



Unaudited Interim Report of the Krka Group and Krka, d. d., for January–September 2023

Novo mesto, November 2023



Living a healthy life.

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INTRODUCTION

The condensed consolidated financial statements of the Krka Group and the condensed financial statements of Krka, d. d., Novo mesto for the periods January–September 2023 and January–September 2022 are unaudited, while financial statements for the full 2022 financial year are audited. Krka, d. d., Novo mesto has no authorised capital and has made no conditional share capital increase. (The company is referred to as Krka, d. d.; Krka; or the controlling company in this report).

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). Operating reports for the Krka Group and Krka, d. d., are available on the Krka website www.krka.biz.

The unaudited interim report of the Krka Group and Krka, d. d., for the nine months ended 30 September 2023 was discussed by the Krka Supervisory Board at its regular meeting on 15 November 2023.

Performance Highlights January–September 2023

- Krka Group sales of products and services totalled €1,334.9 million, of which product sales accounted for over 97%.
- Product and service sales increased 8% year on year.
- We generated 94% of product and service sales outside Slovenia. Exports accounted for 96% of product sales.
- The Krka Group's largest sales region was Region East Europe, accounting for 32.5% of total sales, followed by Region Central Europe and Region West Europe.
- The Krka Group operating profit (EBIT) totalled €320.3 million, up 37% year-over-year. The EBIT margin was 23.9%. EBITDA amounted to €398.2 million, a 27% year-on-year increase. The EBITDA margin was 29.7%.
- The Krka Group's net financial result for the period is –€33.7 million, with net foreign exchange losses totalling –€41.0 million.
- In the nine-month period reported, the Krka Group's net financial result was down €156.1 million year-over-year, mainly the result of the considerable strengthening of the rouble during the same period in 2022.
- The Krka Group's profit before tax was €286.6 million, 20% down year on year.
- Net profit totalled €235.6 million, down 22% compared to the same period last year. The net profit margin (ROS) was 17.6%.
- The Krka share traded at €109.50 on the Ljubljana Stock Exchange as at 30 September 2023, up 19% on the year-end of 2022. Krka had a market capitalisation of €3.6 billion. We repurchased €8.9 million worth of treasury shares in the period January–September 2023.
- Five new prescription pharmaceuticals and two new animal health products have been added to the Krka product range in 2023.
- Investments at Krka Group level totalled €81.5 million, of which €69.0 million was placed by the controlling company.
- At the end of September 2023 the Krka Group had 11,610 full-time staff. Including agency workers, the total Krka Group headcount was 12,637.

Financial Highlights

€ thousand	Krka Group			Company		
	Jan–Sept 2023	Jan–Sept 2022	Index	Jan–Sept 2023	Jan–Sept 2022	Index
Revenue	1,340,536	1,242,203	108	1,248,406	1,208,697	103
– Of that revenue from contracts with customers (products and services)	1,334,881	1,236,531	108	1,078,750	1,028,274	105
Gross profit	771,216	681,132	113	661,048	702,430	94
Earnings before interest, tax, depreciation and amortisation (EBITDA)	398,235	314,192	127	312,478	361,710	86
Operating profit (EBIT) ¹	320,274	233,784	137	252,748	300,082	84
Profit before tax (EBT)	286,610	356,189	80	246,689	423,026	58
Net profit	235,559	301,668	78	212,065	355,638	60
Effective tax rate	17.8%	15.3%		14.0%	15.9%	
R&D expenses	127,344	119,481	107	124,143	119,106	104
Investments	81,454	74,924	109	68,979	53,124	130

€ thousand	30 Sep 2023	31 Dec 2022	Index	30 Sep 2023	31 Dec 2022	Index
Non-current assets	1,035,912	1,125,025	92	1,064,998	1,123,594	95
Current assets	1,616,079	1,562,475	103	1,431,678	1,392,950	103
– Inventories	586,485	553,332	106	496,089	492,978	101
– Trade receivables	429,742	402,730	107	377,407	357,889	105
– Cash and cash equivalents	103,097	518,934	20	68,394	470,297	15
Equity	2,116,335	2,138,509	99	2,070,206	2,060,792	100
Non-current liabilities	132,566	132,130	100	104,193	102,333	102
Current liabilities	403,090	416,861	97	322,277	353,419	91
– Trade payables	141,104	140,837	100	158,274	194,143	82

RATIOS	Jan–Sept 2023	1–9/2022	Jan–Sept 2023	Jan–Sept 2022
Gross profit margin	57.5%	54.8%	53.0%	58.1%
EBITDA margin	29.7%	25.3%	25.0%	29.9%
EBIT margin	23.9%	18.8%	20.2%	24.8%
EBT margin	21.4%	28.7%	19.8%	35.0%
Net profit margin (ROS)	17.6%	24.3%	17.0%	29.4%
Return on equity (ROE) ²	14.8%	19.9%	13.7%	24.2%
Return on assets (ROA) ³	11.8%	15.3%	11.3%	19.1%
Liabilities/Equity	0.253	0.282	0.206	0.243
R&D expenses/Revenue	9.5%	9.6%	9.9%	9.9%

NUMBER OF EMPLOYEES	30 Sep 2023	31 Dec 2022	Index	30 Sep 2023	31 Dec 2022	Index
Balance at	11,610	11,598	100	6,401	6,320	101

SHARE INFORMATION	Jan–Sept 2023	Jan–Sept 2022	Index
Total number of shares issued	32,793,448	32,793,448	100
Earnings per share (EPS) in € ⁴	10.13	12.91	78
Closing price at end of period in € ⁵	109.50	86.00	127
Price/Earnings ratio (P/E)	10.81	6.66	162
Book value in € ⁶	64.54	64.78	100
Price/Book value (P/B)	1.70	1.33	128
Market capitalisation in € thousand (end of period)	3,590,883	2,820,237	127

¹ The difference between operating income and expenses

² Net profit, annualised/Average shareholders' equity in the period

³ Net profit, annualised/Average total asset balance in the period

⁴ Net profit attributable to majority equity holders of the controlling company, annualised/Average number of shares issued in the period, excluding treasury shares

⁵ Share price on the Ljubljana Stock Exchange

⁶ Equity at end of period/Total number of shares issued

Krka, d. d., ID Card

Registered office Šmarješka cesta 6, 8501 Novo mesto, Slovenia

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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, d. d., has been listed on the Ljubljana Stock Exchange since 1997 under the KRKG stock symbol, and since April 2012 additionally on the Warsaw Stock Exchange under the KRK stock symbol.

Krka Group at a Glance

The Krka Group consists of the controlling company, Krka, d. d., Novo mesto, in addition to the Slovenia-based subsidiary Terme Krka, d. o. o., Novo mesto and 33 subsidiaries abroad. The controlling company holds 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 resort and tourist services.

Production takes place at the controlling company in Slovenia and at Krka subsidiaries in the Russian Federation, Poland, Croatia, and Germany. In addition to production, these subsidiaries, apart from Krka-Rus in the Russian Federation, deal with marketing and sales. In China, production takes place in facilities subject to a long-term lease. Other subsidiaries outside Slovenia market and/or sell Krka products but do not have production capacities. The subsidiary Terme Krka specializes in health resort and tourist services, and is the owner of Golf Grad Otočec.

Krka Group 2023 Performance Estimate

- Full-year sales of products and services will exceed targets, projected to total €1,770 million, up 3.6% year-over-year. Average annual sales growth over the five-year period will be 5.9%. Forecast sales are slightly higher than planned for 2023.
- Sales in markets outside Slovenia are projected to account for 94%.
- Region East Europe is forecast to be the largest sales region. We anticipate the Russian Federation to remain the largest single market. Other regions are projected to follow in this order: Region Central Europe with our second largest single market Poland, Region West Europe and its largest market Germany, Region South-East Europe, Region Slovenia, and Region Overseas Markets.
- Prescription pharmaceuticals are projected to remain the most important product category, accounting for an 82% share of total sales.
- Full-year net profit will total around €300 million.
- Just over €130 million is being earmarked for investments in our in-house development, production, and infrastructure facilities, consistent with our plans for 2023.
- At the end of 2023, the Krka Group is projected to have 11,916 full-time staff (up 2.7%), 45% of which outside Slovenia.

Krka Group 2024 Business Plan

- Full-year sales of products and services are projected to total €1,850 million.
- The proportion of sales in markets outside Slovenia is estimated at 94%.
- Prescription pharmaceuticals will remain the most important product category, accounting for an 81% share of total sales.
- Net profit is planned to be somewhat more than €310 million.
- The number of employees in Slovenia and outside is projected to increase, by a total of 3%.
- We plan to allocate just over €150 million to investments, primarily for expanding and modernising production facilities and infrastructure.

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

BUSINESS REPORT

Financial Risks

Foreign Exchange Risk

Krka's key currency risk management policy remains mitigating risk exposure with natural hedging. To a limited extent, we also use financial instruments.

The Russian rouble continues to represent the largest currency risk of the Krka Group. International markets offer no financial instruments to mitigate this risk, therefore we have utilized natural hedging strategies.

In the nine months to the end of September the rouble depreciated by 24%, with its value in euros having decreased by 15.2% year-over-year. In the first nine months of 2023, the Krka Group generated foreign exchange losses from its long position in the Russian rouble, as reported in the net financial result.

Currency risk associated with the US dollar was offset using financial instruments in the reported period. Unlike with other currencies, a surplus of liabilities over assets has accrued in regular business operations from exposure to the US dollar, or in other words, the currency position is short. Exposure to the US dollar arises primarily from purchasing raw and other materials.

The euro-denominated value of the US dollar increased by 0.7% during the three quarters, with the dollar's average value down 1.8% year-over-year.

The other currencies relevant for Krka on the sell-side had a minor impact on the Krka Group's 2023 Q3 result.

Taking into account net exchange rate differences, income and expenses from financial instruments, income and expenses from interest, and other financial income and expenses, the total net financial result for the first nine months of 2023 was negative, totalling –€33.7 million.

Credit Risk

The key credit risk for the Krka Group arises from trade receivables. The centralised credit control process at Krka Group level includes all customers with credit limits exceeding €20,000. There were over 700 such customers at the end of the third quarter of 2023, accounting for more than 95% of total trade receivables. Credit control of small customers is decentralised, carried out in the sales network under the constant supervision of the controlling company.

Our credit risk management policy remained unchanged in the first nine months 2023. At the end of this period, more than 95% of Krka Group trade receivables had insurance coverage from a credit insurance company.

At the end of the third quarter, the total value of trade receivables denominated in euros was up 7% from the beginning of the year. The maturity structure of receivables remained stable. The proportion of overdue receivables to total trade receivables remained within acceptable limits at the end of the third quarter.

Investor and Share Information

The Krka, d. d., share price was up 19.0% in the first nine months of 2023, trading at €109.50 on 30 September 2023. As to shareholder structure, the proportion of Slovenian retail investors increased, with international investors divesting. The holdings of legal entities and institutional investors, and the number of treasury shares, remained stable. At the end of September 2023 Krka had 47,174 shareholders.

Shareholder structure (%)

	30 Sep 2023	31 Dec 2022
Slovenian retail investors	41.0	40.4
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	6.0	6.1
Foreign investors	20.2	20.9
Treasury shares	5.7	5.5
Total	100.0	100.0

From January to September 2023, Krka acquired 82,443 treasury shares. As at 30 September 2023 Krka held 1,868,292 treasury shares, accounting for 5.697% of its share capital.

Ten largest shareholders as at 30 September 2023

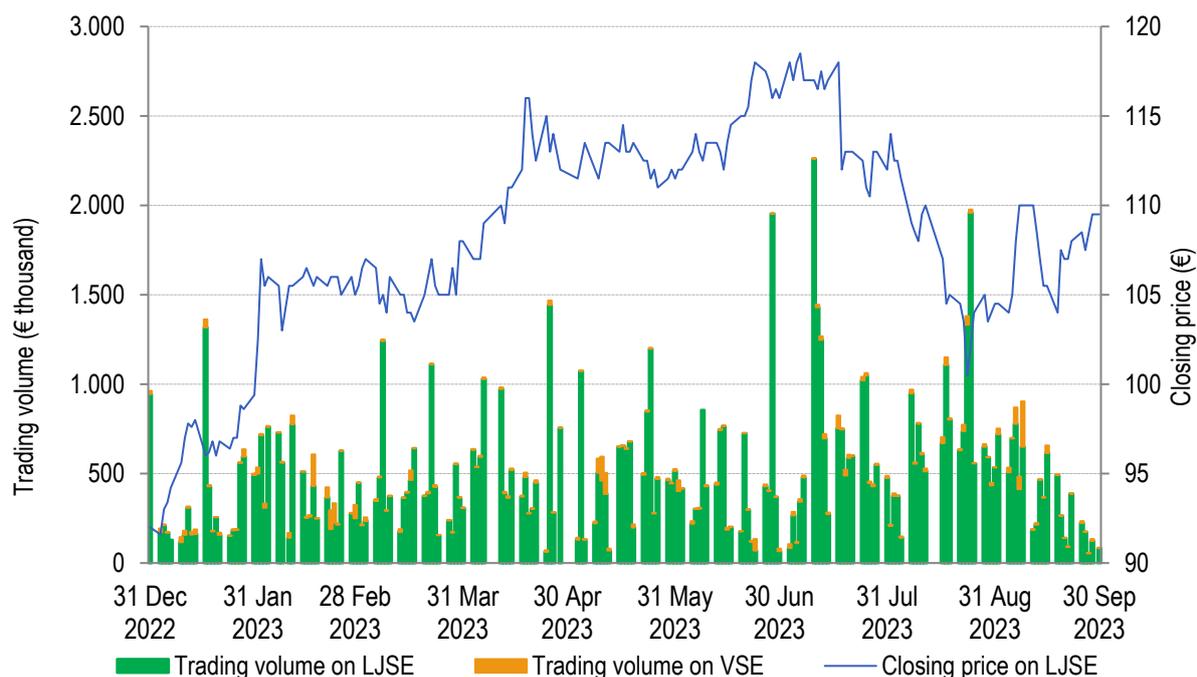
	Country	No. of shares	Equity (%)	Voting rights (%)
Kapitalska družba, d. d.	Slovenia	3,493,030	10.65	11.30
Slovenski državni holding, d. d.	Slovenia	2,949,876	9.00	9.54
Republic of Slovenia	Slovenia	2,366,121	7.22	7.65
OTP banka d.d.*	Croatia	1,551,561	4.73	5.02
Erste Group Bank AG – PZB Croatia Osiguranje*	Austria	1,331,938	4.06	4.31
Clearstream Banking SA*	Luxembourg	1,061,674	3.24	3.43
Luka Koper, d. d.	Slovenia	433,970	1.32	1.40
KDPW*	Poland	346,318	1.06	1.12
State Street Bank and Trust*	USA	328,756	1.00	1.06
Privredna banka Zagreb d.d.*	Croatia	318,434	0.97	1.03
Total		14,181,678	43.25	45.86

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

Equity holdings and voting rights of Management and Supervisory Board members, who owned shares as at 30 September 2023

	No. of shares	Equity (%)	Voting rights (%)
Management Board members			
Jože Colarič	22,500	0.069	0.073
Aleš Rotar	13,915	0.042	0.045
Vinko Zupančič	120	0.000	0.000
Milena Kastelic	505	0.002	0.002
Total Management Board members	37,040	0.113	0.120
Supervisory Board members			
Julijana Kristl	230	0.001	0.001
Matej Lahovnik	600	0.002	0.002
Mojca Osolnik Videmšek	617	0.002	0.002
Franc Šašek	500	0.002	0.002
Tomaž Sever	500	0.002	0.002
Total Supervisory Board members	2,447	0.009	0.009
Total Management and Supervisory Board members	39,487	0.122	0.129

Krka share trading from January to September 2023



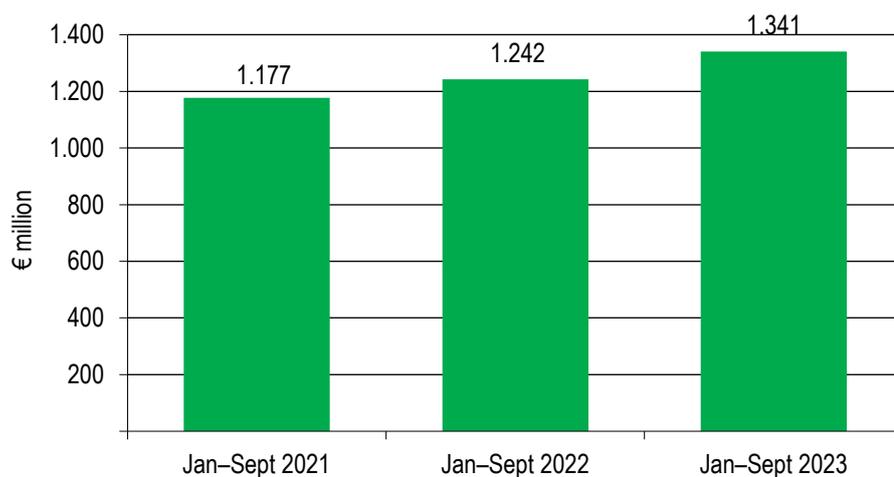
Krka, d. d., had a market capitalisation of €3.6 billion on the Ljubljana Stock Exchange as at 30 September 2023. The average daily trading volume in the Krka share was €0.54 million over the reported period. Krka shares have also been listed on the Warsaw Stock Exchange since April 2012.

Krka Group Business Performance

Income

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Revenue from contracts with customers on sales of products and services	1,334,881	1,236,531	108
Revenue from contracts with customers on material, and other sales revenue	5,655	5,672	100
Total revenue	1,340,536	1,242,203	108
Other operating income	4,423	5,197	85
Financial income	16,626	125,881	13
Total income	1,361,585	1,373,281	99

Sales by Period



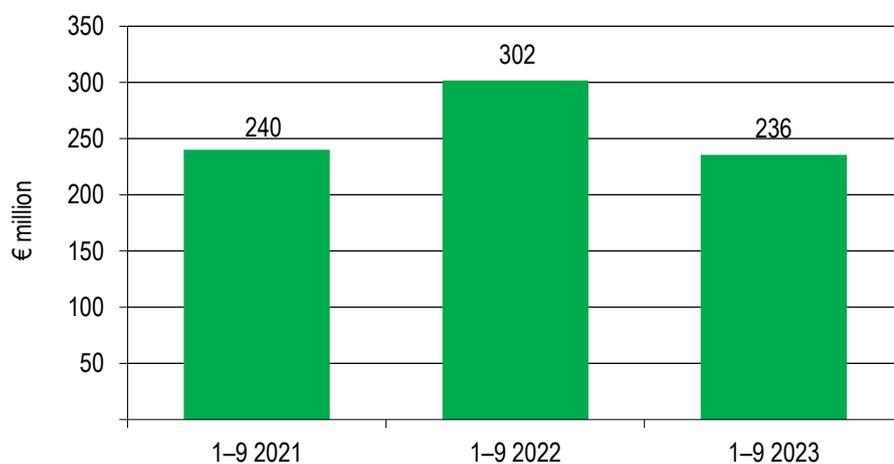
Expenses

€ thousand	Jan-Sept 2023	Share in sales (%)	Jan-Sept 2022	Share in sales (%)	Index
Cost of goods sold	569,320	42.5	561,071	45.2	101
Selling and distribution expenses	250,794	18.7	266,742	21.5	94
R&D expenses	127,344	9.5	119,481	9.6	107
General and administrative expenses	77,227	5.7	66,322	5.3	116
Total operating expenses	1,024,685	76.4	1,013,616	81.6	101
Financial expenses	50,290	3.8	3,476	0.3	1,447
Total expenses	1,074,975	80.2	1,017,092	81.9	106

Operating Results

€ thousand	Jan-Sept 2023	Jan-Sept 2022	Index
EBITDA	398,235	314,192	127
Operating profit (EBIT)	320,274	233,784	137
Profit before tax	286,610	356,189	80
Net profit	235,559	301,668	78

Net Profit by Period



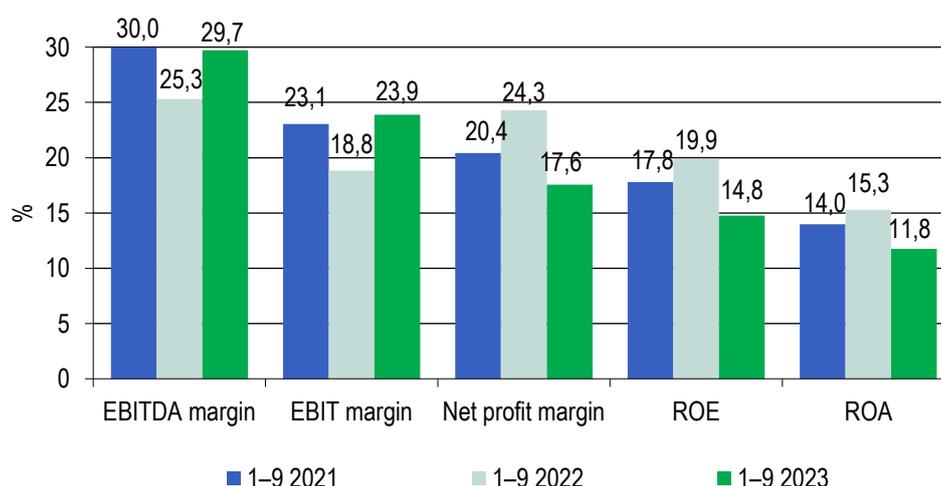
Assets

€ thousand	30 Sep 2023	Share (%)	31 Dec 2022	Share (%)	Index
Non-current assets	1,035,912	39.1	1,125,025	41.9	92
Attributable to:					
– Property, plant and equipment	763,801	28.8	779,336	29.0	98
– Intangible assets	100,118	3.8	102,550	3.8	98
Current assets	1,616,079	60.9	1,562,475	58.1	103
Attributable to:					
– Inventories	586,485	22.1	553,332	20.6	106
– Trade receivables and other receivables	480,066	18.1	430,458	16.0	112
Total assets	2,651,991	100.0	2,687,500	100.0	99

Equity and Liabilities

€ thousand	30 Sep 2023	Share (%)	31 Dec 2022	Share (%)	Index
Equity	2,116,335	79.8	2,138,509	79.6	99
Non-current liabilities	132,566	5.0	132,130	4.9	100
Attributable to provisions:	109,446	4.1	107,235	4.0	102
– Provisions for post-employment benefits and other non-current employee benefits	98,271	3.7	95,959	3.6	102
– Provisions for lawsuits	10,583	0.4	10,597	0.4	100
– Other provisions	592	0.0	679	0.0	87
Current liabilities	403,090	15.2	416,861	15.5	97
– Trade payables	141,104	5.3	140,837	5.2	100
– Contract liabilities	164,842	6.2	157,710	5.9	105
– Other current liabilities	97,144	3.7	118,314	4.4	82
Total equity and liabilities	2,651,991	100.0	2,687,500	100.0	99

Performance Ratios



All performance indicators are in line with the Krka Group's key strategic objectives.

Marketing and Sales

The Krka Group revenue for the nine months of 2023 totalled €1,340.5 million, of which revenue from contracts with customers on sales of products and services totalled €1,334.9 million. Sales in markets outside Slovenia were €1,248.2 million, accounting for 94% of overall Krka Group sales. Sales volume increased by 6% year-over-year.

Krka Group Product and Service Sales by Region

Sales increased in all sales regions and most markets.

Product and Service Sales by Region

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Region Slovenia	86,678	77,200	112
– Share of total sales	6.5%	6.2%	
Region South-East Europe	187,196	172,836	108
– Share of total sales	14.0%	14.0%	
Region East Europe	434,083	414,147	105
– Share of total sales	32.5%	33.5%	
Region Central Europe	305,013	280,887	109
– Share of total sales	22.8%	22.7%	
Region West Europe	266,399	242,373	110
– Share of total sales	20.0%	19.6%	
Region Overseas Markets	55,512	49,088	113
– Share of total sales	4.2%	4.0%	
Total	1,334,881	1,236,531	108

Region Slovenia

Krka holds a 7.4% share of the Slovenian market in terms of sales value, and thus remains the country's leading supplier of pharmaceuticals.

The main sales drivers were promoted products from key therapeutic classes: cardiovascular agents, central nervous system agents, medicines for the gastrointestinal tract, pain relief agents, cough and cold products, and vitamins and minerals.

Our key prescription pharmaceutical brands for the treatment of cardiovascular diseases are Prenessa (perindopril), Prenewel (perindopril/indapamide), Amlessa (perindopril/amlodipine), and Amlewel (perindopril/amlodipine/indapamide). They have consolidated our leading market position and earned us further recognition in the market of antihypertensive agents. We strengthened the leading market position of Sorvasta (rosuvastatin), and improved the visibility of the fixed-dose combination Sorvitimb (rosuvastatin/ezetimibe). The two agents belong to our statin product group. Visibility was also increased for the triple-combination tablets Roxiper (rosuvastatin/perindopril/indapamide) and Roxampex (rosuvastatin/amlodipine/perindopril). In July 2023 we launched Tezulix (ranolazine), an agent treating the symptoms of stable angina pectoris. As to our pain relief range, we primarily focused on our analgesics Doreta (tramadol/paracetamol), especially its new dosage form, Doreta SR 75 mg/650 mg prolonged-release bilayer tablets, and Nalgesin Forte (naproxen). Visibility was enhanced for our non-opioid analgesic Algomin (metamizole). Further, two central nervous system agents were promoted actively, our antipsychotic Parnido (paliperidone) and antidepressant Dulsevia (duloxetine). Promotion activities also focused on Lenalidomid Krka (lenalidomide), an immunomodulator. As to diabetes treatments we strengthened visibility for our antihyperglycemic dipeptidyl-peptidase 4 inhibitors (DPP-4) Maysiglu (sitagliptin) and the single-pill combination Maymetsi (sitagliptin/metformin).

Marketing activities were strong for the newly launched Vitamin D3 Krka 7,000 IU (cholecalciferol), a once-a-week product, and Dasselta Control (desloratidine), an antihistamine available without a prescription. As to our non-prescription range, the top sales results were recorded for magnesium products Magnezij Krka 300 and Magnezij Krka 400, followed by the antiseptic Septabene (benzylamine/cetylpyridinium chloride) and analgesic Nalgesin S (naproxen). Our best-selling animal health products were Fypryst Combo (fipronil/S-methoprene), Floron (florfenicol) and the vitamin-and-mineral food supplement Grovit.

Region South-East Europe

Product Sales by Market

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Romania	51,871	48,382	107
Croatia	35,668	30,652	116
Serbia	27,882	24,550	114
Bulgaria	20,648	20,567	100
North Macedonia	20,236	19,507	104
Bosnia and Herzegovina	17,133	16,509	104
Kosovo	6,785	6,799	100
Albania	2,820	2,967	95
Greece	2,229	1,137	196
Montenegro	1,923	1,767	109
Total	187,196	172,836	108

Holding an 8.2% market share in terms of sales volume in **Romania**, we are the highest ranked supplier of prescription pharmaceuticals to pharmacies in this country. The most important medicines in terms of sales were Atoris (atorvastatin), Co-Prenessa (perindopril/indapamide), Roswera (rosuvastatin), Nolpaza (pantoprazole), Doreta (tramadol/paracetamol), and Dulsevia (duloxetine). Our best-selling non-prescription products were Bilobil (ginkgo leaf extract), and Nalgesin (naproxen). As to animal health, the main sales drivers have remained the Fypryst, Milprazon (milbemycin/praziquantel) and Selehold (selamectin) brand products.

In **Croatia** sales increased for all three groups of products. Krka is the second ranked supplier of prescription pharmaceuticals to pharmacies in this country. In this group, the leaders were Atoris (atorvastatin), Emanera (esomeprazole), Co-Perineva (perindopril/indapamide), Co-Dalneva (perindopril/amlodipine/indapamide), Roswera (rosuvastatin), Helax (alprazolam) and Valsacombi (valsartan/hydrochlorothiazide). As to non-prescription products, it was Nalgesin (naproxen), Septolete Duo (benzylamine/cetylpyridinium chloride) and B-Complex products that recorded the strongest sales. The strongest brands in terms of sales in the group of animal health products were Fypryst and Enroxil (enrofloxacin).

Region East Europe

Product Sales by Market

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Russian Federation	259,978	251,294	103
Ukraine	55,789	59,697	93
Uzbekistan	34,490	29,889	115
Belarus	17,530	15,336	114
Kazakhstan	16,155	14,136	114
Mongolia	10,922	11,039	99
Moldova	9,800	9,492	103
Azerbaijan	7,485	5,459	137
Georgia	6,895	6,125	113
Armenia	5,359	3,910	137
Kyrgyzstan	4,857	3,783	128
Tajikistan	2,856	2,141	133
Turkmenistan	1,968	1,847	107
Total	434,083	414,147	105

According to data from independent sources, Krka has exceeded average market growth in the **Russian Federation**, ranking second among providers of generic pharmaceuticals. Medicines that recorded the strongest sales were Lorista H and Lorista HD (losartan/hydrochlorothiazide), Lorista (losartan), Valsacor (valsartan), Co-Perineva (perindopril/indapamide), Co-Dalneva (perindopril/amlodipine/indapamide), Vamloset (valsartan/amlodipine), Nolpaza (pantoprazole), Roxera (rosuvastatin), Valsacor H and Valsacor HD (valsartan/hydrochlorothiazide), and Atoris (atorvastatin). The highest absolute growth was recorded for Dabix (dabigatran),

launched in March this year, followed by Flosteron (betamethasone), Co-Dalneva (perindopril/amlodipine/indapamide) and Vamloset (valsartan/amlodipine). We are the leading provider of prescription pharmaceuticals in the pharmacy segment, and have remained the number one supplier of prescribed cardiovascular agents.

Sales of our non-prescription products were driven by Septolete Total (benzylamine/cetylpyridinium chloride), and products of the Herbion and Nagesin (naproxen) brands. Another effectively promoted product was Flebaven (diosmin). The leaders among animal health products were Selafort (selamectin), Milprazon (milbemycin/praziquantel), and Enroxil (enrofloxacin).

In the nine months to September, the Krka-Rus plant supplied 77% of all Krka products sold in the Russian Federation.

The pharmaceuticals market in **Ukraine** continues to contract because of the situation there. Nonetheless, the most recent available data reveals that Krka has remained the second ranked foreign provider of generic medicines in the pharmacy segment.

The leading product group was prescription pharmaceuticals, among which the best results were recorded for Co-Prelessa (perindopril/indapamide), Co-Amlessa (perindopril/amlodipine/indapamide), Nolpaza (pantoprazole) and Roxera (rosuvastatin). As to the non-prescription group, sales were the strongest for the Herbion brand, Nalgesin (naproxen) and Septolete Total (benzylamine/cetylpyridinium chloride), while Selafort (selamectin), Prinocate (imidacloprid/ moxidectin) and Milprazon (milbemycin/praziquantel) were the best-selling animal health products.

Region Central Europe

Product Sales by Market

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Poland	136,581	128,467	106
Czech Republic	47,671	42,661	112
Hungary	41,539	38,165	109
Slovakia	32,086	30,170	106
Lithuania	23,227	20,184	115
Latvia	14,461	13,240	109
Estonia	9,448	7,999	118
Total	305,013	280,887	109

Poland has remained Krka's second largest single market. The latest data rank Krka the fifth provider of generic medicines in the country. We are the number one manufacturer of products from the new reimbursement list for the over 65s in terms of volume.

Prescription pharmaceuticals are still the leading sales group, primarily due to the strong sales of Atoris (atorvastatin), Roswera (rosuvastatin), Doreta (tramadol/paracetamol), Valsacor (valsartan), Co-Valsacor (valsartan/hydrochlorothiazide), and Emanera (esomeprazole). As to the other prescription pharmaceuticals, it was Coroswera (rosuvastatin/ezetimibe), Nolpaza (pantoprazole), Karbis (candesartan) and Dulsevia (duloxetine) that made major contributions to overall sales.

The leading non-prescription product brands remain Septolete and Septanazal (xylometazoline/dexpanthenol), while the best-selling animal health products are Milprazon (milbemycin/praziquantel), Floron (florfenicol), Enroxil (enrofloxacin) and the Dehinel brand group.

In the **Czech Republic** our best-selling product group remained prescription pharmaceuticals, with the leading agents being Lexaurin (bromazepam), Atoris (atorvastatin), Sorvasta (rosuvastatin), Pragiola (pregabalin), Doreta (tramadol/paracetamol), Nolpaza (pantoprazole), Asentra (sertraline), Elicea (escitalopram), Tonanda (perindopril/amlodipine/indapamide), Kventiax (quetiapine), Tonarssa (perindopril/amlodipine) and Renewel (perindopril/indapamide). Good sales results were also recorded for Emanera (esomeprazole) and Glyklada (gliklazide). The leading non-prescription product brands were Septolete and Nalgesin S (naproxen).

The majority of sales in **Hungary** was generated in prescription pharmaceuticals, particularly Co-Prelessa (perindopril/indapamide), Roxera (rosuvastatin), Emozul (esomeprazole), Valsacor (valsartan), Zyllt (clopidogrel),

Atoris (atorvastatin), Co-Dalnessa (perindopril/amlodipine/indapamide), Co-Valsacor (valsartan/hydrochlorothiazide) and Tamloset (telmisartan/amlodipine). The best sales results in the group of non-prescription products were recorded for Septotele Extra (benzylamine/cetylpyridinium chloride), Bilobil (ginkgo leaf extract) and Septanazal (xylometazoline/dexpanthenol), while the leading animal health products were Milprazon (milbemycin/praziquantel) and those of the Fypryst brand.

Sales in **Slovakia** were driven mainly by the prescription pharmaceuticals Nolpaza (pantoprazole), Atoris (atorvastatin), Co-Prenessa (perindopril/indapamide), Co-Amlessa (perindopril/amlodipine/indapamide), Prenessa (perindopril), Amlessa (perindopril/amlodipine), Valsacor (valsartan) and Co-Valsacor (valsartan/hydrochlorothiazide). The leading non-prescription brands were Nalgesin S (naproxen), Flebaven (diosmin), Septotele and Nolpaza (pantoprazole).

Region West Europe

Product Sales by Market

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Germany	72,194	64,272	112
Scandinavia	32,164	28,351	113
Portugal	25,475	20,596	124
France	24,227	25,858	94
Italy	23,922	23,239	103
Spain	17,170	16,712	103
Benelux	15,863	14,682	108
Finland	13,552	11,114	122
United Kingdom	13,025	11,292	115
Ireland	11,256	9,320	121
Austria	8,244	7,980	103
Other European countries	9,307	8,955	104
Total	266,399	242,373	110

The best-selling product group was prescription pharmaceuticals, with the leading agents including esomeprazole, valsartan, candesartan and sitagliptin. Krka has remained one of the main sartan providers and proton pump inhibitors in Western European markets.

The chief sales drivers among products for companion animals were milbemycin/praziquantel combination wormers, and fipronil products. High demand agents for farm animals included toltrazuril and flubendazole. As to our non-prescription products, sales were driven by the Septotele brand, and products containing paracetamol.

In **Germany**, traditionally Krka's largest regional market, our products in high demand were cardiovascular agents, medicines for the alimentary tract and metabolism, agents treating diabetes, and central nervous system agents.

According to the latest available data, Krka has remained the leading generic supplier of gliptins, a diabetes treatment, in the pharmacy segment in this market. In terms of the volume placed on the market, we are the leading supplier of ramipril/amlodipine and candesartan/hydrochlorothiazide fixed-dose combinations.

The best sales results were recorded for our medicinal products with candesartan, sitagliptin, valsartan, pantoprazole and ramipril.

Region Overseas Markets

Product Sales by Market

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Far East and Africa	24,747	16,903	146
Middle East	20,946	20,947	100
China	8,686	10,009	87
The Americas	1,133	1,230	92
Total	55,512	49,088	113

The Region's leading office in terms of sales was the **Far East and Africa**, primarily due to increased sales in Vietnam over the nine months to September 2023. Despite challenges arising from the security and economic situation in some markets in the area, revenue recorded by our sales office the **Middle East** was on the same level as last year's for the same period. October to December sales in China are projected to climb, with full-year sales also forecast to exceed those of 2022.

Sales by Product and Service Group

Sales by Product and Service Group

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Prescription pharmaceuticals	1,094,339	1,012,643	108
– Share of total sales	82.0%	81.9%	
Non-prescription products	120,748	122,519	99
– Share of total sales	9.0%	9.9%	
Animal health products	82,873	69,382	119
– Share of total sales	6.2%	5.6%	
Health resort and tourist services	36,921	31,987	115
– Share of total sales	2.8%	2.6%	
Total	1,334,881	1,236,531	108

Prescription Pharmaceuticals

Sales increased in all sales regions. Region Overseas Markets was up 18%, Region West Europe and Region South-East Europe 10%, Region Slovenia 9%, Region Central Europe 7%, and Region East Europe 5%.

In all three of our largest markets sales climbed, being up in Germany by 11%, in Poland by 5%, and in the Russian Federation by 4%. As to our other major markets, sales growth was the highest in Croatia (16%), Uzbekistan and Serbia (15%), Scandinavia (14%), Romania (12%), the Czech Republic (10%), Slovenia (9%), and Hungary and Slovakia (7%).

The top ten prescription pharmaceuticals in terms of sales were product groups containing perindopril (Prenessa*, Co-Prenessa*, Amlessa*, Co-Amlessa*, Roxiper*, Roxampex*), valsartan (Valsacor, Valsacombi*, Vamloset*, Co-Vamloset*, Valarox*), rosuvastatin (Roswera*, Co-Roswera*), losartan (Lorista*, Lorista H*, Lorista HD*, Tenloris*), pantoprazole (Nolpaza*), atorvastatin (Atoris), esomeprazole (Emanera*), tramadol (Doreta*, Tadol*), candesartan (Karbis*, Karbicombi*, Kandoset*), and telmisartan (Tolura*, Tolucombi*, Telassmo*).

The chief sales growth drivers were product groups containing rosuvastatin, perindopril, atorvastatin and pantoprazole, and the sitagliptin product group, which had been launched on the first markets in September 2022.

New launches in the nine months of 2023 included the following brand new Krka medicines:

- Dabixom* (dabigatran) for preventing venous thromboembolic events – in the Russian Federation;
- Tapendolor* (tapentadol) for strong pain relief – in Germany, Spain, Scandinavia, Portugal, Ireland, Slovakia and the Czech Republic;
- Perindopril arginine (a new perindopril salt) agents treating high blood pressure: Prenessa Neo* (perindopril arginine) in the Czech Republic, Slovakia, Ireland, Portugal, Romania, France and Scandinavia; Co-Prenessa Neo* (perindopril arginine/indapamide) in Romania, Estonia, France, the Benelux, the Czech Republic,

Slovakia, Ireland and Portugal; and Amlessa Neo* (perindopril arginine/amlodipine) in Slovakia, the Czech Republic, Ireland, Portugal, France and the Benelux;

- Tezulix* (ranolazine), an angina pectoris treatment – in Germany, the United Kingdom, Spain, Slovenia, Latvia and Portugal; and
- Vitamin D3 Krka (cholecalciferol), a product preventing and treating vitamin D deficiencies – in Slovenia, Latvia and Poland.

Non-Prescription Products

The sales of non-prescription products increased year-over-year in Region Central Europe (by 19%), Region West Europe (by 16%) and Region Slovenia (by 13%).

The leading product brands in terms of sales during the nine months to September 2023 were Septotele*, Nalgesin* (naproxen), Herbion*, Bilobil, and Septanazal. Sales growth was driven chiefly by the Septanazal brand products.

Animal Health Products

Sales increased in Region West Europe by 42%, in Region Slovenia by 20%, in Region Central Europe by 17%, in Region West Europe by 7%, and in Region South-East Europe by 1%.

The main sales growth drivers were Fypryst (fipronil)*, Milprazon* (milbemycin/praziquantel), which has recently been made available as chewable tablets, and Selehold* (selamectin).

** Products with an asterisk are those that we market under different brand names in individual markets.*

Health Resort and Tourist Services

Terme Krka, d. d., recorded 257,895 overnights in the nine months to September, up 6% year-on-year. The most overnight stays were reported by the Talaso Strunjan resort (89,705). The Terme Šmarješke Toplice resort witnessed 10% more overnights than projected (80,284). Overnights by foreigners were up 9% year on year, with the main foreign guests being Italians, Croats and Germans.

Research and Development

In the nine months ended September 2023 Krka obtained marketing authorisations for 7 new products: 5 prescription pharmaceuticals and 2 animal health products.

We finalised 408 marketing authorisation procedures, obtaining approvals for 216 prescription pharmaceuticals and 3 non-prescription products, thus bringing medications closer to patients in numerous markets.

Krka manages a wide range of medicinal products from several therapeutic categories in over 70 markets. All our products are continuously being optimized and harmonized with new scientific guidelines. We have received approvals in the course of 2023 for more than 17,000 regulatory variations, guaranteeing uninterrupted supply and improving cost efficiency.

Prescription Pharmaceuticals

We obtained marketing authorisations for 5 new products in the nine months ended September, and acquired new approvals to market existing products in additional markets.

Dapagliflozin film-coated tablets were added to the range of diabetes treatments available on European markets. A state of the art product, dapagliflozin effectively reduces glycated haemoglobin and, moreover, has positive effects on the cardiovascular system and kidney function.

The Krka product range in China has expanded. We were granted marketing authorisations for **rivaroxaban** film-coated tablets. This product is used to prevent atherothrombotic events in adults with a wide spectrum of cardiovascular diseases. It is an advanced anticoagulant, providing an effective and safe therapy for cardiovascular patients, and improving their quality of life. A marketing authorisation was obtained for a **perindopril**

tert-butylamine cardiovascular agent. Perindopril is the most widely researched ACE inhibitor in terms of clinical trials and is therefore the drug of choice for treating hypertension, heart failure and coronary heart disease.

In China Krka obtained its first marketing authorisation for an antidiabetic: **gliclazide** was approved in the form of modified release tablets. It effectively reduces blood glucose levels in diabetes 2 patients.

We obtained a Certificate of Suitability to the monograph of the European Pharmacopoeia (CEP) for our antibacterial agent **norfloxacin** as incorporated into the Krka product Nolicin.

Additional marketing authorisations were obtained in the countries of the European Union for products from established and new therapeutic classes.

Two diabetes treatments were approved in additional markets: **sitagliptin** and the combination **sitagliptin/metformin**, both in the form of film-coated tablets. As to pain relief medications, marketing authorisations were granted for **tapentadol** and the combination **tramadol/paracetamol**, both in the form of prolonged-release tablets. An additional approval was issued for **abiraterone** film-coated tablets, an oncology agent treating prostate cancer. The accessibility of cardiovascular agents was increased after Krka had been granted approvals to market its **amlodipine** tablets, and its **losartan** and single-pill **losartan/hydrochlorothiazide** film-coated tablets. As to medications for the central nervous system, we were granted approvals for **lacosamide** film-coated tablets, an epilepsy treatment. Marketing approvals were granted via the decentralised procedure for **Vitamin D3 Krka** (cholecalciferol) 7,000 IU tablets, and additional authorisations obtained for the advanced anticoagulant **apixaban** in the form of film-coated tablets.

In the United Kingdom Krka was granted the authorisation to market its **amlodipine** tablets and **ranolazine** prolonged-release tablets.

In Eastern Europe Krka obtained marketing authorisations for high profile products from its key therapeutic categories. **Tigalant** (ticagrelor) was approved for marketing, and **Rivaroxia** (rivaroxaban) was launched on new markets. Both are antithrombotics, i.e. products that prevent blood clots. As to cardiovascular agents, approvals were granted for the combination product **Roxatenz-Inda** (perindopril/indapamide/rosuvastatin) in the form of film-coated tablets, and for **Co-Prenessa Neo** (perindopril/indapamide) tablets. We supplemented our range of diabetes treatments with the modern product **Glipvilo** (vildagliptin) and **Glipvilo Met** (vildagliptin/metformin) film-coated tablets.

In the markets of South-Eastern Europe we obtained additional marketing authorisations for our cardiovascular agents. Combination product **Co-Roswera** (rosuvastatin/ezetimibe) was approved in the form of film-coated tablets, used to treat resistant hyperlipidaemias. Approvals were granted to Krka for the marketing of a new perindopril salt, incorporated into our products **Aramlessa** (perindopril/amlodipine) and **CoArprenessa** (perindopril/indapamide), both in the form of tablets. We have also been authorised to market our advanced reversible platelet aggregation inhibitor **Atixarso** (ticagrelor) in the form of film-coated tablets. The group of antidiabetic agents expanded after we obtained marketing authorisation for **Maysiglu** (sitagliptin) film-coated tablets.

In the Overseas Markets we supplemented our range of cardiovascular agents with **Elnap** (enalapril/lercanidipine), **Wamlox** (amlodipine/valsartan), **Telorssa** (losartan/amlodipine), **Olmira** (olmesartan/amlodipine) and **Amaloris** (amlodipine/atorvastatin) film-coated tablets, **Rameam** (ramipril/amlodipine) capsules, and **Telassmo** (telmisartan/amlodipine), **Amlessa** (perindopril/amlodipine), **Enap H** (enalapril/hydrochlorothiazide) and **Vasitimb** (ezetimibe/simvastatin) tablets. Marketing approvals were granted to Krka for our **Bravacor** (ivabradine), **Lorista** (losartan) and **Roswera** (rosuvastatin) film-coated tablets, and for **Nolpaza** (pantoprazole) gastro-resistant tablets. Moreover, pain relief treatment **Aclexa** (celecoxib) in the form of hard capsules, psychosis treatment **Parnido** (paliperidone) in the form of prolonged-release tablets, and erectile dysfunction treatment **Tadilas** (tadalafil) in the form of film-coated tablets were also approved for marketing.

Non-Prescription Products

In the nine months ended 30 September 2023 we obtained additional marketing authorisations for our established products.

A marketing approval was granted for the nasal decongestant **Septanazal** (xylometazoline/dexpanthenol), and the **Herbion** Iceland Moss syrup was authorised for marketing in the Overseas Markets.

Animal Health Products

We added two new animal health products to our product portfolio in the countries of the European Union.

Our range for companion animals was expanded to include the **Arocenia** (maropitant) solution for injection, for cats and dogs. The agent affects the central nervous system, reducing nausea and preventing vomiting after surgery and chemotherapy, thus improving post-operative recovery.

Krka was the first producer of generic medicines in the European Union to complete the decentralised procedure for **Robexera/Rogiola** (robenacoxib) chewable tablets for dogs. It is available in four strengths. Robenacoxib is a nonsteroidal anti-inflammatory agent used in veterinary medicine for the relief of pain and treatment of chronic osteoarthritis inflammation, and for the control of inflammation and pain after soft tissue surgical procedures.

Several products were granted marketing authorisations in additional markets. We obtained marketing authorisations for **Cladaxxa** (amoxicillin/clavulanic acid) chewable tablets in three strengths, a combination product used to treat bacterial infections in cats and dogs, and for two products treating and preventing worm infestations: **Milprazon Chewable** (milbemycin oxime/praziquantel) palatable film-coated tablets for dogs, and **Milprazon Chewable** (milbemycin oxime/praziquantel) film-coated tablets for cats.

An additional approval for marketing was granted for the combination wormer **Dehinel Plus Flavour** (febantel/praziquantel/pyrantel) in the form of flavoured tablets for dogs.

Investments

Investments in the Krka Group between January and September 2023 totalled €81.5 million, of which the controlling company allocated €69.0 million.

We have completed the following investments:

- an upgrade of the systems and equipment, and an increase of the production capacity for the preparation of dry granules in the Šentjernej, Slovenia Beta plant. The investment has contributed to our decreasing water-soluble organic solvent emissions;
- the refurbishment of the Development and Control Centres which has resulted in additional laboratory space and provided safe conditions for manipulating highly active ingredients;
- a new filling line in our Bršljin Powder and Liquid Products plant (Novo mesto, Slovenia), which has doubled our tube filling capacity.

The renovation of the Notol plant washing room has continued, with packaging lines also being replaced and upgraded. Facilities for granulation are undergoing an upgrade to increase granulation capacity, and the logistic system is being improved.

Another investment is ongoing in the Solid Dosage Form Products plant in Novo mesto, Slovenia. Additional capacities are being set up for compression mixture preparation and granulation in the tablet compression process, and logistic capacities. The works have been separated into several stages, to be gradually completed by the end of 2023.

We are increasing production capacities for granulation and packaging at the Ljutomer plant (Slovenia), and refurbishing production facilities in the old section of the plant.

In Novo mesto, Slovenia, construction works have continued for the six-storey multi-purpose building called Paviljon 3. It will house an extension for our microbiology laboratory and additional rooms for several organisational units.

In the production and distribution centre in Jastrebarsko, Croatia we are installing a new secondary packaging line, which will increase production capacities for solid forms of animal health products by one quarter. Other facilities and systems are also subject to ongoing upgrades.

New facilities for API development and production are planned in Krško, Slovenia. This is one of Krka's largest future projects. Based on project documentation and an IED OVD environmental impact assessment we have obtained the integral building permit for the Sinteza 2 plant and laboratories for chemical analyses. The environmental permit has also been granted, and construction works are scheduled to start after the permit

becomes final. The investment is estimated at €163 million and pursues our strategy of vertical integration, from the development of a product to its production.

Employees

At the end of September 2023 the Krka Group employed 11,610 staff. 5,197 of those, which is 45% of the total Krka Group headcount, worked outside Slovenia. Of all Krka Group employees, 51% have at least university-level qualifications, and of that, 202 hold a doctoral degree. Together with agency workers, the Krka Group team is 12,637-strong.

Employees by Education

	30 Sep 2023		31 Dec 2022	
	Number of employees	Share (%)	Number of employees	Share (%)
PhD	202	1.7	200	1.7
Master of Science	400	3.4	389	3.4
University degree	5,333	45.9	5,355	46.2
Higher professional education	1,841	15.9	1,793	15.5
Vocational college education	298	2.6	306	2.6
Secondary school education	2,610	22.5	2,604	22.4
Other	926	8.0	951	8.2
Total	11,610	100.0	11,598	100.0

We provide for continuous recruitment of talented employees by awarding scholarships. At the end of September, we had 77 scholarship holders, primarily pharmacy and chemistry students. Scholarships are also granted to exceptional students from other fields of interest to Krka. Our staff development and succession planning system ensures that the majority of our human resource needs for key professionals and managers are filled by Krka Group employees.

We invest in the 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 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 September, 316 employees were enrolled in part-time graduate studies co-funded by Krka, 27 of them postgraduate students.

Krka is also included in the national vocational qualification (NVQ) system. Between 2002 and the end of September 2023, we awarded 1,812 NVQ certificates to Krka employees for four vocational qualifications. At the end of September 2023, 188 Krka employees were included in the process of obtaining a national vocational qualification.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KRKA GROUP, WITH NOTES

Consolidated Statement of Financial Position of the Krka Group

€ thousand	30 Sep 2023	31 Dec 2022	Index
Assets			
Property, plant and equipment	763,801	779,336	98
Intangible assets	100,118	102,550	98
Loans	70,879	77,539	91
Investments	60,351	110,770	54
Deferred tax assets	39,698	53,770	74
Other non-current assets	1,065	1,060	100
Total non-current assets	1,035,912	1,125,025	92
Assets held for sale	41	41	100
Inventories	586,485	553,332	106
Contract assets	662	946	70
Trade receivables	429,742	402,730	107
Other receivables	50,324	27,728	181
Loans	7,974	6,327	126
Investments	437,754	52,437	835
Cash and cash equivalents	103,097	518,934	20
Total current assets	1,616,079	1,562,475	103
Total assets	2,651,991	2,687,500	99
Equity			
Share capital	54,732	54,732	100
Treasury shares	-133,420	-124,566	107
Reserves	156,237	192,204	81
Retained earnings	2,018,246	1,996,246	101
Total equity holders of the controlling company	2,095,795	2,118,616	99
Non-controlling interests within equity	20,540	19,893	103
Total equity	2,116,335	2,138,509	99
Liabilities			
Provisions	109,446	107,235	102
Deferred revenue	5,648	6,048	93
Lease liabilities	6,930	8,089	86
Deferred tax liabilities	10,542	10,758	98
Total non-current liabilities	132,566	132,130	100
Trade payables	141,104	140,837	100
Lease liabilities	3,199	3,752	85
Income tax payable	5,423	28,194	19
Contract liabilities	164,842	157,710	105
Other current liabilities	88,522	86,368	102
Total current liabilities	403,090	416,861	97
Total liabilities	535,656	548,991	98
Total equity and liabilities	2,651,991	2,687,500	99

Consolidated Income Statement of the Krka Group

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Revenue	1,340,536	1,242,203	108
– Revenue from contracts with customers	1,336,999	1,239,533	108
– Other revenue	3,537	2,670	132
Cost of goods sold	-569,320	-561,071	101
Gross profit	771,216	681,132	113
Other operating income	4,423	5,197	85
Selling and distribution expenses	-250,794	-266,742	94
– Of that net impairments and write-offs of receivables	-4,181	7,628	
R&D expenses	-127,344	-119,481	107
General and administrative expenses	-77,227	-66,322	116
Operating profit	320,274	233,784	137
Financial income	16,626	125,881	13
Financial expenses	-50,290	-3,476	1,447
Net financial result	-33,664	122,405	
Profit before tax	286,610	356,189	80
Income tax	-51,051	-54,521	94
Net profit	235,559	301,668	78
Attributable to:			
– Equity holders of the controlling company	235,232	300,945	78
– Non-controlling interests	327	723	45
Basic earnings per share* (€)	7.60	9.68	78
Diluted earnings per share** (€)	7.60	9.68	78

* 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–Sept 2023	Jan–Sept 2022	Index
Net profit	235,559	301,668	78
Other comprehensive income for the period			
Other comprehensive income for the period reclassified to profit or loss at a future date			
Translation reserve	-56,408	81,582	
Net other comprehensive income for the period reclassified to profit or loss at a future date	-56,408	81,582	
Other comprehensive income for the period that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	13,068	-474	
Deferred tax effect	-2,482	87	
Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date	10,586	-387	
Total other comprehensive income for the period (net of tax)	-45,822	81,195	
Total comprehensive income for the period (net of tax)	189,737	382,863	50
Attributable to:			
– Equity holders of the controlling company	190,411	381,462	50
– Non-controlling interests	-674	1,401	

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 2023	54,732	-124,566	124,566	105,897	14,990	30,000	2,670	-85,919	1,442,702	200,273	353,271	2,118,616	19,893	2,138,509
Net profit	0	0	0	0	0	0	0	0	0	0	235,232	235,232	327	235,559
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	10,586	-55,407	0	0	0	-44,821	-1,001	-45,822
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	10,586	-55,407	0	0	235,232	190,411	-674	189,737
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	101,893	-101,893	0	0	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	0	353,271	-353,271	0	0	0
Repurchase of treasury shares	0	-8,854	0	0	0	0	0	0	0	0	0	-8,854	0	-8,854
Formation of reserves for treasury shares	0	0	8,854	0	0	0	0	0	0	0	-8,854	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-204,378	0	-204,378	0	-204,378
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	1,321	1,321
Total transactions with owners, recognised in equity	0	-8,854	8,854	0	0	0	0	0	101,893	47,000	-362,125	-213,232	1,321	-211,911
At 30 Sep 2023	54,732	-133,420	133,420	105,897	14,990	30,000	13,256	-141,326	1,544,595	247,273	226,378	2,095,795	20,540	2,116,335

€ 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	300,945	300,945	723	301,668
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	-387	80,904	0	0	0	80,517	678	81,195
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	-387	80,904	0	0	300,945	381,462	1,401	382,863
Transactions with owners, recognised in equity														
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	0	71,800	-71,800	0	0	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	0	293,952	-293,952	0	0	0
Repurchase of treasury shares	0	-5,936	0	0	0	0	0	0	0	0	0	-5,936	0	-5,936
Formation of reserves for treasury shares	0	0	5,936	0	0	0	0	0	0	0	-5,936	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	-175,025	0	-175,025	0	-175,025
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	3,280	3,280
Total transactions with owners, recognised in equity	0	-5,936	5,936	0	0	0	0	0	71,800	47,127	-299,888	-180,961	3,280	-177,681
At 30 Sep 2022	54,732	-120,477	120,477	105,897	14,990	30,000	-22,464	-17,370	1,442,702	202,210	295,009	2,105,706	18,561	2,124,267

Consolidated Statement of Cash Flows of the Krka Group

€ thousand	Jan–Sept 2023	Jan–Sept 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	235,559	301,668
Adjustments for:	91,011	172,594
– Amortisation/Depreciation	77,961	80,408
– Net foreign exchange differences	-32,916	27,693
– Inventory write-offs and allowances (net)	10,016	14,940
– Receivable impairments and write-offs (net)	-4,181	7,628
– Investment income	-18,304	-16,540
– Investment expenses	1,850	1,023
– Financial income	-4	-32
– Interest expense and other financial expenses	8,893	2,952
– Income tax	47,696	54,522
Operating profit before changes in net current assets	326,570	474,262
Change in trade receivables	-32,372	-10,103
Change in inventories	-43,169	-125,769
Change in trade payables	8,029	44,285
Change in provisions	-346	1,456
Change in deferred revenue	-401	-620
Change in other current liabilities	2,159	4,820
Income tax paid	-74,953	-42,484
Net cash flow from operating activities	185,517	345,847
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8,207	1,417
Dividends received	798	631
Proceeds from sale of property, plant and equipment	2,986	1,801
Purchase of property, plant and equipment	-78,361	-70,763
Purchase of intangible assets	-4,732	-4,071
Proceeds from non-current loans	3,140	395
Payments for non-current loans	-1,783	-40,166
Net payments for current loans	3,490	61,824
Proceeds from sale of non-current investments	33,049	3,732
Payments for non-current investments	-31	-32,948
Proceeds from sale of current investments	219,100	133,945
Payments for current investments	-568,607	-101,761
Proceeds from derivatives	1,042	8,846
Payments from derivatives	-389	0
Net cash flow from investing activities	-382,091	-37,118
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-5,519	-1,788
Lease liabilities paid	-3,091	-2,880
Dividends and other profit shares paid	-204,379	-175,043
Repurchase of treasury shares	-8,854	-5,936
Proceeds from payment of non-controlling interests	1,321	3,280
Net cash flow from financing activities	-220,522	-182,367
Net decrease/increase in cash and cash equivalents	-417,096	126,362
Cash and cash equivalents at beginning of period	518,934	159,838
Effect of foreign exchange rate fluctuations on cash held	1,259	6,074
Closing balance of cash and cash equivalents	103,097	292,274

Segment Reporting of the Krka Group

€ thousand	European Union		Region South-East Europe		Region East Europe		Total segment reporting		Other		Eliminations		Total	
	Jan–Sept 2023	Jan–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Jan–Sept 2023	Jan–Sept 2022
Revenue from sales to non-Group customers	749,822	683,401	76,782	72,103	434,203	414,240	1,260,807	1,169,744	79,729	72,459			1,340,536	1,242,203
Revenue from sales to Group customers	310,569	288,117	48,449	45,542	451,451	496,733	810,469	830,392	25,355	24,329	-835,824	-854,721	0	0
Total revenue	1,060,391	971,518	125,231	117,645	885,654	910,973	2,071,276	2,000,136	105,084	96,788	-835,824	-854,721	1,340,536	1,242,203
Other operating income	3,224	4,092	469	39	317	322	4,010	4,453	413	744			4,423	5,197
Operating expenses	-645,934	-562,973	-51,883	-47,281	-265,118	-349,418	-962,935	-959,672	-61,750	-53,944			-1,024,685	-1,013,616
Intra-group operating expenses, including elimination of profits	-310,569	-288,117	-48,449	-45,542	-451,451	-496,733	-810,469	-830,392	-25,355	-24,329	835,824	854,721	0	0
Operating profit	107,112	124,520	25,368	24,861	169,402	65,144	301,882	214,525	18,392	19,259	0	0	320,274	233,784
Interest income	7,426	856	11	7	764	640	8,201	1,503	994	500			9,195	2,003
Interest income from Group companies	2,740	508	0	0	0	0	2,740	508	0	0	-2,740	-508	0	0
Interest expense	-140	-1,065	-9	-9	-70	-94	-219	-1,168	-3	-3			-222	-1,171
Interest expense to Group companies	-2,741	-508	0	0	0	0	-2,741	-508	0	0	2,741	508	0	0
Net financial result	7,335	-3,409	-111	23	-41,567	112,649	-34,343	109,263	679	13,142			-33,664	122,405
Income tax	-19,053	-29,905	-3,265	-5,487	-26,820	-16,823	-49,138	-52,215	-1,913	-2,306			-51,051	-54,521
Net profit	95,394	91,206	21,992	19,397	101,015	160,970	218,401	271,573	17,158	30,095	0	0	235,559	301,668
Investments	75,632	62,405	1,210	304	3,826	11,967	80,668	74,676	786	248			81,454	74,924
Depreciation of property, plant and equipment	51,312	49,598	1,650	1,509	14,706	19,213	67,668	70,320	2,315	2,105			69,983	72,425
Depreciation of right-of-use assets	2,287	2,048	83	82	402	539	2,772	2,669	60	45			2,832	2,714
Amortisation	3,158	3,100	250	249	1,509	1,708	4,917	5,057	229	212			5,146	5,269
	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022
Total assets	2,049,394	2,069,151	70,728	64,802	438,673	463,008	2,558,795	2,596,961	93,196	90,539			2,651,991	2,687,500
Non-current assets exclusive of deferred tax assets	877,184	922,872	5,786	5,357	76,677	99,916	959,647	1,028,145	36,567	43,110			996,214	1,071,255
Total liabilities	289,002	360,495	24,006	15,854	166,829	129,136	479,837	505,485	55,819	43,506			535,656	548,991

Notes to Consolidated Financial Statements of the Krka Group

Costs by nature

€1,024,685 thousand

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Cost of goods and materials	337,771	408,824	83
Cost of services	189,201	185,075	102
Employee benefits	379,397	348,812	109
Amortisation and depreciation	77,961	80,408	97
Inventory write-offs and allowances (net)	10,016	14,940	67
Receivable impairments and write-offs (net)	-4,181	7,628	
Other operating expenses	29,712	25,786	115
Total costs	1,019,877	1,071,473	95
Change in the value of inventories of finished products and work in progress	4,808	-57,857	
Total	1,024,685	1,013,616	101

Employee benefits

€379,397 thousand

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Gross wages and salaries and continued pay	294,579	269,036	109
Social security contributions	21,288	20,634	103
Pension insurance contributions	40,466	36,648	110
Payroll tax	561	529	106
Post-employment benefits and other non-current employee benefits	3,708	5,425	68
Other employee benefits	18,795	16,540	114
Total employee benefits	379,397	348,812	109

Other operating expenses

€29,712 thousand

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Grants and assistance for humanitarian and other purposes	1,528	1,194	128
Environmental protection expenditures	4,645	4,462	104
Other taxes and levies	19,274	16,363	118
Loss on sale and write-offs of property, plant and equipment and intangible assets	1,130	773	146
Other operating expenses	3,135	2,994	105
Total other operating expenses	29,712	25,786	115

Other taxes and levies include various taxes and levies on pharmaceuticals, and fees paid for promotional activities pursued by associates in individual countries other than Slovenia.

Financial income and expenses

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Net foreign exchange differences	0	110,107	0
Interest income	9,195	2,003	459
Derivatives income	2,659	12,636	21
– Realised revenue	1,042	8,846	12
– Fair value change	1,617	3,790	43
Revenue from other financial instruments	3,959	0	
– Realised revenue	919	0	
– Fair value change	3,040	0	
Income from dividends	808	631	128
Other financial income	5	504	1
Total financial income	16,626	125,881	13
Net foreign exchange differences	-41,003	0	
Interest expense	-222	-1,171	19
– Interest paid	-7	-946	1
– Interest expense on lease liabilities	-215	-225	96
Derivatives expenses	-389	0	
– Incurred expenses	-389	0	
Expenses from other financial instruments	0	-45	0
– Incurred expenses	0	-45	0
Other financial expenses	-8,676	-2,260	384
Total financial expenses	-50,290	-3,476	1,447
Net financial result	-33,664	122,405	

Income tax

€51,051 thousand

Current income tax amounted to €43,146 thousand, which is 15.1% of profit before tax. Taking into account €7,905 thousand of deferred tax, the income tax expensed in the income statement is €51,051 thousand. The effective tax rate is 17.8%.

Property, plant and equipment

€763,801 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Land	40,631	40,721	100
Buildings	340,162	356,784	95
Equipment	280,872	294,308	95
Property, plant and equipment being acquired	92,376	76,139	121
Right-of-use assets	9,760	11,384	86
Total property, plant and equipment	763,801	779,336	98

The 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

€100,118 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Goodwill	42,644	42,644	100
Trademark	33,394	34,047	98
Concessions, trademarks and licences	13,474	14,685	92
Other intangible assets	6,626	7,468	89
– Long-term deferred operating costs	506	715	71
– Development-related projects	4,636	5,738	81
– Emission coupons	1,484	1,015	146
Intangible assets being acquired	3,980	3,706	107
Total intangible assets	100,118	102,550	98

Loans

€78,853 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Non-current loans	70,879	77,539	91
– Loans to others	40,879	47,539	86
– Deposits granted to banks	30,000	30,000	100
Current loans	7,974	6,327	126
– Portion of non-current loans maturing next year	7,027	4,559	154
– Loans to others	11	23	48
– Deposits granted to banks	3	2	150
– Current interest receivables	933	1,743	54
Total loans	78,853	83,866	94

Investments

€498,105 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Non-current investments	60,351	110,770	54
– Investments at fair value through OCI (equity instruments)	29,052	15,989	182
– Investments at amortised cost (debt instruments)	31,299	94,781	33
Current investments including derivatives	437,754	52,437	835
– Investments at amortised cost (debt instruments)	60,931	50,697	120
– Derivatives	3,357	1,740	193
– Other current investments at fair value through profit or loss (debt instruments)	373,466	0	
Total investments	498,105	163,207	305

Investments at fair value through OCI include €937 thousand of shares and interests in companies in Slovenia, and €28,115 thousand of shares and interests in companies outside Slovenia.

Investments at amortised cost include €6,282 thousand of investments in Slovenian government bonds, and €85,948 thousand of investments in foreign government bonds.

Inventories

€586,485 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Material	231,689	230,094	101
Work in progress	129,110	125,925	103
Finished products	180,962	169,510	107
Merchandise	10,175	8,297	123
Advances for inventories	34,549	19,506	177
Total inventories	586,485	553,332	106

Trade and other receivables

€480,066 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Current trade receivables	429,742	402,730	107
Other current receivables	50,324	27,728	181
Total trade and other receivables	480,066	430,458	112

Cash and cash equivalents

€103,097 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Cash in hand	85	64	133
Bank balances	103,012	518,870	20
Total cash and cash equivalents	103,097	518,934	20

Equity

€2,116,335 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Share capital	54,732	54,732	100
Treasury shares	-133,420	-124,566	107
Reserves	156,237	192,204	81
– Reserves for treasury shares	133,420	124,566	107
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	13,256	2,670	496
– Translation reserve	-141,326	-85,919	164
Retained earnings	2,018,246	1,996,246	101
Total equity holders of the controlling company	2,095,795	2,118,616	99
Non-controlling interests within equity	20,540	19,893	103
Total equity	2,116,335	2,138,509	99

Trade payables

€141,104 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Current trade payables	141,104	140,837	100
Payables to domestic suppliers	59,321	55,799	106
Payables to foreign suppliers	81,783	85,038	96
Total trade payables	141,104	140,837	100

Provisions

€109,446 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Provisions for lawsuits	10,583	10,597	100
Provisions for post-employment benefits	81,540	79,750	102
Provisions for other non-current employee benefits	16,731	16,209	103
Other provisions	592	679	87
Total provisions	109,446	107,235	102

Deferred revenue

€5,648 thousand

€ thousand	30 Sep 2023	31 Dec 2022	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 Noto1 2 plant	725	843	86
Grants received from the budget for the Dolenjske and Šmarješke Toplice health resorts and Golf Grad Otočec	3,167	3,231	98
Grants received from the European Regional Development Fund (Farma GRS)	1,639	1,855	88
Subsidy for acquisition of electric drive vehicles	2	2	100
Property, plant and equipment received free of charge	14	13	108
Emission coupons	10	10	100
Subsidy for purchase of joinery	90	92	98
Subsidy for acquisition of other equipment	1	2	50
Total deferred revenue	5,648	6,048	93

Current contract liabilities

€164,842 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Refund liabilities	158,118	146,853	108
– Bonuses and volume rebates	157,177	145,924	108
– Rights of return	941	929	101
Contract liabilities	6,724	10,857	62
– Deferred revenue	1,314	1,290	102
– Advances from other customers	5,410	9,567	57
Total current contract liabilities	164,842	157,710	105

Other current liabilities

€88,522 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Payables to employees – gross salaries, other receipts and charges	69,761	69,812	100
Other	18,761	16,556	113
Total other current liabilities	88,522	86,368	102

Contingent liabilities

€19,352 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Guarantees issued	17,891	17,291	103
Other	1,461	1,935	76
Total contingent liabilities	19,352	19,226	101

Fair value

€ thousand	30 Sep 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	70,879		77,539	
Investments at fair value through OCI	29,052	29,052	15,989	15,989
Investments at amortised cost	31,299		94,781	
Current financial assets				
Loans	7,974		6,327	
Investments through profit or loss	373,466	373,466	0	0
Investments at amortised cost	60,931		50,697	
Derivatives	3,357	3,357	1,740	1,740
Trade receivables	429,742		402,730	
Cash and cash equivalents	103,097		518,934	
Non-current financial liabilities				
Lease liabilities	-6,930		-8,089	
Current financial liabilities				
Lease liabilities	-3,199		-3,752	
Trade payables excluding advances	-141,104		-140,837	
Contract liabilities excluding advances	-157,177		-145,924	
Other liabilities excluding amounts owed to the state, to employees, and advances	-8,740		-7,478	
Total	792,647	405,875	862,657	17,729

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 Sep 2023				31 Dec 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI	27,665	0	1,387	29,052	14,602	0	1,387	15,989
Investments through profit or loss	373,466	0	0	373,466	0	0	0	0
Derivatives	0	0	3,357	3,357	0	0	1,740	1,740
Total assets at fair value	401,131	0	4,744	405,875	14,602	0	3,127	17,729

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

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

€ thousand	30 Sep 2023	31 Dec 2022	Index
Assets			
Property, plant and equipment	575,857	566,780	102
Intangible assets	23,447	24,960	94
Investments in subsidiaries	357,265	355,763	100
Loans	41,574	56,013	74
Investments	60,350	110,769	54
Deferred tax assets	5,860	8,666	68
Other non-current assets	645	643	100
Total non-current assets	1,064,998	1,123,594	95
Assets held for sale	41	41	100
Inventories	496,089	492,978	101
Trade receivables	377,407	357,889	105
Other receivables	35,603	12,639	282
Loans	16,390	6,669	246
Investments	437,754	52,437	835
Cash and cash equivalents	68,394	470,297	15
Total current assets	1,431,678	1,392,950	103
Total assets	2,496,676	2,516,544	99
Equity			
Share capital	54,732	54,732	100
Treasury shares	-133,420	-124,566	107
Reserves	299,195	279,760	107
Retained earnings	1,849,699	1,850,866	100
Total equity	2,070,206	2,060,792	100
Liabilities			
Provisions	99,090	96,608	103
Deferred revenue	2,478	2,816	88
Lease liabilities	2,625	2,909	90
Total non-current liabilities	104,193	102,333	102
Trade payables	158,274	194,143	82
Borrowings	93,910	53,524	175
Lease liabilities	963	1,033	93
Income tax payable	2,554	25,660	10
Contract liabilities	11,764	21,687	54
Other current liabilities	54,812	57,372	96
Total current liabilities	322,277	353,419	91
Total liabilities	426,470	455,752	94
Total equity and liabilities	2,496,676	2,516,544	99

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

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Revenue	1,248,406	1,208,697	103
– Revenue from contracts with customers	1,241,040	1,202,837	103
– Other revenue	7,366	5,860	126
Cost of goods sold	-587,358	-506,267	116
Gross profit	661,048	702,430	94
Other operating income	1,266	2,307	55
Selling and distribution expenses	-217,918	-228,702	95
– Of that net impairments and write-offs of receivables	-4,348	7,398	
R&D expenses	-124,143	-119,106	104
General and administrative expenses	-67,505	-56,847	119
Operating profit	252,748	300,082	84
Financial income	44,953	125,510	36
Financial expenses	-51,012	-2,566	1,988
Net financial result	-6,059	122,944	
Profit before tax	246,689	423,026	58
Income tax	-34,624	-67,388	51
Net profit	212,065	355,638	60
Basic earnings per share* (€)	6.85	11.44	60
Diluted earnings per share** (€)	6.85	11.44	60

* 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–Sept 2023	Jan–Sept 2022	Index
Net profit	212,065	355,638	60
Other comprehensive income for the period			
Other comprehensive income for the period that will not be reclassified to profit or loss at a future date			
Change in fair value of financial assets	13,063	-460	
Deferred tax effect	-2,482	87	
Net other comprehensive income for the period that will not be reclassified to profit or loss at a future date	10,581	-373	
Total other comprehensive income for the period (net of tax)	10,581	-373	
Total comprehensive income for the period (net of tax)	222,646	355,265	63

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	
At 1 Jan 2023	54,732	-124,566	124,566	105,897	14,990	30,000	4,307	1,442,702	69,974	338,190	2,060,792
Net profit	0	0	0	0	0	0	0	0	0	212,065	212,065
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	10,581	0	0	0	10,581
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	10,581	0	0	212,065	222,646
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	101,893	-101,893	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	338,190	-338,190	0
Repurchase of treasury shares	0	-8,854	0	0	0	0	0	0	0	0	-8,854
Formation of reserves for treasury shares	0	0	8,854	0	0	0	0	0	0	-8,854	0
Dividends paid	0	0	0	0	0	0	0	0	-204,378	0	-204,378
Total transactions with owners, recognised in equity	0	-8,854	8,854	0	0	0	0	101,893	31,919	-347,044	-213,232
At 30 Sep 2023	54,732	-133,420	133,420	105,897	14,990	30,000	14,888	1,544,595	101,893	203,211	2,070,206

€ 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	
At 1 Jan 2022	54,732	-114,541	114,541	105,897	14,990	30,000	-19,004	1,370,902	88,671	229,954	1,876,142
Net profit	0	0	0	0	0	0	0	0	0	355,638	355,638
Total other comprehensive income for the period (net of tax)	0	0	0	0	0	0	-373	0	0	0	-373
Total comprehensive income for the period (net of tax)	0	0	0	0	0	0	-373	0	0	355,638	355,265
Transactions with owners, recognised in equity											
Formation of other profit reserves under the resolution of the Annual General Meeting	0	0	0	0	0	0	0	71,800	-71,800	0	0
Transfer of previous period's profits to retained earnings	0	0	0	0	0	0	0	0	229,954	-229,954	0
Repurchase of treasury shares	0	-5,936	0	0	0	0	0	0	0	0	-5,936
Formation of reserves for treasury shares	0	0	5,936	0	0	0	0	0	0	-5,936	0
Dividends paid	0	0	0	0	0	0	0	0	-175,025	0	-175,025
Total transactions with owners, recognised in equity	0	-5,936	5,936	0	0	0	0	71,800	-16,871	-235,890	-180,961
At 30 Sep 2022	54,732	-120,477	120,477	105,897	14,990	30,000	-19,377	1,442,702	71,800	349,702	2,050,446

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

€ thousand	Jan–Sept 2023	Jan–Sept 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	212,065	355,638
Adjustments for:	61,060	116,365
– Amortisation/Depreciation	59,730	61,628
– Net foreign exchange differences	647	-16,226
– Inventory write-offs and allowances (net)	9,410	8,216
– Receivable impairments and write-offs (net)	-4,348	7,398
– Investment income	-45,651	-14,989
– Investment expenses	1,470	908
– Financial income	-1	0
– Interest expense and other financial expenses	5,179	2,042
– Income tax	34,624	67,388
Operating profit before changes in net current assets	273,125	472,003
Change in trade receivables	-27,189	-101,616
Change in inventories	-12,521	-65,846
Change in trade payables	-46,098	18,135
Change in provisions	-82	1,987
Change in deferred revenue	-338	-547
Change in other current liabilities	-2,558	-11,472
Income tax paid	-67,980	-31,993
Net cash flow from operating activities	116,359	280,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	6,641	437
Dividends received	798	631
Proportionate profit of subsidiaries	29,890	0
Proceeds from sale of property, plant and equipment	1,407	766
Purchase of property, plant and equipment	-64,120	-50,390
Purchase of intangible assets	-4,553	-3,877
Acquisition of subsidiaries and a share of minority interests net of financial assets acquired	-2,001	-9,320
Refunds of subsequent contributions to subsidiaries	500	0
Proceeds from non-current loans	6,336	4,584
Payments for non-current loans	-1,108	-31,426
Net payments for/proceeds from current loans	-673	62,235
Proceeds from sale of non-current investments	33,037	3,730
Payments for non-current investments	-16	-32,926
Proceeds from sale of current investments	219,100	153,805
Payments for current investments	-568,607	-121,621
Proceeds from derivatives	1,042	8,846
Payments for derivatives	-389	0
Net cash flow from investing activities	-342,716	-14,526
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-1,719	-1,008
Net proceeds from current borrowings	40,134	8,478
Lease liabilities paid	-856	-849
Dividends and other profit shares paid	-204,379	-175,043
Repurchase of treasury shares	-8,854	-5,936
Net cash flow from financing activities	-175,674	-174,358
Net decrease/increase in cash and cash equivalents	-402,031	91,767
Cash and cash equivalents at beginning of period	470,297	144,981
Effect of foreign exchange rate fluctuations on cash held	128	6,400
Closing balance of cash and cash equivalents	68,394	243,148

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

Costs by nature

€996,924 thousand

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Cost of goods and materials	387,239	360,225	107
Cost of services	247,478	247,382	100
Employee benefits	267,646	236,659	113
Amortisation and depreciation	59,730	61,628	97
Inventory write-offs and allowances (net)	9,410	8,216	115
Receivable impairments and write-offs (net)	-4,348	7,398	
Other operating expenses	21,092	18,677	113
Total costs	988,247	940,185	105
Change in the value of inventories of finished products and work in progress	8,677	-29,263	
Total	996,924	910,922	109

Employee benefits

€267,646 thousand

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Gross wages and salaries and continued pay	208,210	182,420	114
Social security contributions	15,529	13,397	116
Pension insurance contributions	26,198	23,470	112
Post-employment benefits and other non-current employee benefits	3,348	4,960	68
Other employee benefits	14,361	12,412	116
Total employee benefits	267,646	236,659	113

Other operating expenses

€21,092 thousand

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Grants and assistance for humanitarian and other purposes	1,300	1,015	128
Environmental protection expenditures	3,365	3,296	102
Other taxes and levies	13,740	11,889	116
Loss on sale and write-offs of property, plant and equipment and intangible assets	750	660	114
Other operating expenses	1,937	1,817	107
Total other operating expenses	21,092	18,677	113

Other taxes and levies include various taxes and levies on pharmaceuticals, and fees paid for promotional activities pursued by associates in individual countries other than Slovenia.

Financial income and expenses

€ thousand	Jan–Sept 2023	Jan–Sept 2022	Index
Net foreign exchange differences	0	110,737	0
Interest income	7,633	1,034	738
Derivatives income	2,659	12,636	21
– Realised revenue	1,042	8,846	12
– Fair value change	1,617	3,790	43
Revenue from other financial instruments	3,959	0	
– Realised revenue	919	0	
– Fair value change	3,040	0	
Income from dividends and other profit shares	30,698	631	4,865
– Dividends	808	631	128
– Profits of subsidiaries	29,890	0	
Other financial income	4	472	1
Total financial income	44,953	125,510	36
Net foreign exchange differences	-45,440	0	
Interest expense	-2,502	-1,303	192
– Interest paid	-2,447	-1,265	193
– Interest expense on lease liabilities	-55	-38	145
Derivatives expenses	-389	0	
– Incurred expenses	-389	0	
Expenses from other financial instruments	0	-45	0
– Incurred expenses	0	-45	0
Other financial expenses	-2,681	-1,218	220
Total financial expenses	-51,012	-2,566	1,988
Net financial result	-6,059	122,944	

Income tax

€34,624 thousand

Current income tax amounted to €34,300 thousand, which is 13.9% of profit before tax. Taking into account €324 thousand of deferred tax, the income tax expensed in the income statement is €34,624 thousand. The effective tax rate is 14.0%.

Property, plant and equipment

€575,857 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Land	28,080	28,010	100
Buildings	230,572	243,918	95
Equipment	230,867	238,871	97
Property, plant and equipment being acquired	82,804	52,107	159
Right-of-use assets	3,534	3,874	91
Total property, plant and equipment	575,857	566,780	102

The value of property, plant and equipment accounts for 23% of the Krka balance sheet total. See the 'Investments' section in the business report for details on Krka's major investments.

Intangible assets

€23,447 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Concessions, trademarks and licences	13,116	14,334	92
Other intangible assets	6,351	7,007	91
– Long-term deferred operating costs	232	282	82
– Development-related projects	4,635	5,710	81
– Emission coupons	1,484	1,015	146
Intangible assets being acquired	3,980	3,619	110
Total intangible assets	23,447	24,960	94

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

Loans

€57,964 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Non-current loans	41,574	56,013	74
– Loans to subsidiaries	0	14,100	0
– Loans to others	11,574	11,913	97
– Deposits granted to banks	30,000	30,000	100
Current loans	16,390	6,669	246
– Portion of non-current loans maturing next year	14,351	5,140	279
– Loans to subsidiaries	1,388	888	156
– Loans to others	11	23	48
– Current interest receivables	640	618	104
Total loans	57,964	62,682	92

Investments

€498,104 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Non-current investments	60,350	110,769	54
– Investments at fair value through OCI (equity instruments)	29,051	15,988	182
– Investments at amortised cost (debt instruments)	31,299	94,781	33
Current investments including derivatives	437,754	52,437	835
– Investments at amortised cost (debt instruments)	60,931	50,697	120
– Derivatives	3,357	1,740	193
– Other current investments at fair value through profit or loss (debt instruments)	373,466	0	
Total investments	498,104	163,206	305

Investments at fair value through OCI include €936 thousand of shares and interests in companies in Slovenia, and €28,115 thousand of shares and interests in companies outside Slovenia.

Investments at amortised cost include €6,282 thousand of investments in Slovenian government bonds, and €85,948 thousand of investments in foreign government bonds.

Inventories

€496,089 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Material	216,231	215,961	100
Work in progress	116,542	122,864	95
Finished products	115,887	122,144	95
Merchandise	12,993	12,711	102
Advances for inventories	34,436	19,298	178
Total inventories	496,089	492,978	101

Trade and other receivables

€413,010 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Current trade receivables	377,407	357,889	105
– Receivables due from subsidiaries	203,878	196,166	104
– Receivables due from customers other than Group companies	188,508	164,208	115
– Current deferred revenue from contracts with customers	-14,979	-2,485	603
Current receivables for dividends	181	171	106
Other current receivables	35,422	12,468	284
Total trade and other receivables	413,010	370,528	111

Cash and cash equivalents

€68,394 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Bank balances	68,394	470,297	15
Total cash and cash equivalents	68,394	470,297	15

Equity

€2,070,206 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Share capital	54,732	54,732	100
Treasury shares	-133,420	-124,566	107
Reserves	299,195	279,760	107
– Reserves for treasury shares	133,420	124,566	107
– Share premium	105,897	105,897	100
– Legal reserves	14,990	14,990	100
– Statutory reserves	30,000	30,000	100
– Fair value reserve	14,888	4,307	346
Retained earnings	1,849,699	1,850,866	100
Total equity	2,070,206	2,060,792	100

Trade payables

€158,274 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Current trade payables	158,274	194,143	82
Payables to subsidiaries	44,589	87,559	51
Payables to domestic suppliers	55,707	52,271	107
Payables to foreign suppliers	57,978	54,313	107
Total trade payables	158,274	194,143	82

Provisions

€99,090 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Provisions for lawsuits	10,543	10,543	100
Provisions for post-employment benefits	72,911	70,898	103
Provisions for other non-current employee benefits	15,636	15,167	103
Total provisions	99,090	96,608	103

Deferred revenue

€2,478 thousand

€ thousand	30 Sep 2023	31 Dec 2022	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	725	843	86
Subsidy for acquisition of electric drive vehicles	2	2	100
Property, plant and equipment received free of charge	11	12	92
Emission coupons	10	10	100
Subsidy for purchase of joinery	90	92	98
Subsidy for acquisition of other equipment	1	2	50
Grants received from the European Regional Development Fund (Farma GRS)	1,639	1,855	88
Total deferred revenue	2,478	2,816	88

Borrowings

€93,910 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Current borrowings	93,910	53,524	175
– Borrowings from subsidiaries	93,516	53,375	175
– Current interest payable	394	149	264
Total borrowings	93,910	53,524	175

Current contract liabilities

€11,764 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Refund liabilities	7,179	13,094	55
– Bonuses and volume rebates	7,179	13,094	55
Contract liabilities	4,585	8,593	53
– Advances from other customers	4,585	8,593	53
Total current contract liabilities	11,764	21,687	54

Other current liabilities

€54,812 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Payables to employees – gross salaries, other receipts and charges	52,948	55,304	96
Other	1,864	2,068	90
Total other current liabilities	54,812	57,372	96

Contingent liabilities

€16,666 thousand

€ thousand	30 Sep 2023	31 Dec 2022	Index
Guarantees issued	15,205	15,195	100
Other	1,461	1,935	76
Total contingent liabilities	16,666	17,130	97

Fair value

€ thousand	30 Sep 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial assets				
Loans	41,574		56,013	
Investments at fair value through OCI	29,051	29,051	15,988	15,988
Investments at amortised cost	31,299		94,781	
Current financial assets				
Loans	16,390		6,669	
Investments through profit or loss	373,466	373,466	0	0
Investments at amortised cost	60,931		50,697	
Derivatives	3,357	3,357	1,740	1,740
Trade receivables	377,407		357,889	
Cash and cash equivalents	68,394		470,297	
Non-current financial liabilities				
Lease liabilities	-2,625		-2,909	
Current financial liabilities				
Borrowings	-93,910		-53,524	
Lease liabilities	-963		-1,033	
Trade payables excluding advances	-158,274		-194,143	
Contract liabilities excluding advances	-7,179		-13,094	
Other liabilities excluding amounts owed to the state, to employees, and advances	-1,370		-1,328	
Total	737,548	405,874	788,043	17,728

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 Sep 2023				31 Dec 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Investments at fair value through OCI	27,665	0	1,386	29,051	14,602	0	1,386	15,988
Investments through profit or loss	373,466	0	0	373,466	0	0	0	0
Derivatives	0	0	3,357	3,357	0	0	1,740	1,740
Total assets at fair value	401,131	0	4,743	405,874	14,602	0	3,126	17,728

STATEMENT OF COMPLIANCE

The Management Board of Krka, d. d., Novo mesto hereby states that the condensed consolidated financial statements of the Krka Group and the condensed financial statements of Krka for the period ended 30 September 2023 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 period January–September 2023 have been prepared using the same accounting policies as for the 2022 annual financial statements of the Krka Group and Krka.

The condensed financial statements for the period ended 30 September 2023 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 2022.

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 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 other related parties.

Novo mesto, 24 October 2023



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