>			
Share capital	54,732	54,732	100
Treasury shares	-117,057	-114,541	102
Reserves	248,957	246,424	101
Retained earnings	2,004,537	1,689,527	119
<b>Total equity</b>	<b>2,191,169</b>	<b>1,876,142</b>	<b>117</b>
<b>Liabilities</b>			
Provisions	115,331	113,136	102
Deferred revenue	3,171	3,546	89
Trade payables	10,000	10,000	100
Lease liabilities	2,014	2,101	96
<b>Total non-current liabilities</b>	<b>130,516</b>	<b>128,783</b>	<b>101</b>
Trade payables	182,158	178,143	102
Borrowings	59,077	55,092	107
Lease liabilities	922	987	93
Income tax payables	42,861	4,611	930
Contract liabilities	17,144	19,477	88
Other current liabilities	55,358	164,705	34
<b>Total current liabilities</b>	<b>357,520</b>	<b>423,015</b>	<b>85</b>
<b>Total liabilities</b>	<b>488,036</b>	<b>551,798</b>	<b>88</b>
<b>Total equity and liabilities</b>	<b>2,679,205</b>	<b>2,427,940</b>	<b>110</b>

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

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
<b>Revenue</b>	<b>846,874</b>	<b>711,771</b>	<b>119</b>
– Revenue from contracts with customers	843,316	707,102	119
– Other revenue	3,558	4,669	76
Cost of goods sold	-337,216	-308,237	109
<b>Gross profit</b>	<b>509,658</b>	<b>403,534</b>	<b>126</b>
Other operating income	1,967	2,334	84
Selling and distribution expenses	-152,152	-127,079	120
– Of that net impairments and write-offs of receivables	8,660	-122	
R&D expenses	-81,472	-73,675	111
General and administrative expenses	-36,224	-39,134	93
<b>Operating profit</b>	<b>241,777</b>	<b>165,980</b>	<b>146</b>
Financial income	137,781	16,408	840
Financial expenses	-1,866	-4,274	44
<b>Net financial result</b>	<b>135,915</b>	<b>12,134</b>	<b>1,120</b>
<b>Profit before tax</b>	<b>377,692</b>	<b>178,114</b>	<b>212</b>
Income tax	-60,166	-23,528	256
<b>Net profit</b>	<b>317,526</b>	<b>154,586</b>	<b>205</b>
<b>Basic earnings per share* (€)</b>	<b>10.21</b>	<b>4.95</b>	<b>206</b>
<b>Diluted earnings per share** (€)</b>	<b>10.21</b>	<b>4.95</b>	<b>206</b>

\* Net profit/Average number of shares issued in the period, excluding treasury shares

\*\* All shares issued by the controlling company are ordinary shares, hence the diluted earnings per share ratio equalled basic earnings per share.

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

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
<b>Net profit</b>	<b>317,526</b>	<b>154,586</b>	<b>205</b>
<b>Other comprehensive income for the period</b>			
<b>Other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b>			
Change in fair value of financial assets	21	1,357	2
Deferred tax effect	-4	-258	2
<b>Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date</b>	<b>17</b>	<b>1,099</b>	<b>2</b>
<b>Total other comprehensive income for the period (net of tax)</b>	<b>17</b>	<b>1,099</b>	<b>2</b>
<b>Total comprehensive income for the period (net of tax)</b>	<b>317,543</b>	<b>155,685</b>	<b>204</b>

## 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 period	
<b>At 1 Jan 2022</b>	<b>54,732</b>	<b>-114,541</b>	<b>114,541</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-19,004</b>	<b>1,370,902</b>	<b>88,671</b>	<b>229,954</b>	<b>1,876,142</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>317,526</b>	<b>317,526</b>
<b>Total other comprehensive income for the period (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>
<b>Total comprehensive income for the period (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>317,526</b>	<b>317,543</b>
<b>Transactions with owners, recognised in equity</b>											
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	-2,516	0	0	0	0	0	0	0	0	-2,516
Formation of reserves for treasury shares	0	0	2,516	0	0	0	0	0	0	-2,516	0
<b>Total transactions with owners, recognised in equity</b>	<b>0</b>	<b>-2,516</b>	<b>2,516</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>229,954</b>	<b>-232,470</b>	<b>-2,516</b>
<b>At 30 Jun 2022</b>	<b>54,732</b>	<b>-117,057</b>	<b>117,057</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-18,987</b>	<b>1,370,902</b>	<b>318,625</b>	<b>315,010</b>	<b>2,191,169</b>

€ 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 period	
<b>At 1 Jan 2021</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>
<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>154,586</b>	<b>154,586</b>
<b>Total other comprehensive income for the period (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,099</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,099</b>
<b>Total comprehensive income for the period (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,099</b>	<b>0</b>	<b>0</b>	<b>154,586</b>	<b>155,685</b>
<b>Transactions with owners, recognised in equity</b>											
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	-7,298	0	0	0	0	0	0	0	0	-7,298
Formation of reserves for treasury shares	0	0	7,298	0	0	0	0	0	0	-7,298	0
<b>Total transactions with owners, recognised in equity</b>	<b>0</b>	<b>-7,298</b>	<b>7,298</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>234,747</b>	<b>-242,045</b>	<b>-7,298</b>
<b>At 30 Jun 2021</b>	<b>54,732</b>	<b>-106,577</b>	<b>106,577</b>	<b>105,897</b>	<b>14,990</b>	<b>30,000</b>	<b>-30,280</b>	<b>1,280,090</b>	<b>337,520</b>	<b>147,288</b>	<b>1,940,237</b>

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

€ thousand	Jan–Jun 2022	Jan–Jun 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit</b>	<b>317,526</b>	<b>154,586</b>
<b>Adjustments for:</b>	<b>79,967</b>	<b>63,182</b>
– Amortisation/Depreciation	40,953	42,670
– Foreign exchange differences	-12,115	-559
– Investment income	-11,262	-6,982
– Investment expenses	872	3,763
– Financial income	0	1
– Interest expense and other financial expenses	1,353	761
– Income tax	60,166	23,528
<b>Operating profit before changes in net current assets</b>	<b>397,493</b>	<b>217,768</b>
Change in trade receivables	-184,863	-49,028
Change in inventories	-15,647	5,994
Change in trade payables	3,874	6,655
Change in provisions	1,462	1,361
Change in deferred revenue	-375	-433
Change in other current liabilities	-7,096	-1,238
Income tax paid	-21,721	-29,901
<b>Net cash flow from operating activities</b>	<b>173,127</b>	<b>151,178</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	225	198
Dividends received	600	646
Proportionate profit of subsidiaries	0	5,419
Proceeds from sale of property, plant and equipment	652	810
Purchase of property, plant and equipment	-33,284	-27,238
Purchase of intangible assets	-1,784	-383
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	-5,028	-25
Refunds of subsequent contributions to subsidiaries	0	992
Net payments for non-current loans	-29,274	-694
Net payments for/proceeds from current loans	-74,629	15,158
Net payments for/proceeds from non-current investments	-29,890	1
Net payments for current investments	-49,707	0
Net proceeds from derivatives	8,170	64
<b>Net cash flow from investing activities</b>	<b>-213,949</b>	<b>-5,052</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-575	-275
Net proceeds from current borrowings	3,891	1,066
Lease liabilities paid	-563	-464
Dividends and other profit shares paid	-19	-9
Repurchase of treasury shares	-2,516	-7,298
<b>Net cash flow from financing activities</b>	<b>218</b>	<b>-6,980</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-40,604</b>	<b>139,146</b>
Cash and cash equivalents at beginning of period	144,981	296,398
Effect of foreign exchange rate fluctuations on cash held	6,407	561
<b>Closing balance of cash and cash equivalents</b>	<b>110,784</b>	<b>436,105</b>

## Segment Reporting of Krka, d. d., Novo mesto

	European Union		South-eastern Europe		Eastern Europe		Other		Total	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
€ thousand										
<b>Revenue</b>	<b>434,668</b>	<b>399,295</b>	<b>48,170</b>	<b>43,519</b>	<b>322,433</b>	<b>232,157</b>	<b>41,603</b>	<b>36,800</b>	<b>846,874</b>	<b>711,771</b>
– Revenue from contracts with customers	431,227	394,661	48,170	43,519	322,415	232,146	41,504	36,776	843,316	707,102
– Other revenue	3,441	4,634	0	0	18	11	99	24	3,558	4,669
Other operating income	1,967	2,334	0	0	0	0	0	0	1,967	2,334
Operating costs	-341,537	-321,806	-30,575	-28,518	-201,421	-169,566	-33,531	-28,235	-607,064	-548,125
<b>Operating profit</b>	<b>95,098</b>	<b>79,823</b>	<b>17,595</b>	<b>15,001</b>	<b>121,012</b>	<b>62,591</b>	<b>8,072</b>	<b>8,565</b>	<b>241,777</b>	<b>165,980</b>
Interest income	593	193	0	0	0	0	0	0	593	193
Interest expense	-996	-164	-2	-1	-9	-5	-1	-2	-1,008	-172
<b>Net financial result</b>	<b>-1,210</b>	<b>5,882</b>	<b>-43</b>	<b>-28</b>	<b>129,483</b>	<b>5,748</b>	<b>7,685</b>	<b>532</b>	<b>135,915</b>	<b>12,134</b>
Income tax	-23,665	-11,315	-4,379	-2,126	-30,114	-8,873	-2,008	-1,214	-60,166	-23,528
<b>Net profit</b>	<b>70,223</b>	<b>74,390</b>	<b>13,173</b>	<b>12,847</b>	<b>220,381</b>	<b>59,466</b>	<b>13,749</b>	<b>7,883</b>	<b>317,526</b>	<b>154,586</b>
Investments	34,986	22,503	0	0	0	0	0	0	34,986	22,503
Depreciation of property, plant and equipment	26,702	30,278	788	913	9,263	7,339	860	896	37,613	39,426
Depreciation of right-of-use assets	376	343	11	10	132	86	12	10	531	449
Amortisation	1,442	1,568	160	171	1,069	912	138	144	2,809	2,795
	<b>30 Jun 202</b>	<b>31 Dec 202</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>31 Dec 2021</b>
<b>Total assets</b>	<b>1,897,255</b>	<b>1,836,904</b>	<b>56,997</b>	<b>53,117</b>	<b>663,051</b>	<b>485,242</b>	<b>61,902</b>	<b>52,677</b>	<b>2,679,205</b>	<b>2,427,940</b>
<b>Total liabilities</b>	<b>318,522</b>	<b>372,823</b>	<b>16,100</b>	<b>22,299</b>	<b>120,132</b>	<b>125,083</b>	<b>33,282</b>	<b>31,593</b>	<b>488,036</b>	<b>551,798</b>

## Notes to Financial Statements of Krka, d. d., Novo mesto

### Costs by nature

€607,064 thousand

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
Cost of goods and materials	236,887	191,592	124
Cost of services	162,243	147,130	110
Employee benefits	156,259	147,704	106
Amortisation and depreciation	40,953	42,670	96
Inventory write-offs and allowances (net)	5,498	4,343	127
Receivable impairments and write-offs (net)	8,660	-122	
Other operating expenses	12,792	11,936	107
<b>Total costs</b>	<b>623,292</b>	<b>545,253</b>	<b>114</b>
Change in the value of inventories of finished products and work in progress	-16,228	2,872	
<b>Total</b>	<b>607,064</b>	<b>548,125</b>	<b>111</b>

### Employee benefits

€156,259 thousand

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
Gross wages and salaries and continued pay	120,037	113,012	106
Social security contributions	9,544	9,129	105
Pension insurance contributions	14,808	13,645	109
Post-employment benefits and other non-current employee benefits	3,306	3,629	91
Other employee benefits	8,564	8,289	103
<b>Total employee benefits</b>	<b>156,259</b>	<b>147,704</b>	<b>106</b>

### Other operating expenses

€12,792 thousand

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
Grants and assistance for humanitarian and other purposes	558	496	113
Environmental protection expenditures	2,175	2,080	105
Other taxes and levies	7,937	7,564	105
Revaluation operating expenses for property, plant and equipment and intangible assets	645	280	230
Other operating expenses	1,477	1,516	97
<b>Total other operating expenses</b>	<b>12,792</b>	<b>11,936</b>	<b>107</b>

Other levies include of various taxes and levies paid on pharmaceuticals and fees paid for associates in individual foreign countries for pursuing promotional activities.

## Financial income and expenses

€ thousand	Jan–Jun 2022	Jan–Jun 2021	Index
Net foreign exchange differences	126,621	9,633	1,314
Interest income	593	193	307
Derivatives income	9,495	529	1,795
– Realised revenue	8,170	529	1,544
– Fair value change	1,325	0	
Income from dividends and other profit shares	600	6,053	10
– Dividends	600	669	90
– Profits of subsidiaries	0	5,384	0
Other financial income	472	0	
<b>Total financial income</b>	<b>137,781</b>	<b>16,408</b>	<b>840</b>
Interest expenses	-1,008	-172	586
– Interest paid	-982	-148	664
– Interest expenses on lease liabilities	-26	-24	108
Derivatives expenses	0	-3,512	0
– Incurred expenses	0	-465	0
– Fair value change	0	-3,047	0
Other financial expenses	-858	-590	145
<b>Total financial expenses</b>	<b>-1,866</b>	<b>-4,274</b>	<b>44</b>
<b>Net financial result</b>	<b>135,915</b>	<b>12,134</b>	<b>1,120</b>

## Income tax

€60,166 thousand

Current income tax amounted to €59,972 thousand or 15.9% of profit before tax. Taking into account deferred tax of €194 thousand, tax totalling

€60,166 thousand was expensed in the income statement. Effective tax rate was 15.9%.

## Property, plant and equipment

€562,780 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Land	28,010	28,065	100
Buildings	242,871	248,553	98
Equipment	245,913	255,802	96
Property, plant and equipment being acquired	32,600	32,960	99
Advances for property, plant and equipment	10,555	1,661	635
Right-of-use assets	2,831	3,045	93
<b>Total property, plant and equipment</b>	<b>562,780</b>	<b>570,086</b>	<b>99</b>

Value of property, plant, and equipment accounted for 21% of Krka balance sheet total.

See the 'Investments' section in the business report for details on Krka's major investments.

## Intangible assets

€24,265 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Concessions, trademarks and licences	20,048	21,699	92
Intangible assets being acquired	4,217	3,929	107
<b>Total intangible assets</b>	<b>24,265</b>	<b>25,628</b>	<b>95</b>

Intangible assets refer to software and registration documents for new pharmaceuticals.

## Loans

€330,384 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Non-current loans</b>	<b>59,248</b>	<b>31,010</b>	<b>191</b>
– Loans to subsidiaries	16,850	18,850	89
– Loans to others	42,398	12,160	349
<b>Current loans</b>	<b>271,136</b>	<b>195,459</b>	<b>139</b>
– Portion of non-current loans maturing next year	5,198	4,163	125
– Loans to subsidiaries	2,973	1,055	282
– Loans to others	262,988	190,287	138
– Current interest receivables	-23	-46	50
<b>Total loans</b>	<b>330,384</b>	<b>226,469</b>	<b>146</b>

## Investments

€249,189 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Non-current investments</b>	<b>111,432</b>	<b>108,882</b>	<b>102</b>
– Investments at fair value through OCI	15,881	15,860	100
– Investments at amortised cost	95,551	93,022	103
<b>Current investments including derivatives</b>	<b>137,757</b>	<b>155,448</b>	<b>89</b>
– Investments at amortised cost	134,941	113,987	118
– Derivatives	2,816	1,491	189
– Other current investments at fair value through profit or loss	0	39,970	0
<b>Total investments</b>	<b>249,189</b>	<b>264,330</b>	<b>94</b>

Investments at fair value through OCI comprised shares and interests in companies in Slovenia totalling €954 thousand and shares and interests in companies located abroad totalling €14,927 thousand.

Investments at amortised cost comprised investments in Slovenian government bonds of €6,853 thousand and investments in foreign government bonds of €223,639 thousand.

## Inventories

€409,970 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Materials	180,946	183,593	99
Work in progress	100,625	89,744	112
Finished products	108,770	108,124	101
Merchandise	11,990	10,773	111
Advances for inventories	7,639	2,089	366
<b>Total inventories</b>	<b>409,970</b>	<b>394,323</b>	<b>104</b>

## Trade and other receivables

€627,134 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Current trade receivables	611,151	424,588	144
– Receivables due from subsidiaries	434,623	234,064	186
– Receivables due from customers other than Group companies	186,551	191,294	98
– Deferred revenue from contracts with customers	-10,023	-770	1,302
Current receivables for dividends	99	99	100
Other current receivables	15,884	17,282	92
<b>Total trade and other receivables</b>	<b>627,134</b>	<b>441,969</b>	<b>142</b>

## Cash and cash equivalents

€110,784 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Cash in hand	1	1	100
Bank balances	110,783	144,980	76
<b>Total cash and cash equivalents</b>	<b>110,784</b>	<b>144,981</b>	<b>76</b>

Bank balances included bank deposits of €40,000 thousand maturing in less than 30 days.

## Equity

€2,191,169 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Share capital	54,732	54,732	100
Treasury shares	-117,057	-114,541	102
Reserves	248,957	246,424	101
– Reserves for treasury shares	117,057	114,541	102
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	-18,987	-19,004	100
Retained earnings	2,004,537	1,689,527	119
<b>Total equity</b>	<b>2,191,169</b>	<b>1,876,142</b>	<b>117</b>

## Trade payables

€192,158 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Non-current trade payables</b>	<b>10,000</b>	<b>10,000</b>	<b>100</b>
<b>Current trade payables</b>	<b>182,158</b>	<b>178,143</b>	<b>102</b>
Payables to subsidiaries	90,082	79,391	113
Payables to domestic suppliers	52,219	43,654	120
Payables to foreign suppliers	39,857	55,098	72
<b>Total trade payables</b>	<b>192,158</b>	<b>188,143</b>	<b>102</b>

Non-current trade payables included liabilities to the European Commission. In 2014, the Commission of the European Union ruled that Krka infringed the provision of Article 101 of the *Treaty on the Functioning of the European Union*, which resulted in

a distortion of competition on the perindopril market of the European Union. Thus, it imposed a fine of €10,000 thousand on Krka. Krka paid the penalty imposed within the deadline set by the Commission and filed a lawsuit against the Commission's decision

before the General Court of the European Union, because it considered that its conduct did not violate the competition law rules. In December 2018, the Court ruled in favour of Krka. The decision of the General Court is not final, as the Commission lodged an appeal against the decision of the General Court,

which will be decided by the European Court of Justice. Although the Commission did indeed pay back the fine of €10,000 thousand in early 2019, Krka deferred the revenue based on the assessment of legal experts and recognised non-current trade payables in that same amount.

## Provisions

€115,331 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Provisions for lawsuits	543	543	100
Provisions for post-employment benefits	95,752	93,963	102
Provisions for other non-current employee benefits	19,036	18,630	102
<b>Total provisions</b>	<b>115,331</b>	<b>113,136</b>	<b>102</b>

## Deferred revenue

€3,171 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Grants received from the European Regional Development Fund and budget of the Republic of Slovenia intended for the production of pharmaceuticals in the new Notol 2 plant	950	1,058	90
Subsidy for acquisition of electric drive vehicles	3	3	100
Property, plant and equipment received free of charge	2	3	67
Emission coupons	0	10	0
Subsidy for purchase of joinery	92	93	99
Subsidy for acquisition of other equipment	3	3	100
Grants received from the European Regional Development Fund (Farma GRS)	2,121	2,376	89
<b>Total deferred revenue</b>	<b>3,171</b>	<b>3,546</b>	<b>89</b>

## Borrowings

€59,077 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Current borrowings</b>	<b>59,077</b>	<b>55,092</b>	<b>107</b>
– Borrowings from subsidiaries	59,027	55,068	107
– Current interest payable	50	24	208
<b>Total borrowings</b>	<b>59,077</b>	<b>55,092</b>	<b>107</b>

## Current contract liabilities

€17,144 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
<b>Refund liabilities</b>	<b>12,828</b>	<b>13,638</b>	<b>94</b>
– Bonuses and volume rebates	12,828	13,638	94
<b>Contract liabilities</b>	<b>4,316</b>	<b>5,839</b>	<b>74</b>
– Contract liabilities – advances from other customers	4,316	5,839	74
<b>Total current contract liabilities</b>	<b>17,144</b>	<b>19,477</b>	<b>88</b>

## Other current liabilities

€55,358 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Payables to employees – gross salaries, other receipts and charges	54,393	53,446	102
Liabilities under repurchase transactions (repo-type operations)	0	102,234	0
Other	965	9,025	11
<b>Total other current liabilities</b>	<b>55,358</b>	<b>164,705</b>	<b>34</b>

## Contingent liabilities

€15,688 thousand

€ thousand	30 Jun 2022	31 Dec 2021	Index
Guarantees issued	14,680	13,695	107
Other	1,008	976	103
<b>Total contingent liabilities</b>	<b>15,688</b>	<b>14,671</b>	<b>107</b>

## Fair value

€ thousand	30 Jun 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current financial assets</b>				
Loans	59,248	59,248	31,010	31,010
Investments at fair value through OCI	15,881	15,881	15,860	15,860
Investments at amortised cost	95,551	92,012	93,022	92,570
<b>Current financial assets</b>				
Loans	271,136	271,136	195,459	195,459
Investments through profit or loss	0	0	39,970	39,970
Investments at amortised cost	134,941	133,345	113,987	113,912
Derivatives	2,816	2,816	1,491	1,491
Trade receivables	611,151	611,151	424,588	424,588
Cash and cash equivalents	110,784	110,784	144,981	144,981
<b>Non-current financial liabilities</b>				
Trade payables	-10,000	-10,000	-10,000	-10,000
Lease liabilities	-2,014	-2,014	-2,101	-2,101
<b>Current financial liabilities</b>				
Borrowings	-59,077	-59,077	-55,092	-55,092
Lease liabilities	-922	-922	-987	-987
Trade payables excluding advances	-182,158	-182,158	-178,143	-178,143
Contract liabilities excluding advances	-12,828	-12,828	-13,638	-13,638
Liabilities under repurchase transactions (repo-type operations)	0	0	-102,234	-102,234
Other liabilities excluding amounts owed to the state, to employees, and advances	-742	-742	-2,741	-2,741
<b>Total</b>	<b>1,033,767</b>	<b>1,028,632</b>	<b>695,432</b>	<b>694,905</b>

In terms of fair value, assets and liabilities are classified into three levels:

- Level 1 – Assets at market price;
- Level 2 – Assets not classified within level 1 and the value of which is determined directly or indirectly based on observable market data;
- Level 3 – Assets the value of which cannot be determined using market data.

## Assets at fair value

€ thousand	30 Jun 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>								
Investments at fair value through OCI	14,495	0	1,386	15,881	14,474	0	1,386	15,860
Investments through profit or loss	0	0	0	0	39,970	0	0	39,970
Derivatives	0	0	2,816	2,816	0	0	1,491	1,491
<b>Total assets at fair value</b>	<b>14,495</b>	<b>0</b>	<b>4,202</b>	<b>18,697</b>	<b>54,444</b>	<b>0</b>	<b>2,877</b>	<b>57,321</b>
<b>Assets for which fair value is disclosed</b>								
Loans	0	0	330,384	330,384	0	0	226,469	226,469
Trade receivables	0	0	611,151	611,151	0	0	424,588	424,588
Investments at amortised cost	225,357	0	0	225,357	206,482	0	0	206,482
Cash and cash equivalents	0	0	110,784	110,784	0	0	144,981	144,981
<b>Total assets for which fair value is disclosed</b>	<b>225,357</b>	<b>0</b>	<b>1,052,319</b>	<b>1,277,676</b>	<b>206,482</b>	<b>0</b>	<b>796,038</b>	<b>1,002,520</b>
<b>Total</b>	<b>239,852</b>	<b>0</b>	<b>1,056,521</b>	<b>1,296,373</b>	<b>260,926</b>	<b>0</b>	<b>798,915</b>	<b>1,059,841</b>

## Liabilities at fair value

€ thousand	30 Jun 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value is disclosed</b>								
Trade payables	0	0	10,000	10,000	0	0	10,000	10,000
Borrowings	0	0	59,077	59,077	0	0	55,092	55,092
Lease liabilities	0	0	2,936	2,936	0	0	3,088	3,088
Trade payables excluding advances	0	0	182,158	182,158	0	0	178,143	178,143
Contract liabilities excluding advances	0	0	12,828	12,828	0	0	13,638	13,638
Liabilities under repurchase transactions (repo-type operations)	0	0	0	0	0	0	102,234	102,234
Other liabilities excluding amounts owed to the state, to employees, and advances	0	0	742	742	0	0	2,741	2,741
<b>Total liabilities for which fair value is disclosed</b>	<b>0</b>	<b>0</b>	<b>267,741</b>	<b>267,741</b>	<b>0</b>	<b>0</b>	<b>364,936</b>	<b>364,936</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>267,741</b>	<b>267,741</b>	<b>0</b>	<b>0</b>	<b>364,936</b>	<b>364,936</b>

## STATEMENT OF COMPLIANCE

The Management Board of Krka, d. d., Novo mesto hereby states that the condensed financial statements of Krka and the condensed consolidated financial statements of the Krka Group for the period ended 30 June 2022 have been prepared so as to provide a true and fair view of the financial position and operating results of the Krka Group and Krka. The condensed statements for the first half of 2022 have been prepared using the same accounting policies as for the 2021 annual financial statements of the Krka Group and Krka.

The condensed financial statements for the period ended 30 June 2022 have been prepared pursuant to IAS 34 – *Interim Financial Reporting* and have to

be read in conjunction with the annual financial statements prepared for the financial year ended 31 December 2021.

The Management Board is responsible for taking the measures required to preserve the assets of the Krka Group and Krka and to prevent and detect fraud and other forms of misconduct.

The Management Board states that all transactions between the Krka Group subsidiaries have been executed according to the concluded purchase contracts, using market prices of products and services. No significant business transactions were concluded with any other related parties.

Novo mesto, 11 July 2022



Jože Colarič  
President of the Management Board and CEO



Dr Aleš Rotar  
Member of the Management Board



Dr Vinko Zupančič  
Member of the Management Board



David Bratož  
Member of the Management Board



Milena Kastelic  
Member of the Management Board – Worker Director