



# ANNUAL REPORT

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## KEY FINANCIAL INDICATORS

			(In 000 MKD)
	Amount	Amount	Index
	2021	2020	21/20
Total Revenues	13,196,695	12,553,883	105.12
Sales	12,794,180	12,132,328	105.46
Gross Profit	5,765,075	5,433,835	106.10
Earnings before interest, taxes, depreciation and amortization (EBITDA)	2,441,326	2,337,551	104.44
Operating Profit	1,489,195	1,366,012	109.02
Profit Before Tax	1,457,054	1,326,140	109.87
Net Profit	1,302,090	1,165,226	111.75
Total Assets	16,127,296	15,442,774	104.43
Equity	11,655,125	10,902,055	106.91
Net Cash Flow	161,547	(22,340)	-
Investments in Assets (PPE&IA)	1,228,548	1,791,760	68.57
Number of Employees	2,528	2,392	105.69
Sales per Employee	5,061	5,072	99.78
Current Ratio	2.07	1.93	107.34
Long-term Debt	5.9%	5.7%	101.81
ROE Return on Equity	11.54	11.00	104.94
EPS Basic Earnings per Share (In MKD)	926.4	828.6	112.02
DPS Net Dividend per Share (In MKD)	396.00	360.00	110.00
Total Number of Shares	1,431,353	1,431,353	100.00
1 EUR/1 MKD (Average)	61.6275	61.6742	99.92

## FINANCIAL HIGHLIGHTS

			(In 000 EUR)
	Amount	Amount	Index
	2021	2020	21/20
Total Revenues	214,136	203,552	105.20
Sales	207,605	196,716	105.54
EBITDA	39,614	37,902	104.52
EBIT Earning Before Interest and Taxes	24,164	22,149	109.10
Net Profit	21,128	18,893	111.83
EPS Earnings per Share (In EUR)	15.03	13.44	112.10



# 2021

## HIGHLIGHTS



85<sup>th</sup> jubilee of ALKALOID was marked with series of activities including a retrospective exhibition at the Museum of the City of Skopje highlighting a donation campaign for the Pediatric Clinic

ALKALOID opened a new GMP production plant for hemodialysis concentrates, an investment worth EUR 1.8 mil., including storage area for raw materials, packaging, and finished products totaling area of 2.600 m<sup>2</sup>

ALKALOID registered a new subsidiary in Romania

ALKALOID commissioned a new pharmaceuticals raw materials and primary packaging warehouse, an investment worth EUR 1.3 mil. covering area of 1.620 m<sup>2</sup>

Trajche Mukaetov Foundation granted 40 new scholarships to students of pharmacy and medicine at the University Sts. Cyril and Methodius in Skopje

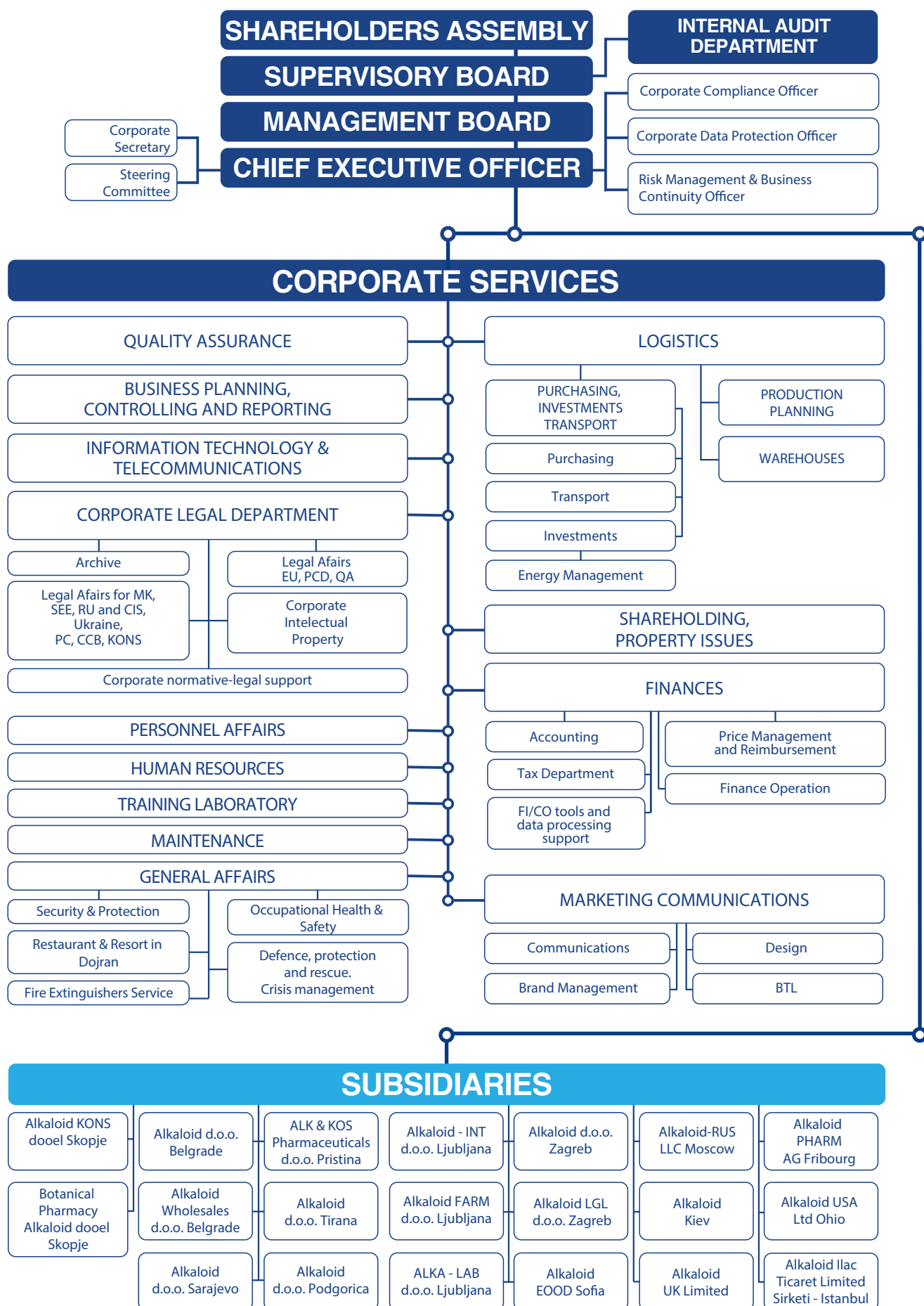
ALKALOID commissioned a new education and training center

ALKALOID was granted two prestigious acknowledgments at the Macedonian Stock Exchange annual gathering: THE MOST TRANSPARENTLY LISTED COMPANY AND STOCK OF THE YEAR

ALKALOID formed a new handball club

A new digital platform Alkaloid PRONET was launched intended for the healthcare professionals

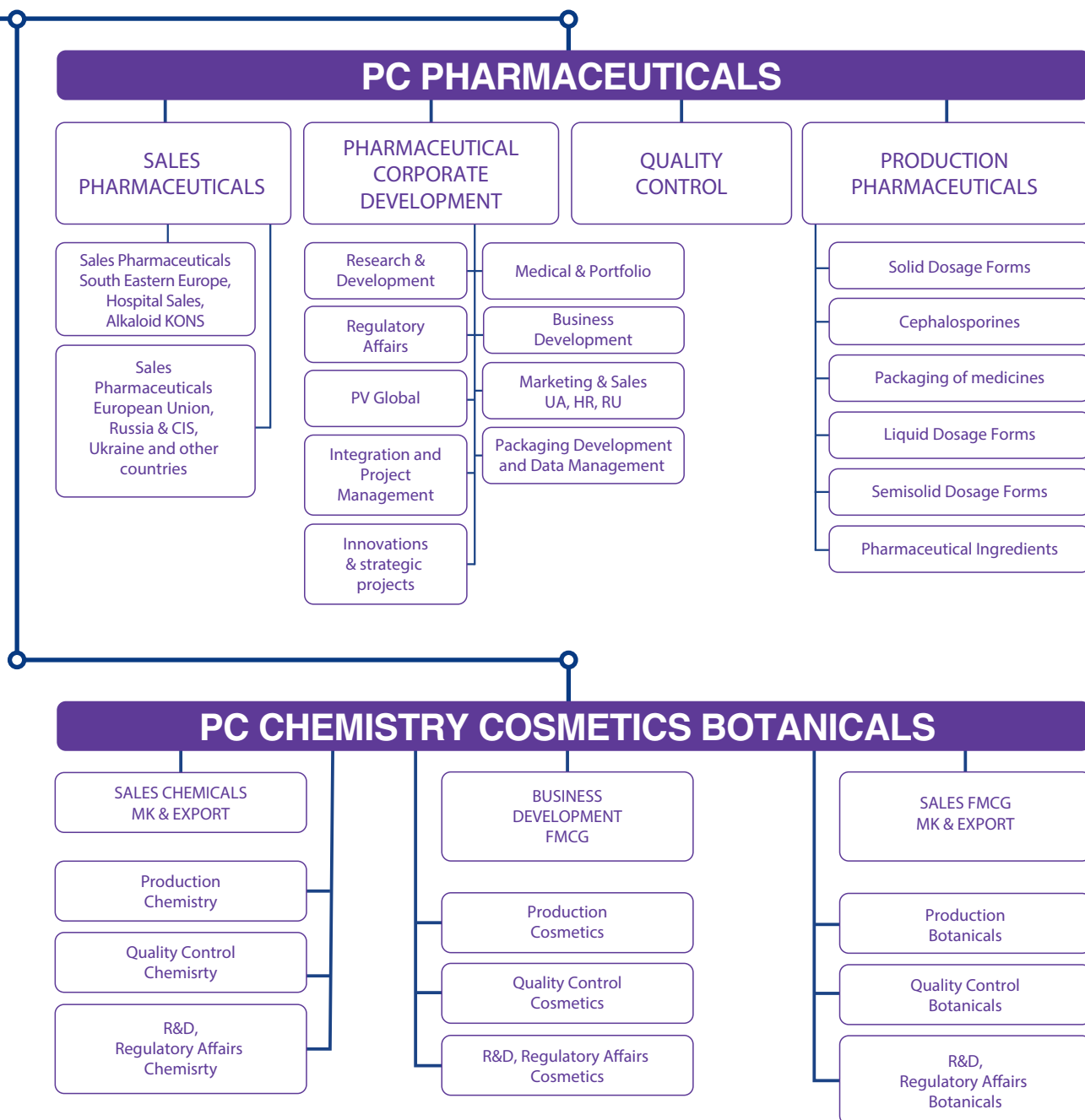






# ORGANIZATIONAL CHART ALKALOID AD SKOPJE

# 2021









# CORPORATE INFORMATION



# REPORT ON THE WORK OF THE SUPERVISORY BOARD OF ALKALOID AD SKOPJE

In 2021, the Supervisory Board of Alkaloid AD Skopje operated as follows:



## **Prof. D-r Miodrag Micajkov**

**President of the Supervisory Board**

Ph.D. in Law  
Professor and former Dean of the Faculty of Law "Justinian I"  
at "Sts. Cyril and Methodius University" in Skopje.  
President of the Board since 1998.



## **Prof. D-r Ilija Dzhonov**

**Member of the Supervisory Board**

MD, Dr. Sci. med.  
Professor and former Dean of the Faculty of Medicine  
at "Sts. Cyril and Methodius University" in Skopje.  
Member of the Board since 1998.



## **Bojancho Krlevski**

**Member of the Supervisory Board**

B.Sc. in Chemical Engineering.  
Employed at Alkaloid AD Skopje.  
Member of the Board since 1998.



In accordance with the Law on Trade Companies and the Statute of ALKALOID AD Skopje, the Supervisory Board is authorized to supervise the management of the Company performed by the Management Board as well as to analyze and assess the documents of the Company. The authorizations of the Supervisory Board are set forth in the Law on Trade Companies and the Statute of Alkaloid AD Skopje.

In the course of year 2021, the Supervisory Board held 8 (eight) sessions and passed 21 (twenty-one) Decisions.

During its formal sessions, the Supervisory Board reviewed and discussed all important issues that fell within the scope of its competences, including the unaudited standalone financial reports and unaudited consolidated financial reports for the previous year, as well as those for the period 1 January to 31 March 2021; 1 January to 30 June 2021; 1 January to 30 September 2021 in all structures: Balance sheet of the Company, Income statement, Cash flow, Trade receivables and Borrowings.

On the formal sessions, upon invitation sent by the Supervisory Board, the Chief Executive Officer and President of the Management Board attended, along with other competent management representatives in order to elaborate all positions from the submitted unaudited standalone financial statements and unaudited consolidated financial statements thus enabling the Supervisory board to take its decisions accordingly.

Thereafter, upon the rendered assessment and elaborations given by the CEO and MB President of Alkaloid AD Skopje and the management representatives from the respective expert services, the Supervisory Board asserted to approve the unaudited standalone financial statements and unaudited consolidated financial statements as well as the unaudited unconsolidated and unaudited consolidated Balance sheet of the Company.

The Supervisory Board carried out a regular assessment of the management of the Company i.e. the work of the Management Board and reviewed the Annual Report on the operations of the company for the period from January to December 2021. The Supervisory Board thus assessed that the operations of the Company and its management were carried out successfully in the course of the fiscal year 2021, as indicated in the presented positive financial results of the Company.

The Supervisory Board positively assessed the cooperation with the President and the Members of the Management Board whose sole purpose was to build mutual attitudes aimed at realization of the set plans for successful development of the Company.

The Supervisory Board reviewed the documents of the Company regarding its financial operation and status of assets and securities pertaining to the year 2021, and upon inspection, asserted that the results of the Company in this respect are also positive and in compliance with the existing legislation.

The Supervisory Board also reviewed the business plan of the company pertaining to the year 2022 in all its aspects thus assessed that it was qualitatively well compiled, based on realistic expectations and clearly defines the targets on all levels of management of the company thus providing integration of all efforts in the achievement of the common goals of the company.



In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board reviewed the semi-annual report of the Internal Audit Department containing the activities of this independent organizational unit in the course of the period from January to June 2021. The Supervisory Board asserted the referenced semi-annual report thus assessing that the same is adequate, efficiently compiled and elaborated in accordance with the Law on Additions and Amendments to the Law on Trade Companies.

Pursuant to the annual plan for internal audit for year 2021 of the Internal Audit Department, the Supervisory Board reviewed and adopted the Quarterly reports for the period January-March, April-June, July-September and October-December 2021. The findings were discussed with the directors of the organizational units; they were subject to testing and subsequently fully approved.

The Internal Audit Department had compiled an Internal Audit Strategic Plan for year 2022 – 2024 containing the key success factors (strategic goals, strengths, weaknesses, opportunities and threats), description of the internal control system, internal audit activities, consulting activities and other resources, which was reviewed and approved by the Supervisory Board.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Supervisory Board reviewed and passed a decision for approval of the annual report of the Internal Audit Department for the year 2021. The annual report contained the subject of audit with a description of the undertaken activities by sector according to the audit schedule including anticipated duration for conducting the inspections. The annual report of the Internal Audit Department encompassed the following:

- Description of performed activities;
- Findings/Recommendations of rendered individual audits;
- Consulting activities;
- Information on the Internal Audit Department

The Supervisory Board assessed this report as sustainable, of high quality and objective, giving overall presentation of the rendered audits thus approved the aforementioned report and enclosed it to the Shareholders' Assembly.

Pursuant to Article 480, Section 2 of the Law on Trade Companies, the Supervisory Board reviewed the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports for the year ended 31 December 2021 and the Independent Auditors' Report along with the opinions issued by the independent auditor Deloitte LTD Skopje.



The audit was performed in accordance with the International Auditing Standards and the Law on Audits in the Republic of North Macedonia. According to the opinion of the independent auditor, the financial reports of Alkaloid AD Skopje for the year ended 31 December 2021 are well prepared in all material aspects, in accordance with the valid Macedonian accounting regulations. The Supervisory Board reviewed the records and documentation of the Company and its subsidiaries, which were related to its financial operations, and consequently asserted that in this area the Company performed its operations successfully and in full compliance with the existing legal regulations.

Following the review of the Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports, the Independent Auditors' Report issued by the independent auditor Deloitte LTD, the Proposal Annual Statement of Accounts of the Company, Annual Performance Report for the period January – December 2021 and the Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for 2021, the Supervisory Board proposed to the Shareholders' Assembly to pass a decision for approval of the following:

- Statutory Standalone Financial Reports, Statutory Consolidated Financial Reports and the Independent Auditors' Report issued by the independent auditor Deloitte for the year ended as at 31 December 2021;

- Annual Statement of Accounts (Balance Sheet) of the Company for year 2021;
- Annual Performance Report for the period January – December 2021 (Standalone and Consolidated);
- Decision for approval of the work and the managing of the Company on behalf of the members of the Management Board in 2021;
- Decision-proposal for allocation and distribution of the profit according to the annual statement of accounts of the Company for year 2021.

The Supervisory Board also reviewed other proposals submitted by the Management Board of the Company such as: Decision-proposal for determining dates for payment of dividends for year 2021 (dividend calendar); Decision-proposal for acquisition of proper shares with buyout and Decision-proposal for selling proper shares.

After reviewing the decision-proposals, the Supervisory Board proposed to the Shareholders' Assembly of Alkaloid AD Skopje to pass decision for approval of the above referenced.

All operations of the Supervisory Board in the course of the year 2021 were in the frame of the competences set forth in the Law of Trade Companies and the Statute of Alkaloid AD Skopje.



# REPORT ON THE WORK OF THE MANAGEMENT BOARD OF ALKALOID AD SKOPJE



## Zhivko Mukaetov

**President of the Management Board  
and Chief Executive Officer of Alkaloid AD Skopje**

Holds a B.Sc. degree in Mechanical Engineering and a postgraduate degree from the Chartered Institute of Marketing in London, UK. Member of the Management Board since 2004; appointed for President of the Management Board in 2007. Responsible for the overall operations of Alkaloid Group.



## Milkica Gligorova

**Member of the Management Board,  
Director of the Production segment  
of PC Pharmaceuticals of Alkaloid AD Skopje**

Holds a B. Sc. Degree in Pharmacy, Specialist in Pharmaceutical Technology. Member of the Board since 2004. Responsible for the overall production operations in PC Pharmaceuticals.



## Viktor Stojchevski

**Member of the Management Board  
and Chief Financial Officer of the Company**

Holds a B. Sc. Degree in Economics. Member of the Board since January 2013. Responsible for the financial operations of the Company.



## Gjorgi Jovanov

**Member of the Management Board  
and Director of Shareholding Operations  
and Propriety Issues of the Company**

Holds a B.Sc. degree in Economics.  
Member of the Board since 2006.  
Responsible for the operations  
in the shareholding and property segment.



## Kire Icev

**Member of the Management Board,  
Director of the General Services Department of Alkaloid AD Skopje**

B. Sc. in Mechanical Engineering. Member of the Board since 2007.  
Responsible for the overall operations of the general services department.



The Management Board has ample authorizations in the management of the Company, i.e. the implementation of the ongoing activities of the Company. It acts on behalf of the Company and within the scope of the subject matter at hand.

In compliance with the Law on Trade Companies and the Statute of the Company, the Management Board manages the company's overall operations at its own responsibility.

Within the reporting period, the Management Board performed its activities within the framework of its competences and in compliance with the Law on Trade Companies and the Statute of the Company; passing decisions concerning the business policy and managing the overall operations of the Company.



Besides the deteriorated conditions caused by the Covid-19 pandemics, the Management Board held its sessions on regular basis and in the course of 2021, completed 39 (thirty-nine) sessions on which 158 (one-hundred-and-fifty-eight) important decisions/conclusions were passed including:

- Decision for making an inventory listings and establishment of commissions for making inventory listings of the fixed assets and the sources of assets, as well as adopting the compiled report on inventory listings of Alkaloid AD Skopje;
- Decision on submitting Annual Statement of Accounts (Balance sheet) and the Draft Annual Report on the operations of the Company (Standalone and Consolidated);
- Decisions to approve the Balance sheets of the companies founded by ALKALOID AD Skopje for the previous year.

Interim its meetings, the Management Board was conducting monthly reviews of the Income Statements of ALKALOID AD Skopje done by cost centre and the Report on the current operations of ALKALOID CONS LTD – Skopje.

Upon MB President's invitation, the sessions, were attended by executives from the Department of Logistics and Alkaloid CONS Ltd.

The Management Board passed decisions/conclusion concerning specific tasks for the managers of the profit centers of Alkaloid AD Skopje and the manager of Alkaloid Cons Ltd. Skopje directed towards engagement of maximum efforts for fulfillment of the set objectives, intensification of settlement of outstanding debts, control of stocks as well as reduction of costs.

Pursuant to the Law on Trade Companies, the Management Board reviewed and discussed the unaudited standalone unconsolidated and unaudited consolidated Financial Reports for the previous year, as well as those pertaining to the quarterly periods: 1 January to 31 March 2021; 1 January to 30 June 2021, 1 January to 30 September 2021 thus assessed that the Company effectuated positive financial results. Pursuant to the Law on Trade Companies and the Statute of Alkaloid AD Skopje, the Management Board, within the frames of its competences passed decision-proposals in accordance with the proposed agenda for the Annual Shareholders' Assembly held on 5 April 2021.

Aiming for better work organization and efficiency, the Management Board passed decisions to change the Company's organizational structure and job classification. Analytical job evaluation was amended, leading to increase in the number of evaluation points for certain posts requiring an educational level of I, III, and IV degree and decision passed to increase the net point value.

The Management Board also passed the following decisions approving payment of vacation leave bonus and payment of a 85th anniversary bonus to the employees.

Besides approving the guidelines on the Benefits for the Children of Alkaloid's Employees project connected with covering certain amount of costs for various extracurricular activities, the Management Board also passed the following policies on personal data protection:

- Policies on the personal data protection system;
- Policy and description of the technical and organizational measures (Information Safety Policy);
- Policy on assigning duties and responsibilities to Alkaloid's information system administrator and authorised officers;
- Policy on personal data storage periods and destruction of documents and erasure, sanitization, or destruction of media;
- Backup copy and data retrieval policy;
- Security incident management policy;
- Rulebook on video surveillance at ALKALOID AD Skopje.

Upon approval on behalf of the Supervisory Board, the Management Board passed a decision for appointing Corporate Secretary.

The Management Board passed a decision for approval of the basis of the Business Plan for the company for 2022 and give directions for its implementation. The Management Board assessed that the Business plan is based on realistic expectations and compiled thoroughly encompassing the capacities and risk management policies on the existing and potentially new markets, thus gave directions for its implementation. The Management Board also passed the Financial Calendar of Alkaloid AD Skopje for year 2022.

Pursuant to Article 375, Section 3 and Article 366, Section 3 of the Law on Trade companies, the Management Board passed a decision for assigning operation managers with special authorizations and responsibilities at the company during the year.



The Management Board also passed a decision for establishment and full support of the Handball Club Alkaloid including its operations program as well as the operation program of the Chess Club Alkaloid.

The Management Board passed Decisions for approval of the financial report of the Foundation "Trajche Mukaetov" - Skopje for year 2021 and approved the work program of this Foundation for the year 2022. The Program states the amount, method, terms and procedures for utilizing the Foundation's funds aimed at providing scholarships and donations and financing talented students, researchers and scientific projects in the fields of medicine and pharmacy.

Regarding the operations of the companies abroad founded by ALKALOID AD Skopje, the Management Board took a number of important decisions:

- Decisions for continuation of the mandates of the directors at the subsidiaries abroad founded by ALKALOID AD Skopje: ALKA-LAB DOO Ljubljana, ALKALOIDPHARM Fribourg, ALKALOID RUS, Representative Office of ALKALOID AD Skopje in Moscow, ALKALOID Kyiv LTD, Representative Office of ALKALOID in Kyiv, ALKALOID DOO Belgrade, Alkaloid Wholesale DOO Belgrade, ALKALOID DOO Sarajevo, ALKALOID EOOD Sofia, ALKALOID DOO Podgorica, ALKALOID SH.P.K Tirana, ALK&KOS LLC Pristina, and Ilac Ticared Limited Sirketi Istanbul;
- Decision to appoint a director at ALKALOID LGL DOO Zagreb and ALKALOID DOO Zagreb.

In accordance with Article 415-v of the Law on Additions and Amendments to the Law on Trade Companies, the Management Board received the Semi-Annual and Annual Report of operations for the previous year from the Internal Audit Department of Alkaloid AD, an independent organizational unit in the company, containing the following information:

- COVID-19 Audit
- Description of rendered activities;
- Findings/Recommendations for rendered individual revisions;
- Consulting activities;
- Information on the Internal Audit Department.

The Management Board thus passed a decision for approval of the work for year 2021 of the independent organizational unit, the Internal Audit Department.

ALKALOID AD Skopje, as a founder and the sole cofounder of ALKALOID CONS LTD Skopje carries out the responsibilities of the following corporate bodies:

- Management Board of the founder, as an Assembly of Company's Cofounders;
- Controller, as a supervisory body of the Company.

In the course of year 2021, the Management Board of ALKALOID AD Skopje, in the capacity of Assembly of Cofounders of ALKALOID CONS LTD Skopje, held 9 (nine) meetings and passed 24 (twenty four) Decisions among which were the following:

- Decision for inventory listing and sources of inventory of Alkaloid CONS LTD Skopje;
- Decision for approval of the compiled report on inventory listings and sources of inventory listing of Alkaloid CONS LTD Skopje;
- Decision for approval of the balance sheet, the annual report of the company and the unaudited standalone financial reports of the company;
- Decision for allocation of profit;
- Decision for approval of the Auditor's Report and the Financial Reports for the year ended 31 December 2021 and the Independent Auditors' Report along with the opinions issued by the independent auditor Deloitte LTD Skopje;
- Decision for appointing manager, controller and executive officer of the company;
- Decision for payment of vacation leave regress;
- Decision for payment of vacation leave and 85th anniversary bonus to the employees
- Decision to increase the net point value.

ALKALOID AD Skopje, as a founder and the sole cofounder of ALKALOID HERBAL PHARMACY LTD Skopje carries out the responsibilities in the Management Board of the founder, as an Assembly of Company's Cofounders. In the course of 2021, the Assembly held 6 (six) meetings and passed 6 (six) Decisions among which were the following:

- Decision for inventory listing and commissions for inventory listing;
- Decision for approval of the Annual report of the company; etc.
- Decision for allocation of profit;
- Decision for payment of vacation leave regress;
- Decision for payment of vacation leave and 85th anniversary bonus to the employees
- Decision to increase the net point value.

The work of the Management Board in the course of the year 2021 was within the frame of the competences determined by the Law on Trade Companies and the Statute of Alkaloid AD Skopje.



# ADDRESS OF THE CEO/MB PRESIDENT OF ALKALOID AD SKOPJE



**Zhivko Mukaetov**  
Chief Executive Officer / Management Board President of Alkaloid AD

2021 marked Alkaloid's 85 jubilee. One that was completely different from all the others, in a year that still had the prefix pandemic but added also military and energy crisis adjuncts, which we thought cannot be our reality especially in the 21st century. The rising prices of energy and transport, the shortage of raw materials and packaging, the uncertainty of placements, and the unavailability of basic products will inevitably affect businesses in general.

In times of such uncertainties, I believe everyone's wondering: How to move on? How long is this going to last? Probably, the world history will provide the future generations with the answers to these questions. Here and now, the only thing we know is that we must rely on our own resources, capabilities, and knowledge. We must remain on the tracks that me and my team have continuously traced in during the past 15 years, which have been marked with various crisis prefixes too. In times of crisis, especially one like this, companies surely save on marketing costs and cut investments. COVID, war, inflation, stagflation and energy uncertainty, seem to cause panic leading to radical decisions. Nothing is easy for both, companies or individuals. Hard times call for hard decisions, but behind every challenge lies an opportunity.

## RESULTS

Despite all objective and subjective challenges during 2021, Alkaloid managed to generate positive financial results in its operations employing extraordinary efforts and precautions in its everyday operations. We achieved total consolidated sales of MKD 12.794.180.346, which represents a growth of 5% compared to 2020. Our consolidated net profit amounted to MKD 1.304.959.925, growing 12%. Sales amounting to 35% were effectuated in the domestic market, whereas 65% were export sales, out of which 32% were intended for the SEE markets, 19% for the Western European markets, 13% for Russia and CIS and 2% were for the remaining markets. We are especially proud to announce the first placements of our pharmaceutical products in Austria, Portugal and Cyprus as well as the first exports of products from our Becutan portfolio at the Saudi Arabia market.

88% of the total placements were effectuated by the pharmaceuticals segment, 8% in the Cosmetics, 2% in Botanicals and 2% belonged to the Chemicals segment.



## STOCK EXCHANGE OPERATIONS

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2021, were once again amongst the most traded and the most liquid ones. Alkaloid AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with traded MKD 845.002.973, which is 15,35% of the total turnover recorded on the first official market of the Stock Exchange in 2021. The share price of Alkaloid AD Skopje ranged from MKD 13,300 to MKD 18,501, with an average of MKD 15,799.55, which represents a growth of 29.8% of the average price of the share compared to 2020.

In 2021, Alkaloid received the prestigious acknowledgment from the Macedonian Stock Exchange for being the most transparently listed shareholding company in the course of the year. In its portfolio, Alkaloid added another acknowledgment 'Stock of the year for 2021' granted based on public poll from the general investment public, the Macedonian Stock Exchange and the portal Faktor.

## INVESTMENTS

In line with the company policy for continuous investments, we remained firmly on the track during 2021, allocating MKD 1.186.124.984 in increasing and diversification of the production capacities, promotion of technological processes, expansion of the laboratory and warehousing facilities and several energy efficiency projects. In order to serve the dynamic requirements of the scientific disciplines we work, in line with the continuous investments in education, we commissioned our new Centre for Education and Trainings, which we plan to upgrade and expand in future. In service of the education of future healthcare professionals were the activities of our Foundation Trajche Mukaetov, which in the course of 2021 granted 40 new scholarships to students of medicine and pharmacy at the state university. We are pleased that we took part in the successful story of 579 scholarship holders in the past 15 years. Within this period, we invested over MKD 117 millions in Foundation scholarships and one-off premiums for the valedictorians.

## PROSPECTS

Engaged and healthy youth was in full focus at Alkaloid in the course of 2021. We implemented the project 'Benefits for the Children of Employees' aimed at directing youngsters towards sports and other extracurricular activities. We founded of Alkaloid's handball club, for the purposes of systematic work and modelling future athletes. Youth in focus was also at the marking of Alkaloid's 85th jubilee, which started with a humanitarian video that spreads messages of gratitude, optimism and empathy. Through this project, we donated an amount of MKD 4.099.448 to the Pediatric Clinic in Skopje. The donation was officially handed at the Museum of the City of Skopje during the opening of the retrospective exhibition of Alkaloid's past, our present and the most significant moments in the company's history.

This exhibition was proof that Alkaloid passed numerous challenges in the past 85 years but demonstrated discipline, solidarity, high level of empathy and commitment by generations of employees. Human resources have always been at the center. Even nowadays, we aim to build a company of satisfied people, who invest their potential in joint success, because the company's image, values, and credibility, are reflected by the organizational culture and people, above all.



# TRAJCHE MUKAETOV FOUNDATION AWARDS 40 NEW SCHOLARSHIPS

For fourteen years, Trajche Mukaetov Foundation has been granting scholarships for students at the Faculty of Pharmacy and the Faculty of Medicine at the University "Sts Cyril and Methodius" in Skopje. The scholarship, amounting to 6.500 Denars, is granted for a period of 12 months. Pursuant to the announced public call for submitting scholarship applications, the selection of scholarship holders for the current academic year was made by the Management Board of the Foundation, as per the preliminary list proposed by the respective committees for granting scholarships. The Board for granting scholarships is composed of representatives of the Foundation, the two faculties, as well as of representatives of the students.

Forty new scholarships were awarded for the academic 2021/2022 to 20 students from the Faculty of Pharmacy and 20 students of the Faculty of Medicine at the University "Sts Cyril and Methodius" in Skopje. The traditional one-off premium of the Foundation for 2021 amounting to 1.200 EUR in MKD equivalent, was awarded to Zoran Gavrilov from the Faculty of Pharmacy (with GPA 9.49) and Milena Grivchevska from the Faculty of Medicine (with GPA 9.94) – both of them being scholarship holders of the Trajche Mukaetov Foundation.

"I am very pleased that in the past 14 years, 'Alkaloid' and the 'Trajche Mukaetov Foundation' took part in the success stories of 579 students of pharmacy and medicine at the state university in Skopje. I am even happier knowing that our company stimulates and motivates students in their education to achieve new, higher successes in their professions where knowledge is of exceptional importance. To date, 92 former scholarship recipients of the Foundation, have already started their careers at our company. Despite the challenges of the new era, requiring specific functioning of the processes in all areas, our effort to invest in education and knowledge – in people, above all – will remain our top priority" – said Zhivko Mukaetov, President of the Trajche Mukaetov Foundation and CEO/MB President of Alkaloid AD Skopje.

So far, the Foundation supported a total of 579 students of pharmacy and medicine since the 2007/2008 academic year. Out of those, 218 students of pharmacy and 211 students of medicine have already graduated. Since 2009, ninety-two of the scholarship recipients (85 pharmacists and 7 doctors of medicine) started their careers at the Alkaloid.







# A RETROSPECTIVE EXHIBITION AND OVER MKD 4 MILLIONS DONATION FOR THE PEDIATRIC CLINIC TO MARK THE 85TH JUBILEE OF ALKALOID

The first authentic film for Alkaloid from 1950, the oldest original box and authorization for production and marketing of Caffetin, the first packaging of Becutan, the oldest industrial machines and other company memorabilia were part of the exhibition opened on the occasion of the 85th anniversary of Alkaloid at the Museum of the City of Skopje.

"We usually mark the company anniversaries with a wider audience, as Alkaloid is a company for all! The occasions for this jubilee imposed a different format, and therefore, we decided to open our past and our present for all! We collected dear memories and in an area of around 300m2, we packed the most significant moments of our and your history" – said the CEO of Alkaloid, Zhivko Mukaetov in his address.













# CORPORATE INFORMATION

Alkaloid's 85th jubilee started in the first half of 2021, with the promotion of the humanitarian video of the anthology song "Чукни во дрво" by the guitar virtuous Vlatko Stefanovski, performed by children from a very popular television project, whereby for each view on the digital channels of Alkaloid from 10 June to 20 September 2021, the company set to donate one MK denar to the University Pediatric Clinic.

"With this video, the children spread optimism, gratitude and empathy for the social categories of citizens mostly affected by the pandemics. For all the positive energy and good thoughts shared with the views of this video, we decided to donate two MK denars instead of one per view, or a total amount of MK 4.099.448 denars intended for the Pediatric Clinic" – said Mukaetov.

Чукни  
во дрво

Love

hugs

Од 10 јуни до 20 септември 2021 година, за секој преглед на видеоспотот на дигиталните канали на **АЛКАЛОИД АД** (Youtube, Facebook и Instagram), компанијата ќе ѝ донира по 1 денар на **Универзитетската клиника** за детски болести.

85 години  
**АЛКАЛОИД**  
СКОПЈЕ  
*Здравјето е пред сè*







The symbolic cheque at the solemn ceremony, amounting to nearly EUR 67.000 was handed over to the head of the University Clinic for Pediatric Diseases, Prof. d-r Aspazija Sofijanova, who emphasized:

“The sensitivity in the treatment of the children was taken one step ahead referring to what you are doing here for us today. I would sincerely like to thank you, as in these hard times, you have shown that you care for the health, above all. Especially the health of those who are most sensitive, most vulnerable and those who represent our future”.





**Macedonian poppy fields were our dwelling,  
where thousands of diligent hands instilled hope for generations to come.  
We grew beneath the Macedonian skies;  
whose sun shines brightest of all.  
Empowered by our proper knowledge  
we proudly, bravely and devotedly walk ahead.**

Alkaloid promoted another jubilee video using authentic film excerpts from 1950 and 1962 paralleled with modern processes presently performed at the company's production facilities. The analogy of the processes from perspective of the past and the present was encircled for the 85th jubilee with the master piece graphic specially made for Alkaloid by the famous Macedonian artist Mihail Korubin. In the quest for a timeless element, this great artist rested the power and protection in the human hands whereas the sun, which symbolizes force of life, contains the logo of Alkaloid.



“The topic of this piece of art is life and health. It represents two hands that symbolize strength, protection and hard work. Sun and sunrise as the power of life, plants that provide fruitfulness and growth. The background contains blue and green tones, which associate to water and sky and the circular form of the sun is one entity of perfection and timelessness” – emphasized the artist.





Modest beginnings of the company date back in August 1936, when on the road from Skopje to Veles, one of the oldest capacities for processing of alkaloids was opened, within the boundaries of the former Yugoslav community at the time. Out of only two plants with 15 workers, today, 85 years later, Alkaloid has nearly 70.000 m2 of production facilities, over 2500 employees employed in the headquarters in Skopje and the 20 subsidiaries located in 14 countries around the world.





# CEO/MB PRESIDENT OF ALKALOID, ZHIVKO MUKAETOV, DECORATED WITH THE ORDER OF MERIT BY THE MACEDONIAN PRESIDENT STEVO PENDAROVSKI

On a solemn ceremony, the Macedonian President Stevo Pendarovski decorated Goran Stefanovski, Zafir Hadzhimanov, Remzi Nesimi, all posthumously, and Zhivko Mukaetov with the Order of Merit of the Republic of North Macedonia.

The Order of Merit is an acknowledgement granted to persons whose engagements led to high achievements in various social and public spheres in the country.

In the edict issued by President Pendarovski, it is stated that the referenced order to Zhivko Mukaetov is granted based on the continuity, innovation, vision and impeccable professional standards in the modern corporate management in the pharmaceutical industry, for the proven quality in the production of the brands that were built, maintained and modernized with generations, for the investments in the new technology, education and expertise of the personnel working on the brands as well as his philanthropic culture and broad social responsibility.

During the solemn ceremony, Mukaetov expressed his gratitude for the high honor awarded to him with this prestigious national acknowledgment thus stating:

"I am receiving this Order in the year of the 85th jubilee of Alkaloid. Fifteen years ago, I stepped on the forefront of this system of firmly set principles of corporate management but I inserted a new energy in accordance with the modern currents, always having in mind the maxim of my father, Trajche Mukaetov, saying: 'Alkaloid is a company for all times and we must think of our future'. Alkaloid is company of 2500 families, 1100 domestic suppliers and over 5000 shareholders. It is a company belonging to all of us. The investments in the community we live and work in will remain on my list of top priorities"

The Order of Merit is a decoration presented by the President of the state, first introduced in 2007. It is made of pure silver with gold plating and 8 inbuilt rubies, having 65mm star shaped diameter. It was designed by Petar Gajdov, phalerist, heraldist and vexilologist.







# ALKALOID REGISTERED A NEW SUBSIDIARY IN ROMANIA

After several years of successful operations on the Romanian market, Alkaloid AD Skopje registered a new subsidiary - Alkaloid Bucharest S.R.L.. In line with Alkaloid's long-term development and business strategy, this venture should assist in pursuing the goal of the Group, i.e. globalization of the Alkaloid brand.

Alkaloid is present in the Romanian market with a range of pharmaceutical products, including the hemodialysis program consisting of several product groups.

As more than 65% of the company's production is intended for the export markets, the presence in the European Union and expansion beyond its borders is exceptionally important for Alkaloid.

The newly opened company is the seventh established in an EU member country.



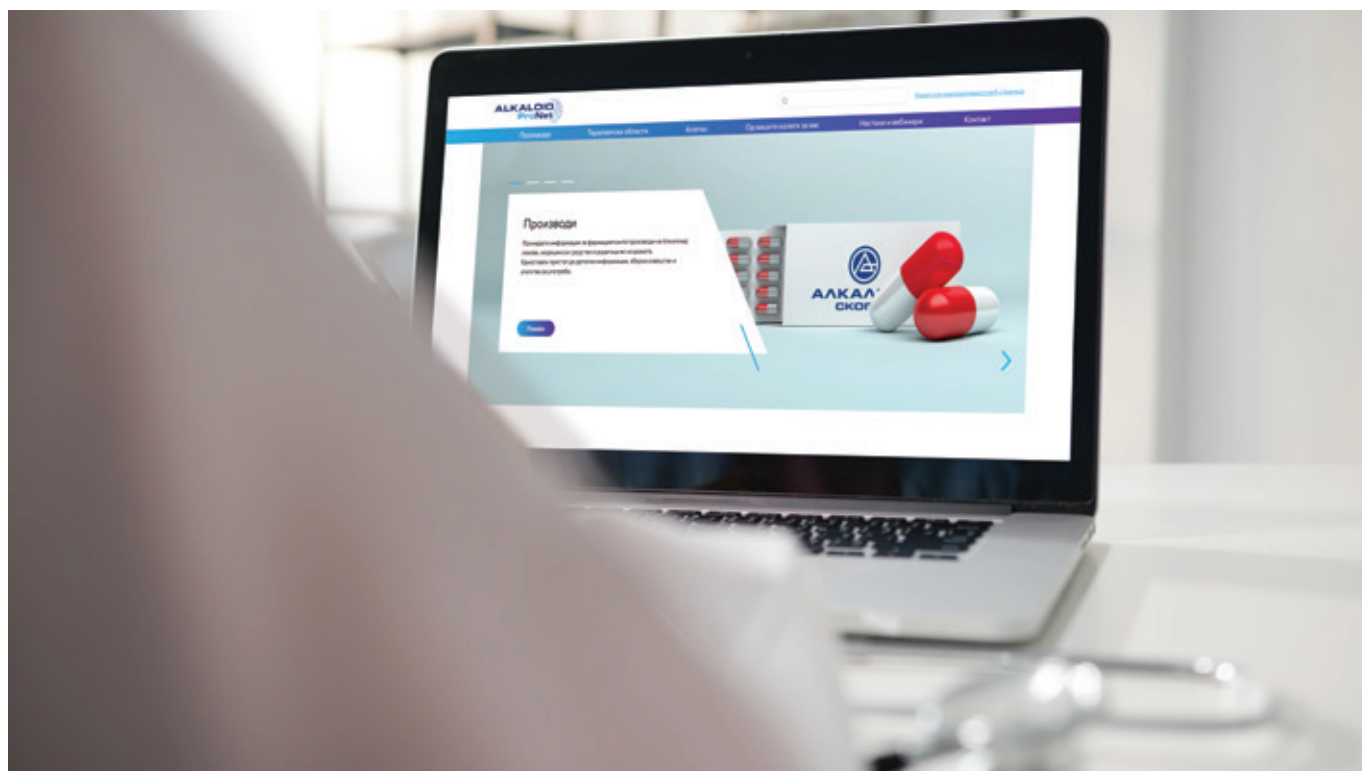
## ALKALOID LAUNCHED A NEW DIGITAL PLATFORM INTENDED FOR HEALTHCARE PROFESSIONALS

The rapid digital transformation during the pandemics, imposed communication via new channels at all levels of the company's operations. In order to keep track of the latest developments in the sphere of healthcare and pharmaceuticals while maintaining unobstructed functioning of the chain medicine – pharmacy – patients, Alkaloid has launched a new digital platform for the healthcare professionals entitled Alkaloid PRONET.

This project is unique in its type in the country and the region. It contains detailed information on the pharmaceuticals production portfolio of Alkaloid (registered pharmaceutical products, medical appliances, food supplements) systematized into several tabs segmented as:

- Therapeutics – contents from various medical specialties;
- Tools – therapeutic guides, diagnostic tests, questionnaires and calculators used in the everyday medical practice;
- From Your Colleagues to You – containing scientific works and specialized articles in medicine, elaborated by eminent experts in the Macedonian healthcare;
- Events and Webinars – contain information on virtual workshops elaborating latest topics in the area of healthcare presented by eminent experts.

The purpose of Alkaloid PRONET is to develop into comprehensive patients' and healthcare professionals' information platform.





# ALKALOID COMMISSIONED A NEW FACILITY FOR PRODUCTION OF HEMODIALYSIS CONCENTRATES

The new facility for production of hemodialysis concentrates, an investment worth EUR 1.8 millions, covers an area of 2600 m<sup>2</sup>, including storage area for raw materials, packaging and finished products. The execution of this facility complies with the strict Good Manufacturing Practice standards, medical device manufacturing regulations and quality assurance directives.

Hemodialysis program is part of the Alkaloid's portfolio for three decades now. With an annual production output of nearly 15 million liters, the company will be able to meet the market demands in the region and beyond.

The new production facilities consist of 3 units – preparation of hemodialysis concentrates, production of purified water and packaging of solu-

tions. The process equipment, consisting of three mixer-reactors and a preparatory container, has total volume of 25.000 liters. The special robotic line can fill and pack 7.500 liters of ready-to-use hemodialysis concentrates per hour. This manufacturing plant is largely powered by Alkaloid's own renewable electricity sources.

Alkaloid's Chemicals Department, established in 1957, introduced the hemodialysis portfolio in 1990, beginning with manufacturing solutions for acetate dialysis and then for bicarbonate dialysis. Today, products range from concentrated solutions with various dilution ratios to dry bicarbonate cartridges and solid and liquid sets, suitable for all modern hemodialysis machines. In 2010, Alkaloid's hemodialysis program was CE-certified for compliance with the European Medical Devices Directive.









# ALKALOID OPENS NEW WAREHOUSING FACILITY

The new pharmaceuticals raw materials and primary packaging warehouse of Alkaloid, an investment worth EUR 1.3 millions, was executed in accordance with the GMP storage guidelines, pharmaceutical warehousing requirements, and pharmaceutical quality assurance systems.

This new facility covers an area of 1.620 m<sup>2</sup>, including a warehouse for pharmaceutical raw materials, a refrigerated basement for storage of raw materials requiring special storage conditions (temperature and humidity), administrative premises, and a technical floor. It ensures modern management of raw materials and products, safe reception of pharmaceutical raw materials and further delivery to wholesalers and end consumers.

The new warehouse has a capacity of 800 pallets for raw materials, modern air conditioning system, refrigeration chambers, fire extinguishing systems, and machines for horizontal and vertical transport.









# ALKALOID COMMISSIONED A NEW EDUCATION AND TRAINING CENTER

Human potential is of great importance for the growth and development of “Alkaloid” AD Skopje, and the professional approach to operations, the prosperity of the company and its credibility are due to decades of investments in the company principle “People Above All”.

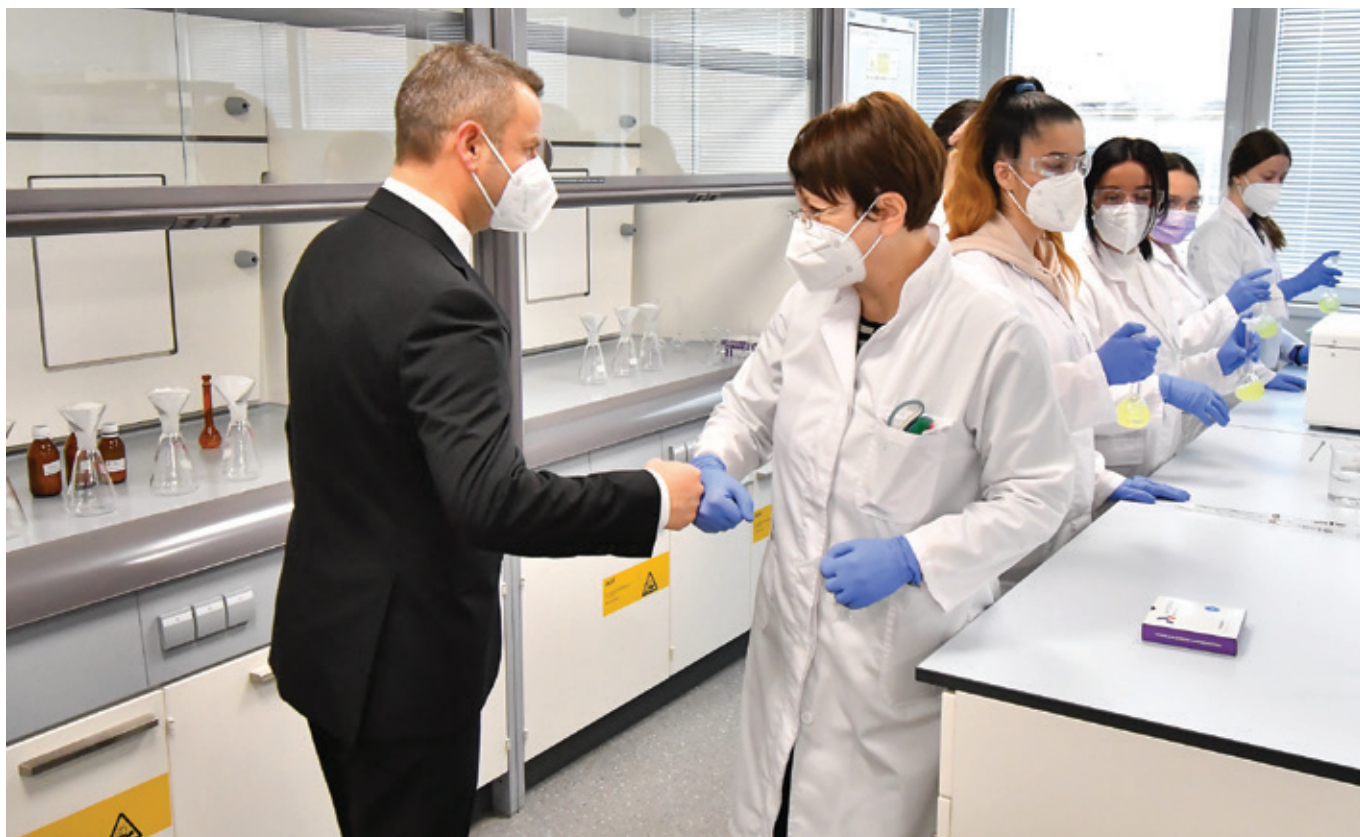
In the past 15 years, the number of employees at “Alkaloid” AD Skopje has grown from 1.200 to 2.500. The decades of investments in education of future doctors and pharmacists, the recent internship programs, the latest venture for partial-dual education and similar projects have necessitated the establishment of an own education and training center within the company, which will serve for performing exercises, rehearsals and trainings for company staff, interns and students.

“In less than 8 months, an area of around 1.000 square meters was adapted, modernized and equipped in accordance with the latest requirements for good laboratory practice, so the company employees, interns and students can have the possibility to upgrade their knowledge and improve their skills in modern facilities. Alkaloid has invested over 1 million euros in this so far and in the future, this facility will be expanded and upgraded to grow into a modern education center, which will fully serve the requirements of the dynamic scientific disciplines we work with”, said Mr. Zhivko Mukaetov, CEO and President of the Management Board of Alkaloid AD Skopje.

The education and training center is built with full energy efficiency and the installed systems are powered by renewable energy sources i.e. they have a low impact on the environment. Within the education center there is a training laboratory, which includes a central laboratory, a room for data processing, special rooms for precision scales and ultrasonic baths, two lecture halls and other auxiliary rooms, which provide a technological unit for normal operation of about 50 professionals.









# ALKALOID KONS Domestic daughter company of ALKALOID AD Skopje

Back in 1979, Alkaloid Pharmaceuticals established a department in charge of cooperation with foreign companies in terms of contracts for representation, distribution, as well as consignment stocks. Its long-standing successful operation and the experience accumulated in this area during the years, provided a solid basis for foundation of ALKALOID KONS DOOEL Skopje, an import-export company for trade and services that officially started its operations in 2004 with only 5 employees. Year after year, the growth of ALKALOID KONS DOOEL Skopje, the only domestic daughter company of ALKALOID AD Skopje, became impressive both in terms of sales volume and in terms of business portfolio.

Presently, ALKALOID KONS DOOEL Skopje employs 42 people, cooperates with more than 20 non-domicile companies and distributes more than 2.000 pharmaceutical products.

ALKALOID KONS DOOEL Skopje, has cooperation with the following companies:

MEDTRONIC META FZ-LLC	UAE
MSD B.V.	Netherlands
ORGANON LLC	Netherlands
TAKEDA PHARMACEUTICAL INTERNATIONAL AG	Ireland
BIOMARIN INTERNATIONAL LIMITED	Ireland
ALCON PHARMACEUTICALS LTD	Switzerland
GETINGE GROUP South East Europe d.o.o.	Serbia
SWIX Biopharma	Switzerland
NOVARTIS PHARMA SERVICES INC.	Switzerland
PFIZER EXPORT B.V.	Netherlands
FUJIFILM HEALTHCARE EUROPE HOLDING AG	Switzerland
MEDISON PHARMA TRADING AG	Switzerland
VEDRA INTERNATIONAL AD	Bulgaria
PRIZMA D.O.O.	Serbia
LEMIS-HANDELS GmbH	Austria
BETAMED d.o.o.	Croatia
ELEPHANT PHARMA d.o.o.	Serbia
HEART MEDICAL	Netherlands



## HANDBALL CLUB ALKALOID

Continuing the unconditional support of Macedonian sports and upholding its sports values, Alkaloid founded its own handball club. In times when youth proactivity and proper physical education are an integral part of collective health, a team of sports professionals and enthusiasts dared to instill new energy into the Macedonian sports.

This significant sports project of Alkaloid, had partnered with the world-class handball brand Kiril Lazarov and his established KL7 seal. The team will rely on young players, who will have a chance to prove themselves. Alkaloid's basic principles of governance aim to be transposed in this club, for the purpose of guiding and molding young sports talents who have desire and potential to work according to a strictly defined system.

The world-famous Macedonian handball legend Kiril Lazarov stressed that this was a necessary segment of the effort for a better future of the Macedonian sports.

"I am honored and pleased to be part of a project where the main player will be the world-renowned and recognized company Alkaloid. We will work together. We will have to establish high quality basis because working with the youth is crucial. We will try to grow new Macedonian athletes who deserve to be part of the Macedonian national handball team" said Kiril Lazarov.





# HUMAN RESOURCES

With all the challenges faced during the second pandemic year, the Human Resources Department managed to complete numerous projects planned for the year pertaining to recruiting new staff, benefits for the existing employees, various trainings and talent management projects, as well as education projects.

In the course of 2021, Alkaloid had 214 new employments and remained on the top of the list of most desirable employers. The processes of recruitment and selection conducted at the HR Department is extensive and encompasses proactive talent acquisition, internship programs including the new dual secondary education program. For this purpose, Alkaloid is in the process of implementation of a software solution for recruitment and selection, which is scheduled to be finalized in 2022.

## Employments at Alkaloid Group in 2021 counted as follows:

Status of employees 31.12.2021	
PC/OU	Number of employees
Pharmaceuticals	1.023
Chemistry	85
Cosmetics	112
Botanicals	47
Corporate services	630
<b>TOTAL ALKALOID AD Skopje</b>	<b>1.897</b>
Subsidiaries	631
<b>Total number of employees at Alkaloid Group</b>	<b>2.528</b>

ALKALOID AD Skopje is a company that continuously invests in improving the qualification structure of its employees. We are convinced that only educated and trained staff can respond to the realization of the company's strategic goals and objectives.

## The qualification structure of the employees at the headquarters in the course of 2021 was as follows:

	Number of employees
PhD.	7
MA or Specialists	232
University Degree	609
Higher Degree	7
High School Degree	1005
Qualified Worker	29
Semi-qualified Worker	6
Non-qualified Worker	2
<b>TOTAL</b>	<b>1897</b>

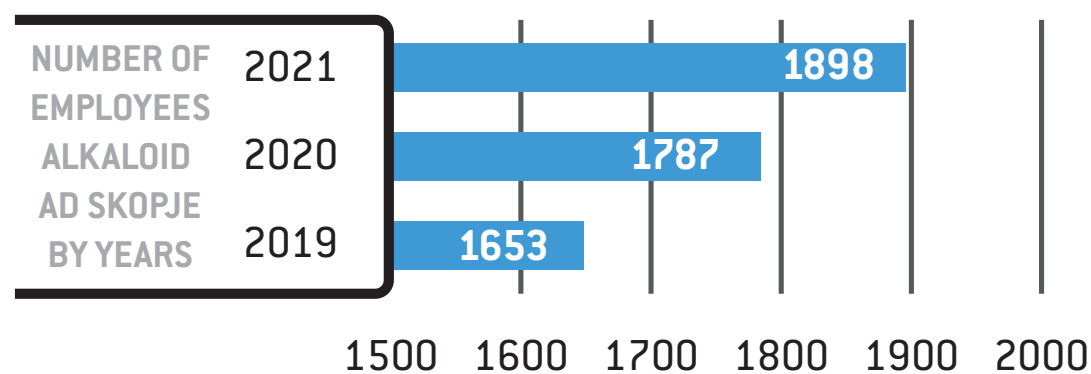
Average age of employees in the course of 2021 was 38 years.



Year 2021 noted 214 new employments allocated as follows:

Newly employed in Alkaloid AD by PC/OU	Number
Pharmaceuticals	105
Chemistry	20
Cosmetics	26
Botanicals	4
Corporate services	57
<b>Total Alkaloid AD Skopje</b>	<b>212</b>
ALKALOID KONS DOOEL Skopje	1
ALKALOID DOOEL Herbal Pharmacy Skopje	1

The number of employees in the past years has recorded a constant growth trend:



In the course of 2021, 45 employees left the company on their own demand and based on retirements.

Employee outflow	2,44%
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## EDUCATION AND INTERNSHIP

At the medical high school “Dr. Panche Karagjozov”, a new, partially – dual class ‘Pharmaceutical Technician for the Pharmaceutical Industry’ was initiated for the first time. Alkaloid introduced this class as part of the ‘Learn Smart, Work Professionally’ campaign to promote secondary vocational education. The campaign was implemented by the Ministry of Education and Science and supported by the Swiss Embassy in Skopje. The aim of this class is for students to acquire practical knowledge and skills and help create a professional and high-quality teaching staff who will be capable of meeting the company’s needs. Only 23 extinguished

students were admitted in this program, where they got the opportunity of gaining practical experience at one of the country’s best companies. Responding to the needs of the pharmaceutical industry, the high school professors and the Alkaloid mentors carefully and purposefully designed the curriculum for third and fourth-year students. The company also provided each student in this class with a 3.000 denars monthly scholarship, protective equipment, systematic health checks, and a hot meal. We believe that the support and effort invested in this campaign will contribute to better vocational education.



Based on the needs for realization of training programs, internship programs and orientation of staff needed for the laboratories of all profit centers of ALKALOID AD Skopje, we constructed a new education and training center at our site Lafoma.

The Internship projects in the course of 2021 included 41 interns with university degree and again, after almost a year break, high school interns were once again admitted at the company.

Since the establishment of the internship programs at Alkaloid in 2018, a total of 152 interns participated. Out of those, 61 interns were employed at the company. The internship practice at Alkaloid is subject to various individual interviews and assessments at the Human Resources Department and the corresponding departments at the company, in coordination with the respective educational institutions in the country.





## TRAINING AND DEVELOPMENT OF EMPLOYEES

In 2021, a large number of internal and external trainings were carried out in the direction of upgrading and improving the knowledge, skills and competencies of the employees. On average, each employee spent 145,07 hours of training.

For newly hired colleagues, we continued to organize training according to the mentoring and development programs, which we followed and updated according to the current needs of the business.

During 2021, a new template of the Talent Management System based on the 'Balanced Scorecard' and MBO methodology was prepared within the goal management system. Trainings were conducted with the aim of bringing the methodology closer to the employees and preparing them for the process of meeting annual goals. During 2021, the Human Resources Department prepared questionnaires for the assessment of competencies in accordance with the TMS, adapted to the levels of employees in the organizational structure. In this process, 230 employees were involved who set goals for 2021. In the '180/360 Evaluation', 657 evaluators, colleagues from the company, were involved. A total of 2578 questionnaires were answered, of which 2488 were valid and processed.

## EMPLOYEE BENEFITS

In addition to the projects for welcoming new employees, voluntary private health insurance and various other incentives, as of 2021 Alkaloid introduced a project entitled Benefits for children of employees. With financial participation in the amount of 1,000 denars per employee's child on a monthly level, the company covers expenses connected to their after-school-activities and further education in the areas of foreign languages, computer courses, sports and recreational activities, as well as activities in the field of science and culture in the course of the school year.

The positive feedback from the employees, including the number of completed applications, are proof of the successful introduction of this project.

In the course of 2021, the Human Resource Department implemented an Employee Satisfaction Survey, which indicated total employee satisfaction index of 71.74%. Highest satisfaction index noted at the level of the entire company is "Job Satisfaction" which scored 81.18%.



# SKOPJE MARATHON

As a sort of tradition, Alkaloid employees participated in the 17th "Wizz Air Skopje Marathon". In 2021, 133 employees competed, where 114 runners competed in the 5 km race and 19 runners participated in the half marathon race.

The employees who were part of the "Wizz Air Skopje Marathon" demonstrated that team spirit is an equally important driving force both in the workplace and in other areas of life.

At the Skopje Marathon event, a promotional corner of ALKALOID was set up, where samples and/or informative leaflets from the "Multi Essence Magnesium 400 + B complex" and "Good Nature" brands were distributed.

Despite the strong competition, the women's team of ALKALOID in the 5 km race managed to place 5th out of a 68 teams, while the men's team placed 24th out of a total of 70 teams. In the half-marathon race, the women's team of ALKALOID won the high 8th place, while the men's team placed 13th.









# ENVIRONMENTAL PROTECTION

Environmental protection is one of the highest priorities in the business strategy of Alkaloid. The company continuously follows and implements the latest achievements in this area, trying to contribute to healthier and cleaner environment in which we all live. Alkaloid's System for Environmental Management is incorporated into the Integrated Management System (IMS), pursuant to the standards ISO 14001:2015, ISO 9001:2015 and the guidelines of Good Manufacturing Practice. In line with our corporate responsibility and long-term strategy, we nurture sustainable values in every step of our operations.

## INTEGRATED ENVIRONMENTAL PERMITS IN 2021

On 1 April 2021 we applied for an A-Integrated Environmental Permit for PC Pharmaceuticals at the production site of PC Pharmaceuticals in Avtokomanda and Gjorche Petrov as well as for the chemicals program of PC Chemicals, Cosmetics and Botanicals located at the later production site.

Following the inspection rendered, the representatives of the Macedonian Ministry of Environment and Physical Planning presented positive findings, in line with the submitted documentation thus Alkaloid AD Skopje received a Decision for issuance of an A-Integrated Environmental Permit for PC Pharmaceuticals, at the Avtokomanda site located at Blvd. Aleksandar Makedonski, No. 12, 1000 Skopje, for PC Pharmaceuticals, at the Gjorche Petrov site, located at Blvd. Partizanski Odredi, No. 98 A, 1000 Skopje and for the Chemistry Program at the same site.



## MONITORING OF IMPACTS AND COMPLIANCE WITH REGULATORY AND OTHER REQUIREMENTS

The key elements of the established environmental system: environmental aspects management, goals and programs for improvement, training on the environment, environmental change, response to environmental incidents, environmental impact monitoring and measurement, and internal and external system checks are compliant with the legislation, implemented standards and other requirements accepted by the organization.

We constantly monitor and control industrial processes to protect the environment by reducing and preventing impacts as well as increasing energy efficiency. We continuously identify, evaluate, and monitor the environmental impacts to the air, water, noise, waste generation and

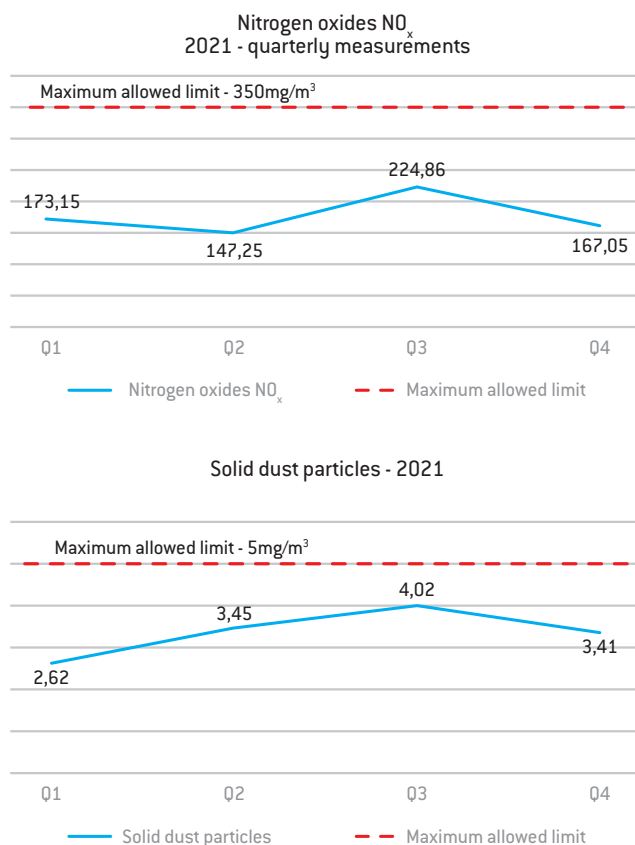
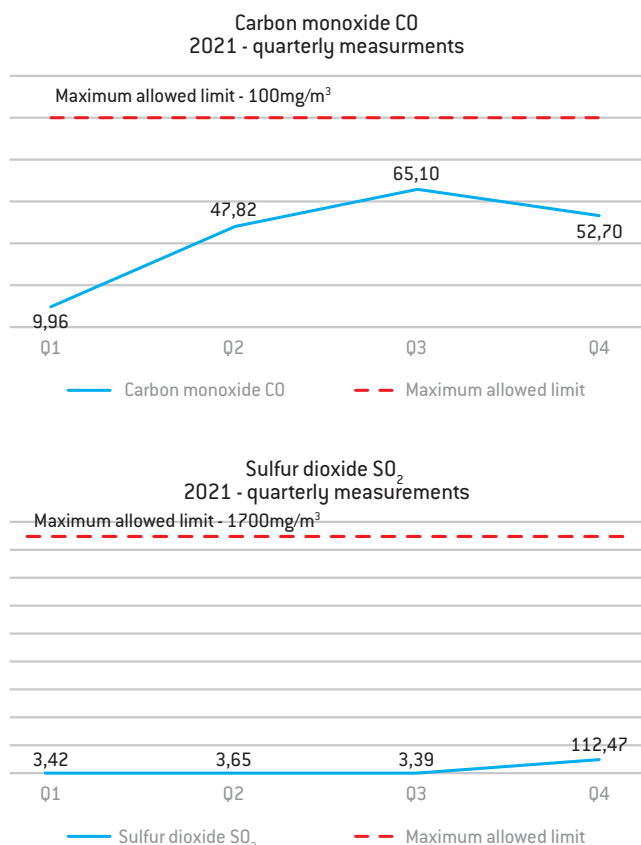
consumption of natural resources and energy. According to the measurements of environmental aspects, the processes in Alkaloid are compliant with the legislation and the requirements of international standards and stakeholders.

We monitor air pollution to minimize the GHG and CO<sub>2</sub> emissions. To achieve this, in its manufacturing process at the sites of Avtokomanda and Gyorche Petrov, the company switched from heavy oil to natural gas. In the analysis of air emissions, we processed data on emissions of solid particles/dust and gases from boiler rooms and solid particles/dust from dedusting systems at the three locations.

### • Air emissions from the boiler room at the Avtokomanda site

Each quarter the accredited authorized laboratory measures the emissions of solid particles/dust and gases (O<sub>2</sub>, CO, CO<sub>2</sub>, NO<sub>x</sub>, and SO<sub>2</sub>) from the stationary source of the boiler room at the Alkaloid site. Each quarter we send reports to the Ministry of Environment and Physical Planning.

#### Data analysis for the measurement of emissions from the boiler room in Avtokomanda in 2021

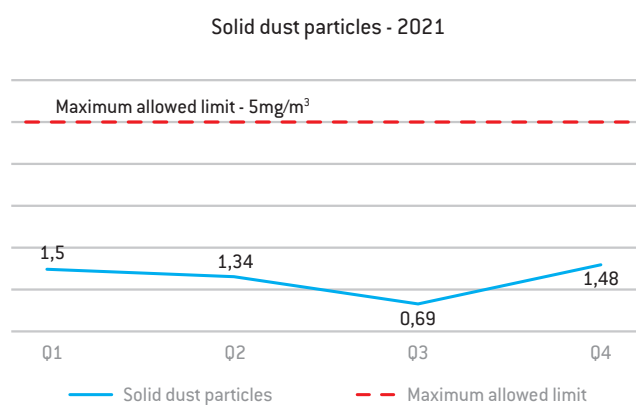
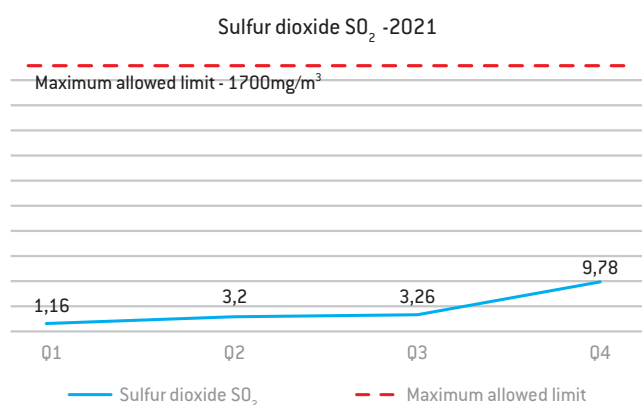
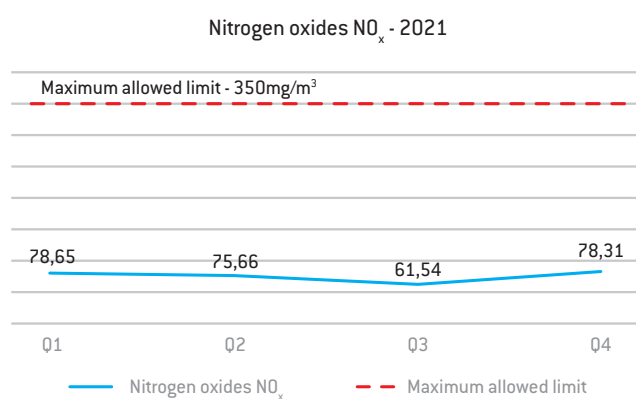
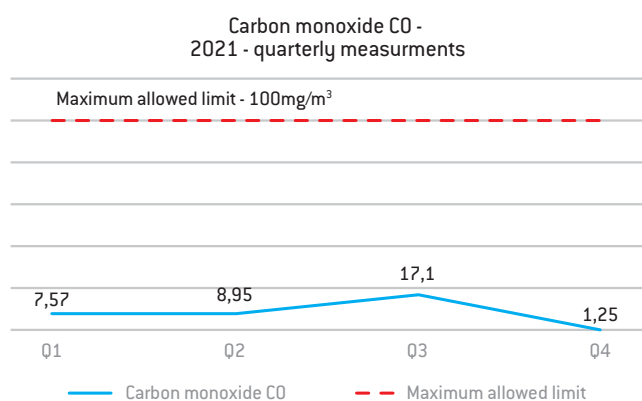


Graph 1: Quarterly measurements of air emissions (CO, NO<sub>x</sub>, SO<sub>2</sub>, and solid particles/dust) from the boiler room in Avtokomanda



## Quarterly measurement of air emissions from the boiler room at the Gjorce Petrov site

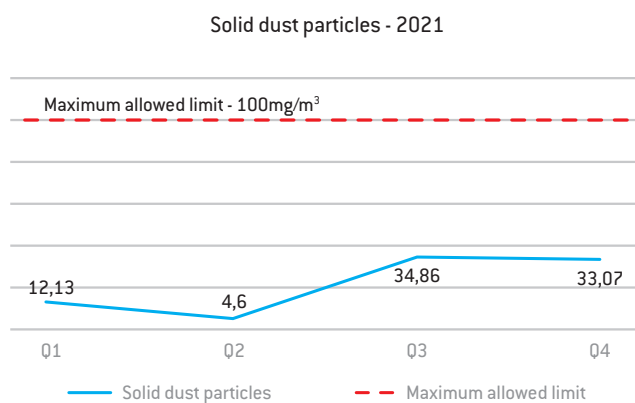
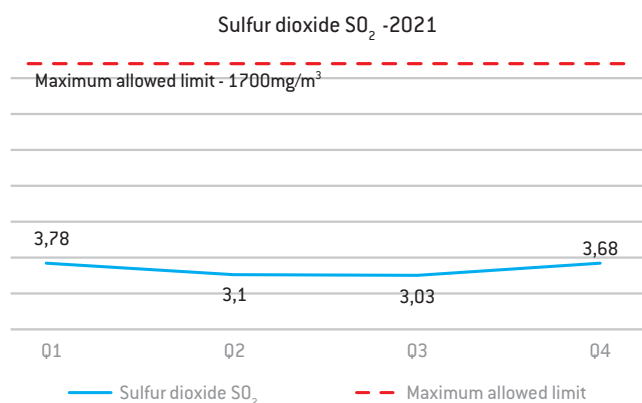
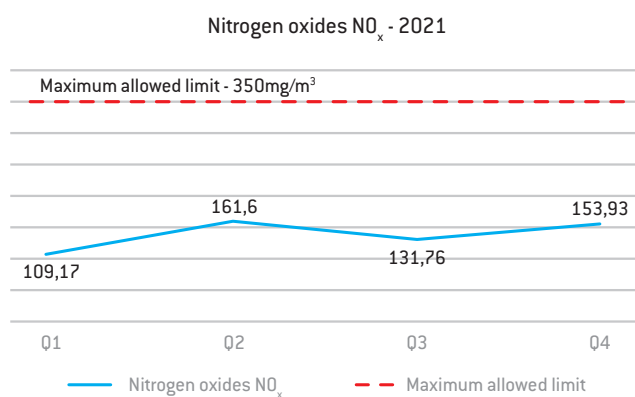
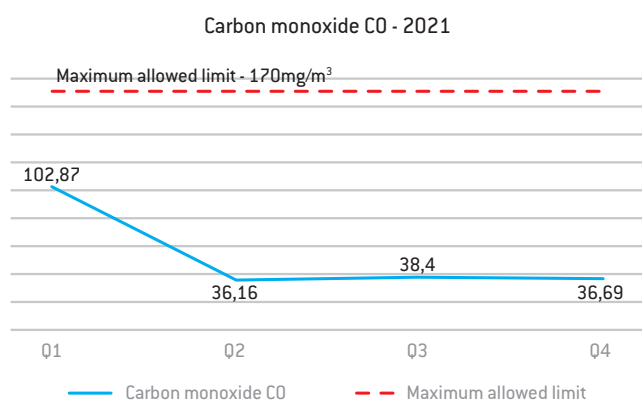
Data analysis for the measurement of emissions from the boiler room in Gjorce Petrov in 2021



Graph 2: Air emissions (CO, NO<sub>x</sub>, SO<sub>2</sub>, and solid particles/dust) from the boiler room in Gjorce Petrov



## Quarterly measurements of air emissions from the boiler room at the Aerodrom site



Graph 3: Quarterly measurements of air emissions (CO, NO<sub>x</sub>, SO<sub>2</sub>, and solid particles/dust) from the boiler room in Aerodrom



- **Air emissions from dedusting systems at PC Pharmaceuticals at the Avtokomanda and Gjorce Petrov site and Botanicals at the Aerodrom site**  
Each quarter the accredited authorized laboratory measures the emissions of solid particle/dust from the outlets of the dedusting systems. Each quarter we send reports to the Ministry of Environment and Physical Planning.

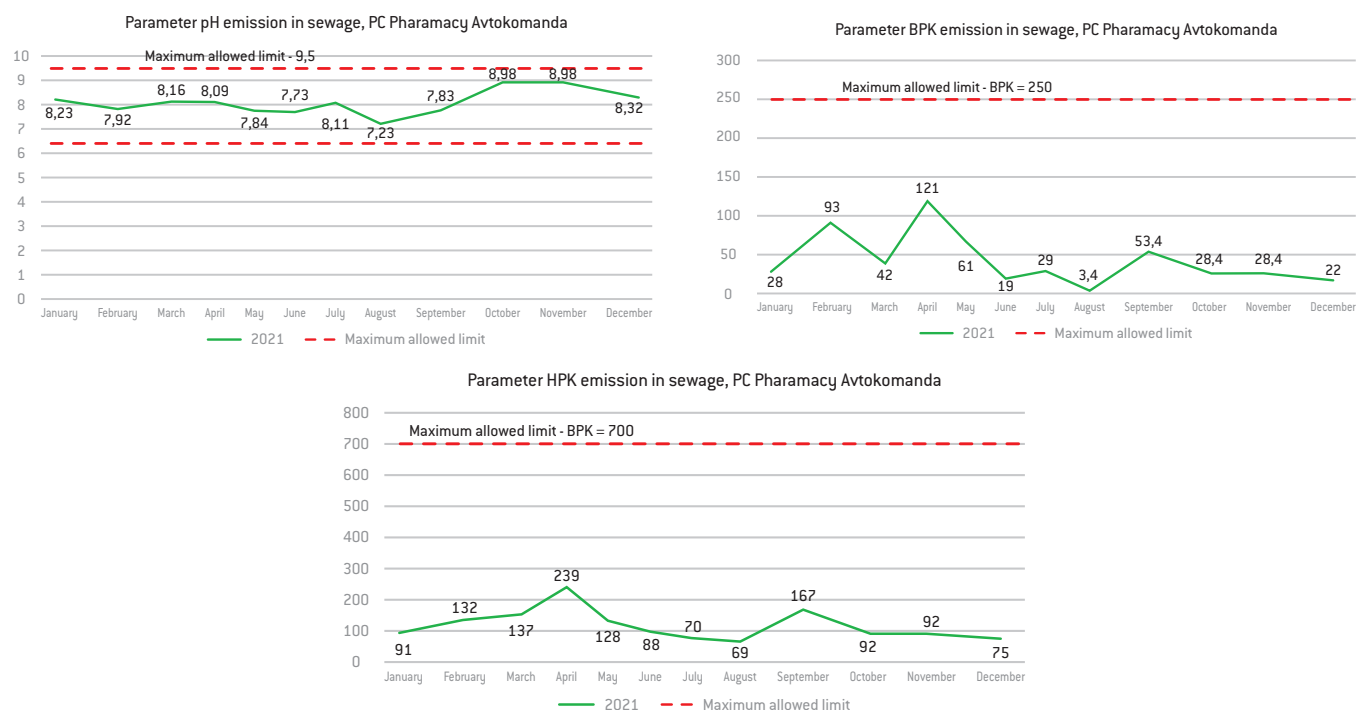


Graph 4: Emissions of solid particles/dust from the dedusting systems in Avtokomanda, Gjorce Petrov and Aerodrom

#### • Wastewater discharge to sewage

The manufacturing waste water is generated during cleaning of the manufacturing equipment. The authorized accredited laboratory measures wastewater discharges to sewage monthly.

#### Data analysis for the discharge to sewage measurements in 2021



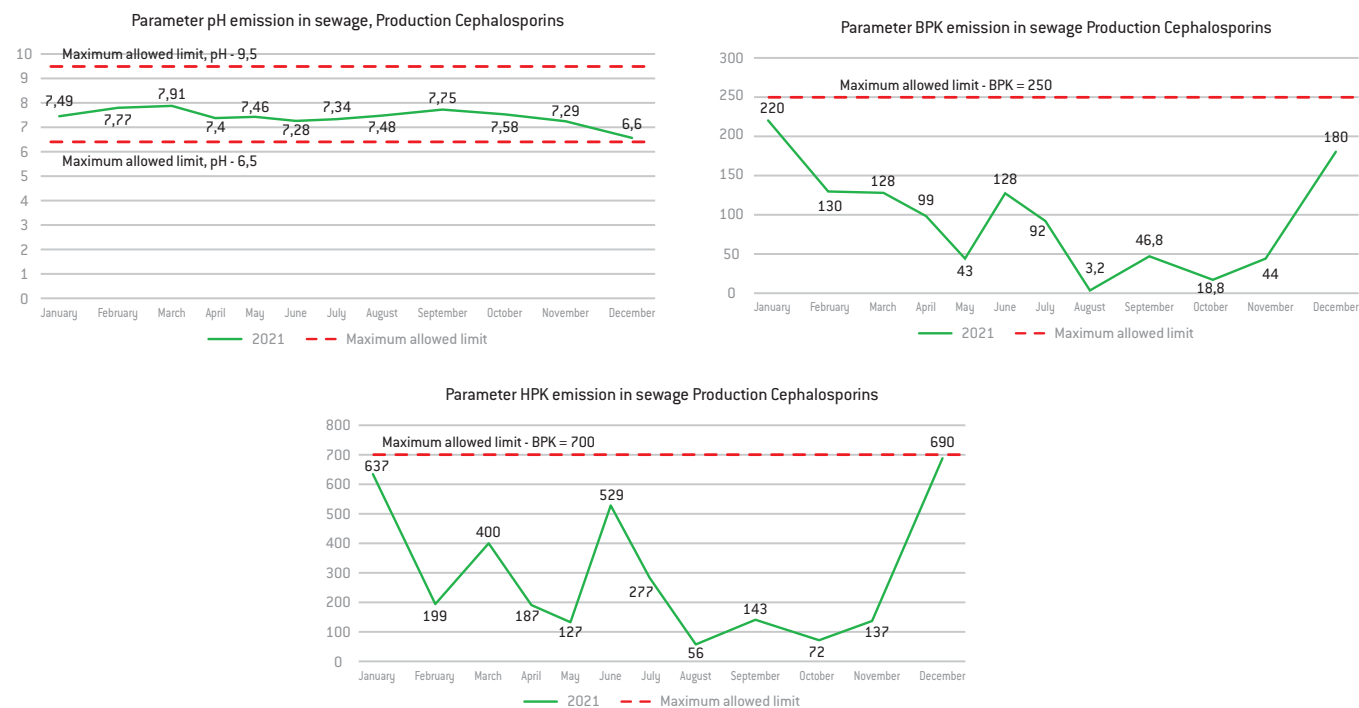
Graph 5: Monthly measurements of discharge to sewage from the Avtokomanda site



## Data analysis for the discharge to sewage measurements in 2021

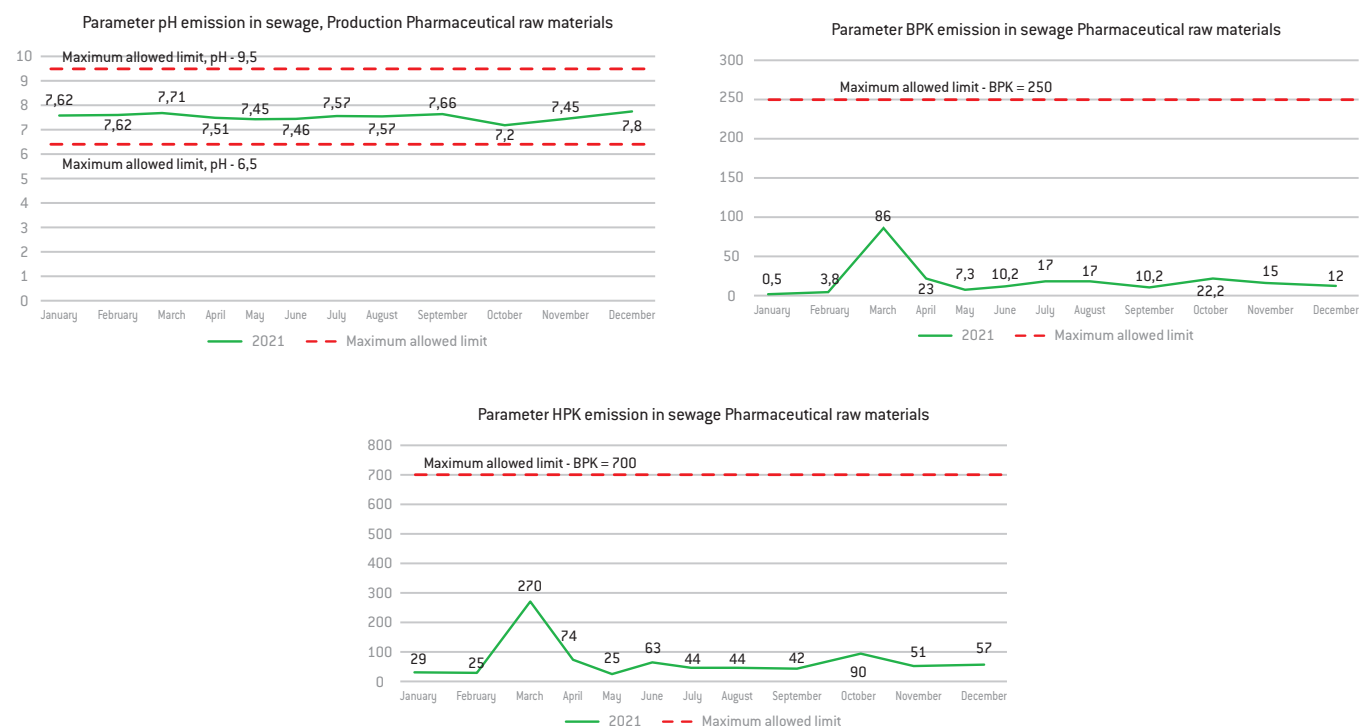
The Gjorce Petrov site hosts several manufacturing plants. We monitor each outlet from the plants. The authorized accredited laboratory measures wastewater discharges to sewage monthly.

### Manufacturing of cephalosporins, data analysis for the discharge to sewage measurements



Graph 6: Monthly measurements of discharges to sewage from the cephalosporins manufacturing plant

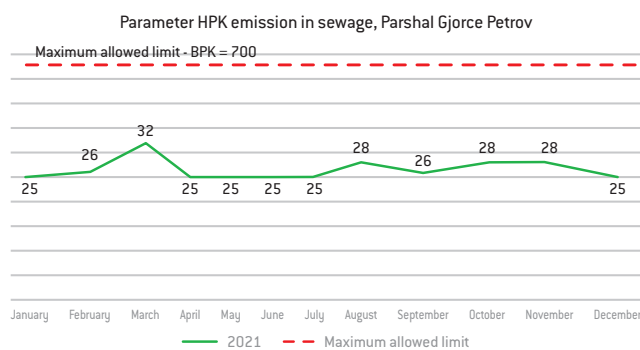
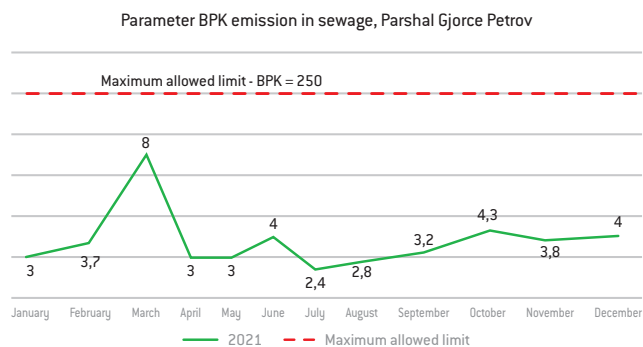
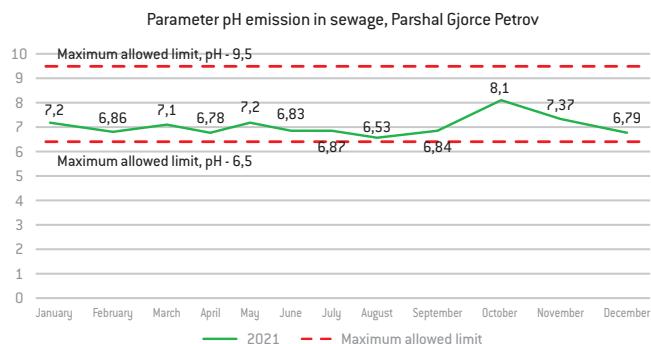
### Manufacturing of pharmaceutical raw materials, data analysis for discharge to sewage measurements in 2021



Graph 7: Monthly measurements of discharges to sewage from the pharmaceutical raw materials manufacturing plant

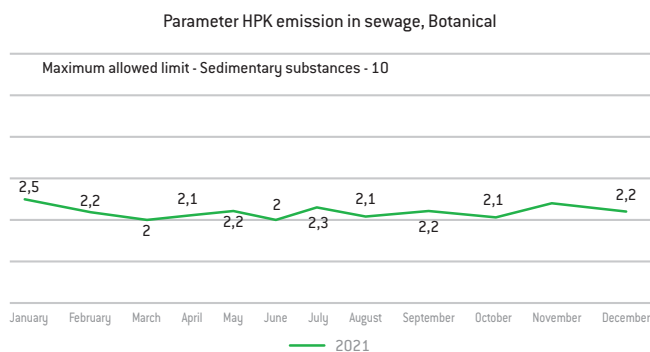
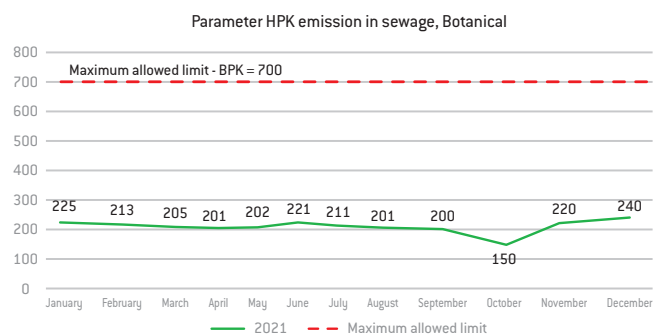
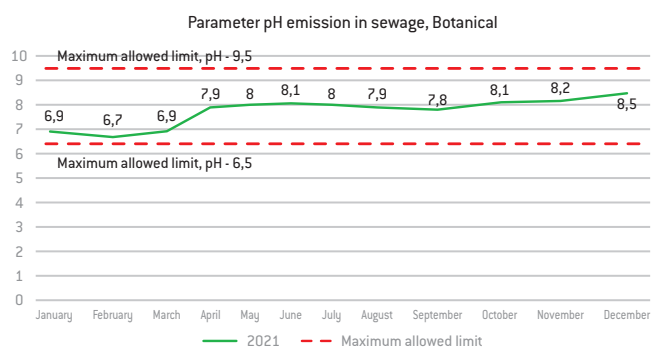


## Manufacturing of Chemicals Program – Parshall Flume, data analysis for the discharge to sewage measurements in 2021



Graph 8: Monthly measurements of discharges to sewage from the manufacturing of chemicals program - Parshall Flume in Gjorce Petrov

## Manufacturing of Botanicals, data analysis for discharge to sewage measurements at the Aerodrom site in 2021



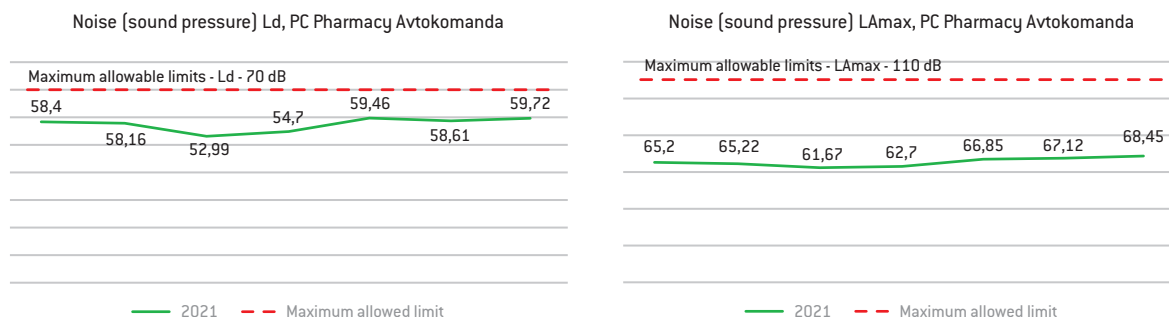
Graph 9: Monthly measurements of discharge to sewage from manufacturing of botanicals program in Aerodrom



## • Noise management

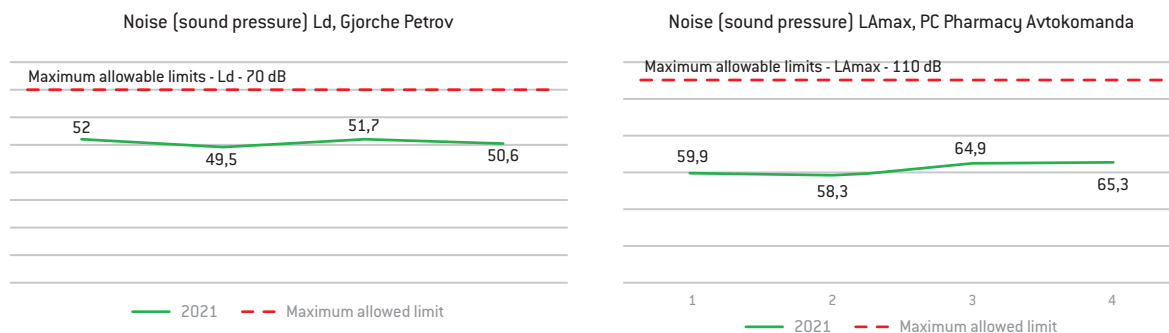
The operation of the manufacturing equipment and the ancillary equipment placed outside the production facilities emit noise into the environment. The authorized accredited laboratory monitors the noise at the production sites quarterly.

### Data analysis for noise emissions measurements at the Avtokomanda site in 2021



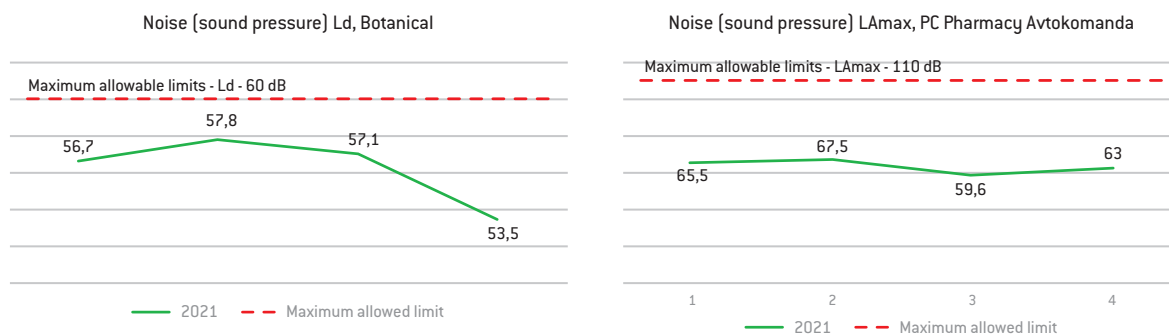
Graph 10: Noise measurement (Ld and LAmax noise pressure) at PC Pharmaceuticals in Avrokomanda

### Data analysis for noise emissions measurements at the Gjorce Petrov site in 2021



Graph 11: Noise measurement (Ld and LAmax noise pressure) at the Gjorce Petrov site

### Data analysis for noise emissions measurements at the Aerodrom site in 2021



Graph 12: Noise measurement (Ld and LAmax noise pressure) at the Aerodrom site

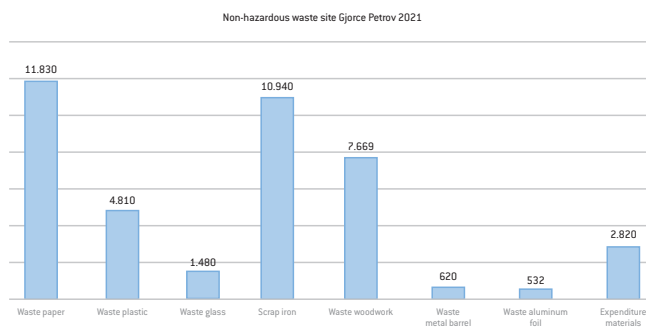
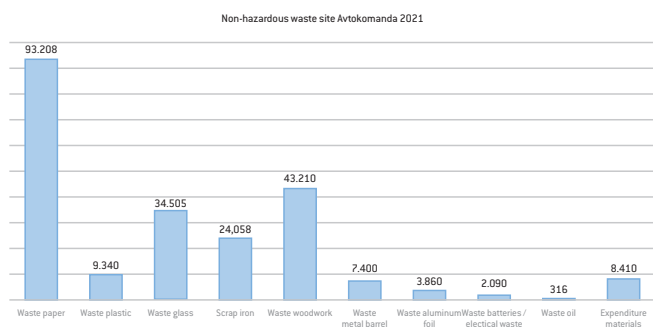


## • Waste management

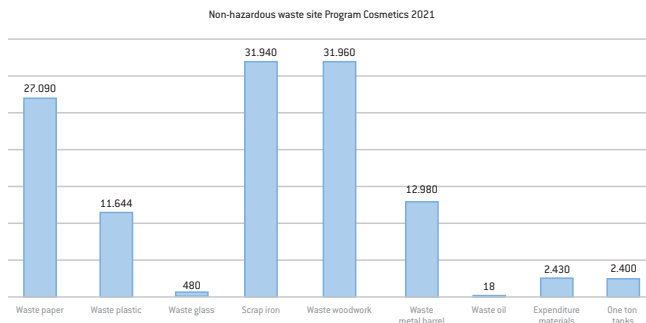
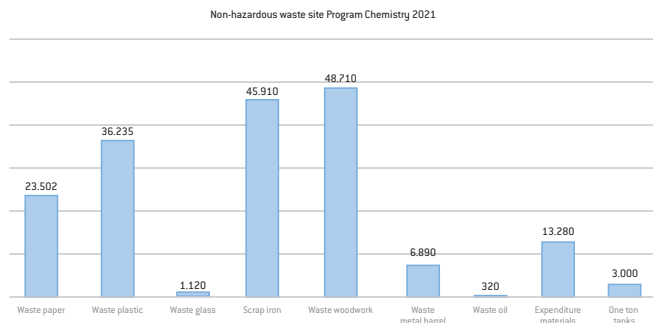
The waste generated during Alkaloid's operation, is selected, appropriately marked, temporarily stored on site, and handed over for recycling or disposal to organizations authorized by the Ministry of Environment and Physical Planning.

### Quantity of waste generated by site and Profit Center/Program in 2021

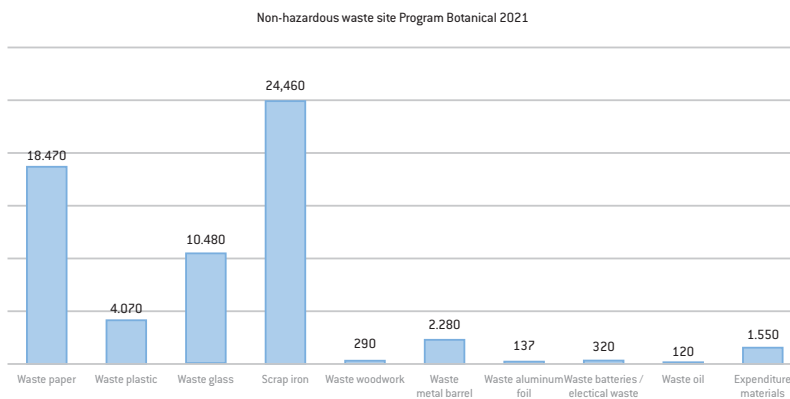
#### • Nonhazardous waste



Graph 13: Nonhazardous waste generated at the Avtokomanda and Gjorce Petrov site



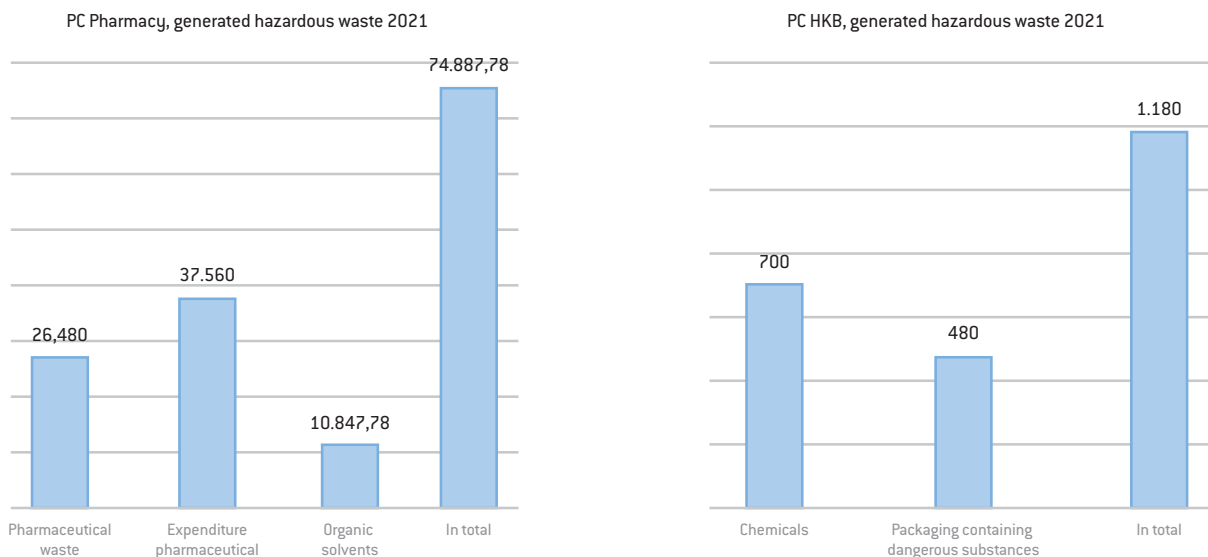
Graph 14: Nonhazardous waste generated by the Chemistry and Cosmetics Program



Graph 15: Nonhazardous waste generated by the Botanicals Program at the Aerodrom site



## • Hazardous waste



Graph 16: Hazardous waste generated by PC Pharmaceuticals ND PC Chemistry, Cosmetics, and Botanicals

In 2021, Alkaloid generated a total of 768.08 tons of waste. We handed over 644,013 tons or 83.8% of the total generated waste for recycling.



Our target in 2021 was to reduce landfilled, i.e. increase recycled waste by 5%. In 2021, we recycled 83.8% of the total waste, which compared with the data of the previous year, represents a 7.36% decrease in the quantity of landfilled waste.



# ENERGY MANAGEMENT

Based on the positive experience with the project on energy efficiency (s.c. Energy Management System (EnMS), implemented in 2018 in cooperation with the United Nations Industrial Development Organization (UNIDO), the company established a special Energy Management Service that is responsible for the implementation of this system in all profit centers of the company.

The results are presented in the table below:

Start Date	Project-Measure No.	EE Measure	Monetary (EUR/year)	Savings					Spendings	
				Energy (MWh/year)	Water (m³/y)	% of total Energy	% of total Water	τ CO2	Total Energy (MWh/year)	Total Water (m³/y)
2018	20	Total	72,166	2,219	0	5.40%	0.00%	666	41,103	469,874
	6	Realized	46,378	1,359	0	3.31%	0.00%	408		
2019	37	Total	536,602	23,240	194,900	55.47%	45.49%	39,520	41,895	428,485
	12	Realized	308,708	3,720	100,000	8.88%	23.34%	17,816		
2020	34	Total	362,259	1,131	36,152	2.54%	10.70%	6,377	44,492	337,801
	10	Realized	30,803	99	36,152	0.22%	10.70%	6,067		
2021	15	Total	289,589	4,185	92,043	8.56%	28.65%	16,626	48,871	321,246
	11	Realized	129,499	1,515	92,043	3.10%	28.65%	15,826		
Total	106	Total	1,260,616	30,775	323,094	62.97%	100.58%	63,189	48,871	321,246
	39	Realized	515,387	6,693	228,194	13.69%	71.03%	40,116		



## Energy Balance of Success

In the course of 2018, the proceedings of the EnMS resulted in saving 1,359 MWh of energy and we reduced the CO<sub>2</sub> emission by 408 tons. In the course of 2019, we saved additional 3,720 MWh of energy, 100,000 m<sup>3</sup> of water, and we reduced CO<sub>2</sub> emissions by 17,816 tons. In the course of 2020, we saved 99 MWh of energy, 36.152 m<sup>3</sup> of water, and we reduced CO<sub>2</sub> emissions by 6,067 tons. In the course of 2021, we saved 1,515 MWh of energy, 92,043 m<sup>3</sup> of water and we reduced CO<sub>2</sub> emissions by 15,826 tons.

In the course of 2021, the first photovoltaic plant started its operations, installed at our production site in Avtokomanda. Alkaloid invested nearly EUR 165.000 in this project and the expectations are that it will save 408 MWh of energy on annual level. This photovoltaic plant has installed capacity of more than 340 kWe.



# SHAREHOLDING



**Gjorgji Jovanov**  
MB Member  
Director of Shareholding Operations  
and Propriety Issues of the Company

The nominal capital of Alkaloid AD Skopje amounts to 1,431,353 shares with a par value of EUR 25.56 per share, or a total sum of EUR 36,585,382.68. All shares are freely transferable. All individuals registered in the Shareholders Registry, which in compliance with the existing legislation is kept with the National Central Depository for Securities – are considered shareholders. All shareholders enjoy equal status and have the right to vote at the Company's Shareholding Assembly with one vote per each ordinary share, and they also have the right to a dividend.

99.77% (1,428,125) of the shares are ordinary shares (including 59 shares reserved for former proprietors), while 0.23% (3,228) are preference shares (also reserved for former proprietors and proprietors who need to prove their ownership right for estate now belonging to ALKALOID AD Skopje).

## STRUCTURE OF THE SHAREHOLDERS AT ALKALOID AD SKOPJE

Legal entities and private individuals / Ordinary shares	1,428,125	99.77%
Former proprietors / Preference shares	3,228	0.23%

According to the records of the Macedonian Stock Exchange, the shares of Alkaloid in the course of 2021 were amongst the most traded and most liquid ones. There were 3,085 transactions made, 53,678 shares were traded (which is 3.8% of the total share capital of Alkaloid AD Skopje), worth a total of EUR 13,710,211.

ALKALOID AD Skopje, as one of the leading companies on the Macedonian Stock Exchange, in the regular stock exchange operations participated with 15.4% of the total turnover recorded on the first official market of the Stock Exchange in 2021. The share price of Alkaloid AD Skopje ranged from MKD 13,300 to MKD 18,501, with an average of MKD 15,799.55 which is 29.8% up compared to the average in 2020.

At the end of 2021, Alkaloid had 5,170 shareholders holding ordinary shares. The substantial number of shareholders is a sufficient indicator of the interest in the Company and its successful operations.



## DIVIDEND

Since 1995, when the company was restructured, Alkaloid AD Skopje has regularly paid dividends to its shareholders on an annual basis. In the past years, Alkaloid continuously increased the dividends paid to our shareholders. According to the decision on appropriation and allocation of the profit for 2021, the net dividend paid to shareholders is MKD 396.00, or gross MKD 440.00 for one ordinary share, which is an increase of 10% on net basis compared to dividends paid for 2020.

Net dividend per share (In MK Denars)		
2021	2020	2019
396.00	360.00	324.00



# TWO ACKNOWLEDGMENTS FOR ALKALOID AT THE MACEDONIAN STOCK EXCHANGE ANNUAL GATHERING: THE MOST TRANSPARENTLY LISTED COMPANY AND STOCK OF THE YEAR

At the end of each calendar year, the Macedonian Stock Exchange traditionally awards the most recognizable and most active securities issuers. ALKALOID AD Skopje was granted the prestigious award for being the Most Transparently Listed Shareholding Company in 2021 in two categories according to the selection of market participants and media representatives.

It is the company's ninth acknowledgment in recognition of its high level corporate governance, transparency of operations, quality of communications with investors, institutions, media and the public in general.

In 2021, Alkaloid AD Skopje included one more acknowledgement in its portfolio, the Stock of the Year 2021 Award, granted based on a public poll, in a joint survey organized by Macedonian Stock Exchange and the Faktor.mk portal.

Alkaloid AD Skopje continuously achieves positive results from its operations and strives to build a sustainable model of growth and development while offering clear predictability of expectations to the wider public and all its stakeholders.













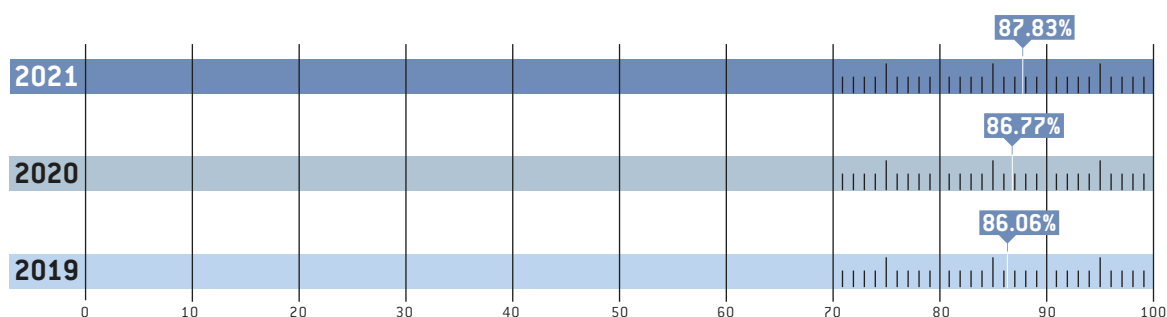
# PHARMACEUTICALS



# MARKETING AND SALES

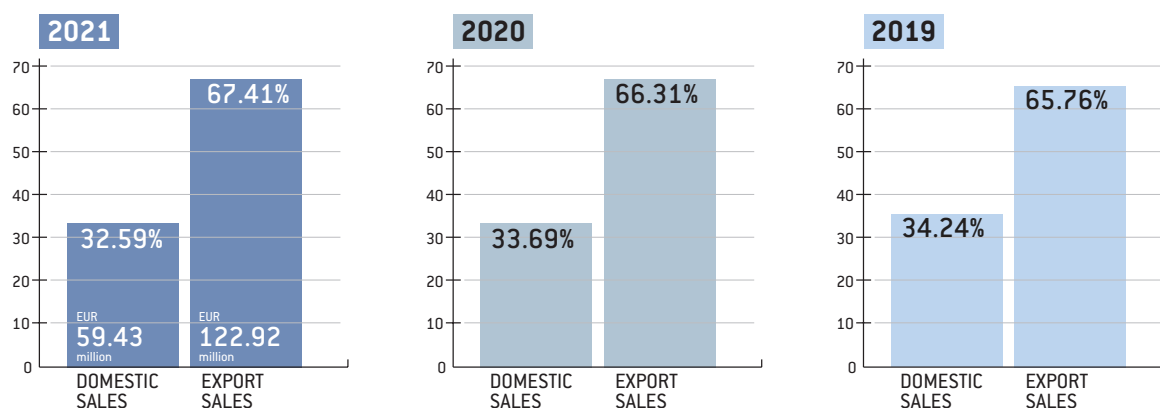
In 2021, 1,024 employees were working in the Pharmaceuticals segment in its headquarters in Skopje and 612 employees in its subsidiaries. The total net sales of PC Pharmaceuticals amounted to 11.23 billion MK denars (EUR 182.35 million), which is a share of 87.83% in the total sales of Alkaloid Group. In 2021, the products of the PC Pharmaceuticals were available on the markets in 30 countries.

## PC Pharmaceuticals as a part of Alkaloid Group



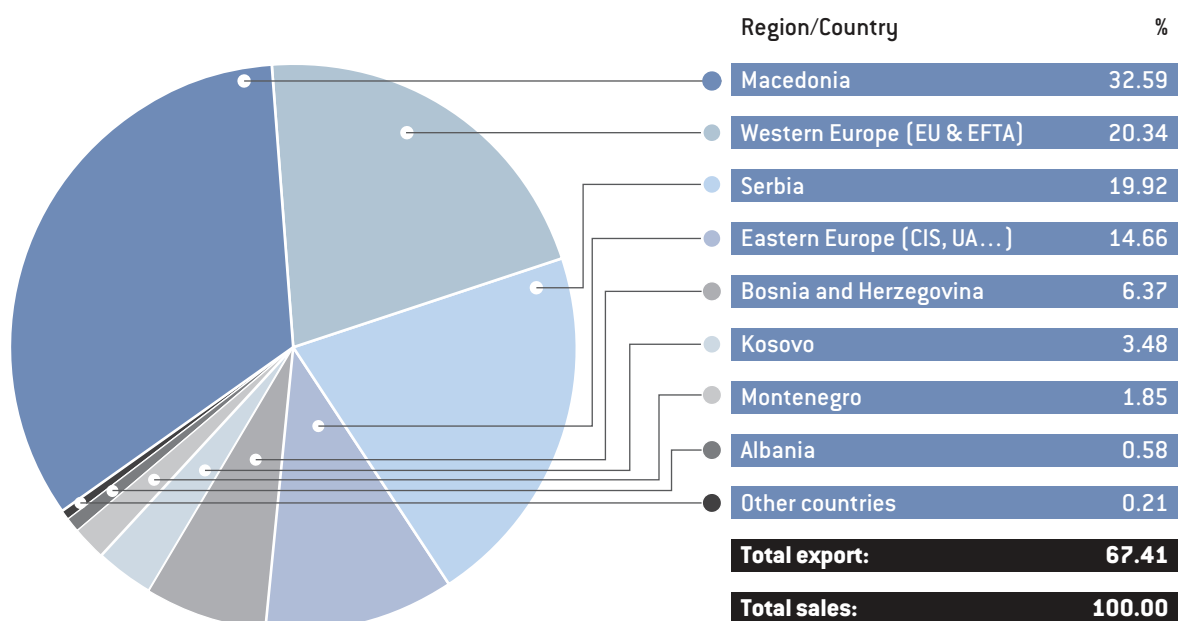
In 2021 we managed to increase the sales level by 6.7% compared to last year. This was primarily due to the increase in the domestic sales by 3.3%, and the increase in the export sales by 8.5% compared to 2020.

## Sales per markets





## Sales per countries 2021



## Top 5 products of PC Pharmaceuticals

Sales of top 5 products for the year 2021 [% participation in the total sales of PC Pharmaceuticals]:

	% participation		
	2021	2020	2019
PANCEF (Cefixime)	18.39	15.34	14.51
CAFFETIN	5.44	6.96	7.07
ANALGIN (Metamizole)	3.92	4.75	4.57
BUPRENORFIN	3.47	4.02	4.08
LAMAL (lamotrigine)	2.20	2.22	2.16



## AUDITS AND INSPECTIONS

ALKALOID AD Skopje has comprehensively designed and correctly implemented Integrated Management System (IMS) incorporating the requirements of cGxP, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, 13485:2016, FSSC22000 and HALAL standards.

The effectiveness and compliance of the IMS is confirmed by the external inspections and audits conducted by the competent authorities, notification bodies, certification bodies and our partners.

In 2021, three inspections at PC Pharmaceuticals were performed by our national competent authority MALMED (Macedonian Agency for Medicinal Products and Medical Devices) for renewal of the Certificate of GMP compliance for the production site located at Blvd. Aleksandar Makedonski 12, renewal of the Authorization for production and trade of active pharmaceutical ingredients and the License for manufacturing and sales of substances and herbs, and their products, classified in the list II and III, for medicinal purposes.

One surveillance audit for compliance with the ISO standards was performed by Quality Austria.

One surveillance audit for compliance with the Medical Devices Directive 93/42/EEC was performed by notified body DEKRA Certification B.V.

One surveillance audit for compliance with the national legislation for Organic Agriculture Production was performed by PRO CERT.

One surveillance audit for compliance with the Regulation (EC) No.834/2007, Regulation (EC) No.889/2008, USDA NOP, JAS for organic production was performed by Control Union Certification B.V.

10 audits were performed from different partners as remote/online, desktop audits or via questionnaires.

ALKALOID AD Skopje has additionally supported audits/inspections at its subsidiaries and daughter companies thus taking part in one inspection and six audits performed by partners.



# LATEST RELEASES

## 2021



# LATEST RELEASES 2021

## Rx products

### TAMLOS® DuoD

dutasteride, tamsulosine

0.5 mg/0.4 mg capsules, hard,

30 capsules

G04CA52,

Urologicals, alpha-adrenoreceptor antagonists



### GEFITINIB ALKALOID®

gefitinib

250 mg film-coated tablets,

30 tablets

L01EB01,

Epidermal growth factor receptor (EGFR) tyrosine

kinase inhibitors, NSCLC







## MULTI ESSENCE

### Vitamin D3

1000 IU/2000 IU/4000 IU

Food for special nutritional use  
- food for special medical purposes  
30 soft capsules



## DIASTOP BABY

Border line product  
Lactobacillus rhamnosus  
KP GG (ATCC 53103)  
10 ml suspension

## MULTI ESSENCE

### Immuno

Food supplement  
3 vitamins, 2 minerals  
20 sachets for direct use



## PROCULIN SOFT LENS

Medical device  
Polyquaternium, hyaluronate,  
preservative: PHMB 0,0002 %  
360 ml solution



## PROCULIN SOFT LENS TRAVEL

Medical device  
Polyquaternium, hyaluronate,  
preservative: PHMB 0,0002 %  
100 ml solution



## CITIKOL VIALS

Food supplement  
Citicoline  
30 vials (oral solution) for direct use  
(10ml vial)





# COMPLETE LIST OF PHARMACEUTICAL PRODUCTS REGISTERED IN MACEDONIA

[in alphabetical order]

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	50 mg/g cream, 5 g cream	D06BB03, topical antiviral
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	30 mg/g eye ointment, 5 g ointment	S01AD03, ophtalmological antiviral
<b>ACIKLOVIR ALKALOID®</b>		
aciclovir	200 mg tablets, 30 tablets	J05AB01, antiviral for systemic use
<b>ALBENDAZOL ALKALOID®</b>		
albendazole	200 mg film-coated tablets, 6 and 60 tablets	P02CA03, anthelmintics, benzimidazole derivatives
<b>ALDIZEM®</b>		
diltiazem	60 mg and 90 mg prolonged release tablets, 30 tablets	C08DB01, calcium channel blocker
<b>ALKALAX-TAB®</b>		
bisacodyl	5 mg gastro-resistant tablets, 20 tablets	A06AB02, drugs for constipation contact laxatives
<b>ALKAVIT® vitamin E</b>		
tocopherol, α	100 mg chewable tablets, 30 tablets	A11HA03, vitamin
<b>ALKAVIT® FOLIC ACID</b>		
folic acid	0.4 mg film-coated tablets, 30 tablets 5 mg film-coated tablets, 20 tablets	B03BB01, antianemic preparations
<b>ALMACIN®</b>		
amoxicillin	500 mg capsules, hard 16 and 100 capsules 250 mg/5 ml powder for oral suspension 100 ml suspension	J01CA04, broad spectrum penicillin
<b>ALMETEX®</b>		
carbazochrome	25 mg tablets, 20 tablets	B02BX02, haemostatic
<b>ALVEN®</b>		
heparin, allantoin, dexpanthenol	300IU/2,5mg/2,5mg/1g, 40 g gel 500IU/2,5mg/2,5mg/1g, 40 g gel 300IU/3mg/4mg/1g, 40 g cream 500IU/3mg/4mg/1g, 40 g cream	C05BA53, combined heparin for topical use
<b>ALYCEF®</b>		
cefadroxil	500 mg capsules, hard, 16 capsules 250 mg/5 ml granules for oral suspension, 100 ml suspension	J01DB05 first-generation cephalosporins



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>AMINOFILIN ALKALOID®</b>		
aminophylline	100 mg film-coated tablets, 50 tablets 350 mg prolonged-release tablets, 20 tablets 250 mg/10 ml solution for injection, 50 ampoules	R03DA05, bronchodilator
<b>AMLODIPIN ALKALOID®</b>		
amlodipine	5 mg and 10 mg tablets, 30 tablets	C08CA01, calcium channel blocker
<b>AMPICILIN ALKALOID®</b>		
ampicillin	500 mg capsules, hard, 16 and 100 capsules	J01CA01, broad spectrum penicillin
<b>ANALGIN®</b>		
metamizole sodium	500 mg tablets, 10 and 500 tablets 1g/2ml and 2.5g/5ml solution for injection, 10 and 50 ampoules	N02BB02, analgesic and antipyretic
<b>AQUA AD INIECTABILIA ALKALOID®</b>		
water for injections	2 ml, 5 ml and 10 ml solvent for parenteral use 50 ampoules	V07AB, solvent and diluting agent
<b>ATENOLOL ALKALOID®</b>		
atenolol	50 mg film-coated tablets, 15 tablets 100 mg film-coated tablets, 15 and 30 tablets	C07AB03, selective $\beta$ -blocker
<b>BENDAMUSTINE ALKALOID®</b>		
bendamustine	2.5 mg/ml powder for concentrate for solution for infusion, 5 vials with 25 mg or 100 mg powder	L01AA09, antineoplastic agents, alkylating agents
<b>BETADINE®</b>		
povidone - iodine Manufactured under the license of Mundipharma AG Basel, Switzerland	100 mg/g ointment, 20 g ointment 7.5 % and 10 % cutaneous solution 100 ml and 1000 ml solution	D08AG02, antiseptic & disinfectant
<b>BETADINE®</b>		
povidone - iodine Manufactured under the license of Mundipharma AG Basel, Switzerland	1% gargle, 100 ml solution	R02AA15, throat antiseptic
<b>BETADINE®</b>		
povidone-iodine Manufactured under the license of Mundipharma AG Basel, Switzerland	200 mg vaginal pessaries 14 pessaries	G01AX11, gynecological antiseptic
<b>BIPRESSO®</b>		
bisoprolol	2.5 mg, 5 mg and 10 mg film-coated tablets, 30 tablets	C07AB07, selective $\beta$ -blocker
<b>BlokMax®</b>		
ibuprofen	200 mg film-coated tablets, 10 tablets	M01AE01, NSAID
<b>BlokMax® Duo</b>		
ibuprofen, paracetamol	200 mg / 500 mg film-coated tablets 10 or 20 tablets	M01AE51, antinflammatory and antirheumatic products, non-steroids



[in alphabetical order]

Registered name, INN (generic)	Presentation, [strength, pharmaceutical form, pack size]	ATC-code, pharmaco-therapeutic group
<b>BlokMax® Forte</b>		
ibuprofen	400 mg film-coated tablets, 10 tablets	M01AE01, NSAID
<b>BlokMax® Forte for kids</b>		
ibuprofen	200 mg / 5 ml oral suspension 100 ml suspension	M01AE01, NSAID
<b>BlokMax® Rapid</b>		
ibuprofen lysinate	400 mg film-coated tablets, 10 or 20 tablets	M01AE01, NSAID
<b>BlokMax® for kids</b>		
ibuprofen	100 mg / 5 ml oral suspension 100 ml suspension	M01AE01, NSAID
<b>BlokMax®</b>		
ibuprofen	50 mg/g gel, 50 g gel	M02AA13, anti-inflammatory preparation, non-steroid for topical use
<b>BORTEZOMIB ALKALOID®</b>		
bortezomib	1 mg and 3.5 mg powder for solution for injection 1 vial	L01XG01, antineoplastic agents, other antineoplastic agents
<b>BRONLES®</b>		
carbocisteine	375 mg capsules, hard 30 capsules 250 mg/5 ml oral solution, 150 ml solution	R05CB03, mucolytic
<b>BRONLES® for children</b>		
carbocisteine	125 mg/5 ml oral solution, 150 ml solution	R05CB03, mucolytic
<b>BRONLES DIRECT®</b>		
carbocisteine	750 mg/10 ml oral solution 15 sachets with 10 ml solution	R05CB03, mucolytic
<b>BULNEXO®</b>		
buprenorphine, naloxone	2 mg/0.5 mg or 8 mg/2 mg sublingual tablets, 7 or 28 tablets	N07BC51, drugs used in opioid dependence
<b>BUPRENORFIN ALKALOID®</b>		
buprenorphine	0.4 mg, 2 mg and 8 mg sublingual tablets, 7 and 28 tablets	N07BC01, drugs used in opioid dependence
<b>CAFFETIN SC®</b>		
paracetamol, propyphenazone, caffeine	250 mg/210 mg/50 mg tablets, 10 and 500 tablets	N02BE51, combined analgesic
<b>CAFFETIN trio®</b>		
paracetamol, caffeine, codeine	500 mg/50 mg/10 mg tablets 10 and 500 tablets	N02BE51, combined analgesic
<b>CAFFETIN®</b>		
paracetamol, propyphenazone, caffeine, codeine	250 mg/210 mg/50 mg/10 mg tablets 6, 10, 12 and 500 tablets	N02BE51, combined analgesic
<b>CAFFETIN COLD®</b>		
paracetamol, ascorbic acid, pseudoephedrine, dextromethorphan	500 mg/60 mg/30 mg/15 mg film-coated tablets, 10 tablets	N02BE51, cough & cold medication



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>CAFFETIN COLDmax®</b>		
paracetamol, phenylephrine	1000 mg/12,2 mg powder for oral solution 10 sachets with 5,15 g powder	N02BE51, paracetamol, combinations excl. psycholeptics
<b>CAFFETIN COLD® PLUS</b>		
paracetamol, vitamin c (ascorbic acid + acerola), pseudoephedrine, dextromethorphan	500 mg/60 mg (50 mg +10 mg) /30 mg/15 mg film-coated tablets, 10 tablets	N02BE51, cough & cold medication
<b>CAFFETIN® menstrual</b>		
ibuprofen lysinate	200 mg film-coated tablets, 10 tablets	M01AE01, NSAID
<b>CARDIOPIRIN®</b>		
acetylsalicylic acid	100 mg gastro-resistant tablets, 30 tablets	B01AC06, platelet aggregation inhibitors
<b>CARVEDILOL ALKALOID®</b>		
carvedilol	6.25 mg or 25 mg tablets, 30 tablets	C07AG02, alpha and beta blocking agents
<b>CEFACTOR ALKALOID®</b>		
cefactor	500 mg capsules, hard, 16 capsules 125 mg/5 ml and 250 mg/5 ml granules for oral suspension, 60 ml suspension	J01DC04, second-generation cephalosporins
<b>CEFALEXIN ALKALOID®</b>		
cefalexin	500 mg capsules, hard, 16 and 100 capsules 250 mg/5 ml powder for oral suspension, 100 ml suspension	J01DB01, first-generation cephalosporins
<b>CEFAZ®</b>		
ceftazidime	500 mg and 1 g powder for solution for injection, 10 vials	J01DD02, third-generation cephalosporins
<b>CHLORAMPHENICOL ALKALOID®</b>		
chloramphenicol	50 mg/g ointment, 5 g ointment	D06AX02, antibiotic for topical use
<b>CHLORAMPHENICOL ALKALOID®</b>		
chloramphenicol	10 mg/g eye ointment, 5 g ointment	S01AA01, ophtalmological antibiotic
<b>CINEDIL®</b>		
cinnarizine	75 mg tablets, 45 tablets	N07CA02, antivertigo preparation
<b>CIKLOSPORIN ALKALOID®</b>		
ciclosporin	25 mg, 50 mg and 100 mg capsules, soft, 50 capsules 100 mg/ml oral solution, 50 ml solution	L04AD01, immunosuppressant
<b>CITERAL®</b>		
ciprofloxacin	250 mg and 500 mg film-coated tablets, 10 tablets 100 mg/10 ml concentrate for solution for infusion, 5 ampoules	J01MA02, quinolone for systemic use, fluoroquinolones



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>CITERAL®</b>		
ciprofloxacin	3 mg/ml eye and ear drops, solution 5 ml solution	S03AA07, antimicrobial quinolone, agent, ophthalmological and otological preparations, anti-infectives
<b>CILESO®</b>		
cilostazol	100 mg tablets, 30 tablets	B01AC23, antithrombotic agents, platelet aggregation inhibitor excl. heparin
<b>CODEINI PHOSPHATIS ALKALOID®</b>		
codeine	30 mg tablets, 10 tablets	R05DA04, antitussive
<b>CO-ALMACIN®</b>		
amoxicillin, clavulanic acid	400 mg/57 mg/5 ml powder for oral suspension 70 ml suspension 875 mg/125 mg film-coated tablets 10 and 14 tablets	J01CR02, combinations of penicillins, incl. $\beta$ -lactamase inhibitors
<b>CRICEA®</b>		
drospirenone, ethynilestradiol	3 mg/0.02 mg film-coated tablets, 28 tablets (24 active and 4 placebo tablets)	G03AA12, hormonal contraceptives for systemic use
<b>CRYPINEO®</b>		
drospirenone, ethynilestradiol	3 mg/0.03 mg film-coated tablets, 21 tablets	G03AA12, hormonal contraceptives for systemic use
<b>DECOTAL®</b>		
diflucortolone	1 mg/g cream, 20 g cream 1 mg/g ointment, 20 g ointment	D07AC06, potent corticosteroid dermo-therapeutic
<b>DIAZEPAM ALKALOID®</b>		
diazepam	2 mg and 5 mg coated tablets, 30 tablets 10 mg/2 ml solution for injection, 10 ampoules	N05BA01, anxiolytic
<b>DicloJet®</b>		
diclofenac	75 mg gastro-resistant capsules, hard, 20 capsules	M01AB05, anti-inflammatory and antirheumatic products, non-steroids
<b>Diclo Duo®</b>		
diclofenac	75 mg modified-release capsules, hard, 20 capsules	M01AB05, anti-inflammatory and antirheumatic products, non-steroids
<b>DIPROL®</b>		
paracetamol	120 mg/5 ml oral suspension, 100 ml suspension	N02BE01, analgesic and antipyretic
<b>DOPEZAL®</b>		
donepezil	5 mg and 10 mg film-coated tablets, 28 tablets	N06DA02, anti-dementia drugs, anticholinesterases



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>DOXYCYCLIN ALKALOID®</b>		
doxycycline	100 mg capsules, hard, 5 and 100 capsules	J01AA02, tetracycline antibiotic
<b>EGLONYL® forte</b>		
sulpiride	200 mg tablets, 10 and 30 tablets	N05AL01, antipsychotic
<b>EGLONYL®</b>		
sulpiride	50 mg capsules, hard, 30 capsules 25 mg/5 ml oral solution 120 ml solution 100 mg/2 ml solution for injection, 30 ampoules	N05AL01, antipsychotic
<b>ENALAPRIL ALKALOID®</b>		
enalapril	5 mg, 10 mg and 20 mg tablets, 20 tablets	C09AA02, ACE inhibitor
<b>ENALAPRIL H ALKALOID®</b>		
enalapril, hydrochlorothiazide	10 mg/25 mg tablets, 20 tablets	C09BA02, ACE inhibitor and diuretic
<b>ERLOTINIB ALKALOID®</b>		
erlotinib	100 mg and 150 mg film-coated tablets, 30 tablets	L01EB02, antineoplastic agents, protein kinase inhibitors
<b>EVEROLIMUS ALKALOID®</b>		
everolimus	2,5 mg; 5 mg and 10 mg tablets, 30 tablets	L01EG02, antineoplastic agents, protein kinase inhibitors
<b>FAMOSAN®</b>		
famotidine	10 mg and 20 mg film-coated tablets, 20 tablets 40 mg film-coated tablets, 10 tablets	A02BA03, H <sub>2</sub> receptor antagonists
<b>FELKARID</b>		
flecainide	50 mg and 100 mg tablets, 30 tablets	C01BC04, antiarrhythmics, class Ic
<b>FLAGYL®</b>		
metronidazole	500 mg vaginal pessaries, 10 pessaries	G01AF01, gynecological antiinfective and antiseptic
Manufactured in cooperation with Sanofi Aventis, France		
<b>FLAGYL®</b>		
metronidazole	250 mg film-coated tablets, 20 tablets 400 mg tablets, 20 tablets	P01AB01, antiinfective for systemic use, antiprotozoal
Manufactured in cooperation with Sanofi Aventis, France		
<b>FLUOXETIN ALKALOID®</b>		
fluoxetine	20 mg capsules, hard, 30 capsules	N06AB03, antidepressant
<b>FOVELID®</b>		
levofloxacin	250 mg and 500 mg film-coated tablets, 5 or 10 tablets	J01MA02, quinolone for systemic use, fluoroquinolones
<b>FURAL®</b>		
nifuroxazide	200 mg/5 ml oral suspension, 90 ml suspension	A07AX03, intestinal antiinfective agent
<b>FURAL®</b>		
nifuroxazide	100 mg capsules, hard, 30 capsules 200 mg capsules, hard, 20 capsules	A07AX03, intestinal antiinfective agent



[in alphabetical order]

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>FURAL® S</b>		
nifuroxazide	200 mg capsules, hard, 10 capsules	A07AX03, intestinal antiinfective agent
<b>FUROSEMID ALKALOID®</b>		
furosemide	40 mg tablets, 10 tablets	C03CA01, diuretic
<b>FUREXA®</b>		
cefuroxime	750 mg and 1,5 g powder for solution for injection or infusion, 10 vials	J01DC02, second-generation cephalosporins
<b>GASTROGUARD®</b>		
calcium carbonate, magnesium carbonate	680 mg/80 mg chewable tablets 8, 16, 24 and 32 tablets	A02AD01, antacids, combinations and complexes of aluminium, calcium and magnesium compounds
<b>GEFITINIB ALKALOID®</b>		
gefitinib	250 mg tablets, 30 tablets	L01EB01, antineoplastic agents, protein kinase inhibitors
<b>GENTAMICIN ALKALOID®</b>		
gentamicin	20 mg/2 ml, 40 mg/2ml, 80 mg/2 ml and 120 mg/2ml solution for injection, 10 ampoules	J01GB03, aminoglycoside antibiotic
<b>GLIBEDAL®</b>		
glibenclamide	5 mg tablets, 30 tablets	A10BB01, oral blood glucose lowering drugs
<b>GLUCOSE ALKALOID®</b>		
glucose	5% and 10% solution for infusion 500 ml solution	B05BA03, solution for parental nutrition
<b>HARTMAN ALKALOID®</b>		
sodium chloride, potassium chloride, calcium chloride dihydrate, sodium lactate	6.02 g/0.373 g/0.294 g/6.276 g/ /1000 ml solution for infusion, 500 ml solution	B05BB01, blood substitutes and perfusion solutions
<b>HEFEROL®</b>		
ferrous fumarate	350 mg capsules, hard, 30 capsules	B03AA02, antianemic
<b>HIDROHLOROTIAZID ALKALOID®</b>		
hydrochlorothiazide	25 mg tablets, 20 tablets	C03AA03, diuretic
<b>HOLLESTA®</b>		
simvastatin	10 mg, 20 mg and 40 mg film-coated tablets, 30 tablets	C10AA01, hypolipemic HMG CoA reductase inhibitors
<b>IBANDRONIC ACID ALKALOID®</b>		
ibandronic acid	150 mg film-coated tablets, 1 or 3 tablets	M05BA06, drugs affecting bone structure and mineralization, Bisphosphonates
<b>IMATINIB ALKALOID®</b>		
imatinib	100 mg film-coated tablets, 60 or 120 tablets 400 mg film-coated tablets, 30 tablets	L01EA01, antineoplastic agents, protein kinase inhibitors
<b>KALCIUM KARBONAT ALKALOID®</b>		
calcium carbonate	1000 mg tablets, 50 tablets	A12AA04, mineral supplement
<b>KETOCONAZOLE ALKALOID®</b>		
ketoconazole	20 mg/g shampoo, 100 ml	D01AC08, antifungals for topical use



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>KLINDAMICIN ALKALOID®</b>		
clindamycin	150 mg and 300 mg capsules, hard 16 capsules	J01FF01, lincosamide antibiotic
<b>LAMAL®</b>		
lamotrigine	25 mg, 50mg, 100 mg and 200 mg tablets, 30 tablets	N03AX09, antiepileptic
<b>LANZOPRAZOL ALKALOID®</b>		
lansoprazole	15 mg gastro-resistant capsules, hard, 14 capsules 30 mg gastro-resistant capsules, hard, 28 capsules	A02BC03, drugs for peptic ulcer and gastro-oesophageal refluxdisease (gord), Proton pump inhibitor
<b>LESTEDON®</b>		
dutasteride	0.5 mg capsules, soft, 30 capsules	G04C B02 testosterone-5-alpha-reductase inhibitors
<b>LEXILIUM®</b>		
bromazepam	1.5 mg, 3 mg and 6 mg tablets, 30 tablets	N05BA08, benzodiazepine derivatives
<b>LORATADIN ALKALOID®</b>		
loratadine	10 mg tablets, 10 tablets 1 mg/1 ml oral solution, 120 ml solution	R06AX13, antihistaminic
<b>LORATADIN S ALKALOID®</b>		
loratadine	10 mg tablets, 10 tablets	R06AX13, antihistaminic
<b>LOSARTAN ALKALOID®</b>		
losartan	50 mg and 100 mg film-coated tablets, 30 tablets	C09CA01, angiotensin II antagonist
<b>LOSMORID</b>		
lacosamide	50mg, 100 mg, 150 mg and 200 mg film-coated tablets, 56 tablets	N03AX18, antiepileptics, other antiepileptics
<b>LUNATA®</b>		
zolpidem	5 mg and 10 mg film-coated tablets, 10 tablets	N05CF02, hypnotics and sedatives
<b>LYVAM®</b>		
levetiracetam	250 mg, 500 mg, 750 mg and 1000 mg film-coated tablets, 60 tablets	N03AX14, other antiepileptics
<b>MASSIDO®</b>		
nebivolol	5 mg tablets, 28 tablets	C07AB12, beta blocking agents, selective
<b>MANITOL 10 % ALKALOID®</b>		
mannitol, sodium lactate	100 g/6.72 g/1000 ml solution for infusion, 500 ml	B05BC01, solutions producing osmotic diuresis
<b>MANITOL 20 % ALKALOID®</b>		
mannitol	200 g/1000 ml solution for infusion, 250 ml	B05BC01, solutions producing osmotic diuresis
<b>MAPRAZAX</b>		
alprazolam	0.25 mg; 0.5 mg and 1 mg tablets, 30 tablets	N05BA12, benzodiazepine derivatives



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>MENDILEX®</b>		
biperiden	2 mg tablets, 50 tablets	N04AA02, antiparkinsonic
<b>METADON ALKALOID®</b>		
methadone	10 mg/ml oral drops, solution 10 ml solution 10 mg/ml oral solution, 100 ml and 1000 ml solution, 1 mg /1 ml oral solution, 100 ml and 1000 ml solution	N07BC02, opioid analgesic; drug used in opioid dependence
<b>METFORMIN ALKALOID®</b>		
metformin	500 mg, 850 mg and 1000 mg film-coated tablets, 30 tablets	A10BA02, oral blood glucose lowering drugs, biguanides
<b>METOPROLOL ALKALOID®</b>		
metoprolol	50 mg and 100 mg film-coated tablets, 30 tablets	C07AB02, beta blocking agents
<b>MORFIN HIDROHLORID ALKALOID®</b>		
morphine	20 mg/ml solution for injection, 10 ampoules	N02AA01, opioid analgesic
<b>MOXIRAL®</b>		
moxifloxacin	400 mg film-coated tablets, 5; 7 or 10 tablets	J01MA14, quinolone antibacterials, fluoroquinolones
<b>NATRII CLORIDI INFUNDIBILE CUM GLUCOSO 5% ALKALOID®</b>		
sodium chloride, glucose	9 g/50 g/ 1000 ml solution for infusion 500 ml solution	B05BB02, blood substitutes and perfusion solutions
<b>NATRIUM HLORID ALKALOID®</b>		
sodium chloride	0.9% solution for infusion, 500 ml solution	B05XA03, plasma substitutes and infusion solutions/electrolytes
<b>NAZOPASS®</b>		
oxymetazoline	0.5 mg/ml and 0.25 mg/ml, nasal drops, 10 ml solution	R01AA05, decongestant for topical use, Sympathomimetic
<b>NEBREMEL®</b>		
levonorgestrel	1.5 mg tablets, 1 tablet	G03AD01, emergency contraceptives
<b>NODRIGA</b>		
dasatinib	20 mg; 50 mg and 70 mg film-coated tablets, 60 tablets 100 mg and 140 mg film-coated tablets, 30 tablets	L01EA02, antineoplastic agents, protein kinase inhibitors
<b>NOVAMORF®</b>		
morphine	20 mg sublingual tablets, 20 and 60 tablets	N02AA01, opioid analgesic
<b>NOZINAN®</b>		
levomepromazine	25 mg and 100 mg film-coated tablets 20 and 100 tablets	N05AA02, antipsychotic



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>NYMER®</b>		
nimesulide	100 mg tablets, 15 tablets	M01AX17, other antiinflammatory, and antirheumatic agents, non-steroids
<b>OMEZOL®</b>		
omeprazole	20 mg gastro-resistant capsules, hard, 14 capsules	A02BC01, antiulcer drug
<b>PANCEF®</b>		
cefixime	400 mg film-coated tablets, 5, 7 and 10 tablets 100 mg/5 ml granules for oral suspension 60 ml and 100 ml suspension	J01DD08, third-generation cephalosporins
<b>PARACETAMOL ALKALOID®</b>		
paracetamol	500 mg tablets, 10, 12 and 500 tablets 120 mg/5ml oral solution, 100 ml solution	N02BE01, analgesic and antipyretic
<b>PARSEDIL®</b>		
dipyridamole	75 mg coated tablets, 15 tablets	B01AC07, platelet aggregation inhibitor
<b>PAROXETIN ALKALOID®</b>		
paroxetine	20 mg and 30 mg film-coated tablets, 30 tablets	N06AB05, selective serotonin reuptake inhibitors
<b>PENTOKSIFILIN ALKALOID®</b>		
pentoxifylline	400 mg prolonged release tablets, 20 film-coated tablets 100 mg/5 ml solution for 5 ampoules	C04AD03, peripheral vasodilator, injection rheolytic
<b>PHENOBARBITAL ALKALOID®</b>		
phenobarbital	15 mg and 100 mg tablets, 30 tablets	N03AA02, antiepileptic
<b>PHOLCODIN ALKALOID®</b>		
pholcodine	10 mg capsules, hard, 20 capsules	R05DA08, antitussic
<b>PYNETRA®</b>		
prasugrel	5 mg and 10 mg film-coated tablets, 30 tablets	B01AC22, platelet aggregation inhibitors excl. heparin
<b>PIMEF®</b>		
cefepime	1 g and 2 g powder for solution for injection or infusion, 5 vials	J01DE01, fourth-generation cephalosporins
<b>PROCULIN®</b>		
naphazoline	0.3 mg/ml eye drops, 10 ml solution	S01GA01, ophtalmic decongestant
<b>PROPAFENON ALKALOID®</b>		
propafenone	150 mg film-coated tablets, 40 tablets	C01BC03, antiarrhythmic



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>PROPILTIOURACIL ALKALOID®</b>		
propylthiouracil	50 mg tablets, 20 tablets, 100 mg tablets, 45 tablets	H03BA02, thyrostatic
<b>REGLAN®</b>		
metoclopramide	10 mg tablets, 40 tablets, 5 mg/5 ml oral solution, 120 ml solution,	A03FA01, antiemetic
Manufactured in cooperation with Sanofi Aventis, France		
<b>RELIKA®</b>		
perindopril	2 mg, 4 mg and 8 mg tablets, 30 tablets	C09AA04, ACE inhibitors, plain
<b>RELIKA PLUS®</b>		
perindopril, indapamid	2 mg/0.625 mg; 4 mg/1.25 mg and 8 mg/2.5 mg tablets, 30 tablets	C09BA04, ACE inhibitors and diuretics
<b>REPAGLINID ALKALOID®</b>		
repaglinide	0.5 mg; 1 and 2 mg film-coated tablets, 90 tablets	A10BX02, other blood glucose lowering drugs, excl. insulins
<b>RINGER ALKALOID®</b>		
sodium chloride, potassium chloride, calcium chloride dihydrate	8.60 g/0.30 g/0.33 g/1000 ml solution for infusion, 500 ml solution	B05BB01, plasma substitutes and infusion solutions/electrolytes
<b>RISPERIDON ALKALOID®</b>		
risperidone	1 mg, 2 mg and 3 mg film-coated tablets, 20 tablets, 1 mg/1 ml oral solution, 60 ml solution	N05AX08, antipsychotic
<b>ROPUIDO®</b>		
rosuvastatin	5mg; 10 mg; 20 mg or 40 mg film-coated tablets, 30 tablets	C10AA07, lipid modifying agents, plain, HMG CoA reductase inhibitors
<b>SALBUTAMOL ALKALOID®</b>		
salbutamol	2 mg tablets, 60 and 100 tablets, 2 mg/5 ml oral solution, 150 ml solution	R03CC02, bronchodilator
<b>SINEQUAN®</b>		
doxepin	10 mg and 25 mg capsules, hard, 30 capsules	N06AA12, antidepressant
Manufactured under the license of Pfizer Corporation		
<b>SKOPRYL®</b>		
lisinopril	5 mg, 10 mg and 20 mg tablets, 20 tablets	C09AA03, ACE inhibitor
<b>SKOPRYL® COMBO</b>		
lisinopril, amlodipine	10 mg/5 mg; 20 mg/5 mg; 20 mg/10 mg tablets 30 or 60 tablets	C09BB03, ACE inhibitors and calcium channel blockers, lisinopril and amlodipine



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>SKOPRYL plus®</b>		
lisinopril, hydrochlorothiazide	20 mg/12.5 mg tablets, 20 tablets 20 mg/25 mg tablets, 20 tablets	C09BA03, combined antihypertensive
<b>SUMETRIN®</b>		
sumatriptan	50 mg film-coated tablets, 6 and 3 tablets	N02CC01, antimigraine preparation
<b>SYNETRA®</b>		
clopidogrel	75 mg film-coated tablets, 30 tablets	B01AC04, antithrombotic agent
<b>TAMLOS®</b>		
tamsulosin	0.4 mg modified-release capsules, hard, 30 capsules	G04CA02, drug used in benign prostatic hypertrophy
<b>TAMLOS® DuoD</b>		
dutasteride, tamsulosine	0.5 mg/0.4 mg capsules, hard, 30 capsules	G04CA52, urologicals, Alpha-adrenoreceptor antagonists
<b>TIMOLOL ALKALOID®</b>		
timolol	5 mg/ml eye drops, 5 ml solution	S01ED01, antiglaucoma preparation
<b>TORVEX®</b>		
atorvastatin	10 mg, 20 mg, 40 mg and 80 mg film-coated tablets, 30 tablets	C10AA05, hypolipemic
<b>TRAMADOL ALKALOID®</b>		
tramadol	50 mg capsules, hard, 20 capsules	N02AX02, opioid analgesic
<b>TRICEF®</b>		
cefepodoxime	100 mg film-coated tablets, 10 and 20 tablets 200 mg film-coated tablets, 10 and 20 tablets 40 mg/5 ml powder for oral suspension, 100 ml suspension	J01DD13, third-generation cephalosporins
<b>TRIGLID®</b>		
fenofibrate	145 mg tablets, 30 tablets	C10AB05, lipid modifying agent, plain; fibrates
<b>VASOFLEX®</b>		
prazosin	1 mg tablets, 30 tablets 2 mg and 5 mg tablets, 60 tablets	C02CA01, selective a-adrenergic blocker
Manufactured under the license of Pfizer Corporation		



(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>VERAPAMIL ALKALOID® retard</b>		
verapamil	240 mg prolonged-release, tablets 20 film - coated tablets	C08DA01, calcium channel blocker
<b>VERAPAMIL ALKALOID®</b>		
verapamil	40 mg and 80 mg coated tablets, 30 tablets 5 mg/2 ml solution for injection 10 and 50 ampoules	C08DA01, calcium channel blocker
<b>VITAMIN B<sub>1</sub> ALKALOID®</b>		
thiamine	100 mg/1 ml solution for injection, 50 ampoules	A11DA01, vitamin
<b>VITAMIN B<sub>12</sub> ALKALOID®</b>		
cyanocobalamin	500 mcg/1 ml solution for injection, 50 ampoules	B03BA01, antianemic
<b>VITAMIN B<sub>6</sub> ALKALOID®</b>		
pyridoxine	20 mg tablets, 20 tablets 50 mg/2 ml solution for injection, 50 ampoules	A11HA02, vitamin
<b>VITAMIN C ALKALOID®</b>		
ascorbic acid	500 mg tablets, 250 tablets	A11GA01, vitamin
<b>WALZERA® plus</b>		
valsartan, hydrochlorothiazide	80 mg/12.5 mg, film-coated tablets, 28 tablets	C09DA03, angiotensin II antagonists and diuretics
<b>YMANA®</b>		
memantine	5 mg, 10 mg, 15 mg and 20 mg film-coated tablets, 28 and 30 tablets	N06DX01, anti-dementia drug
<b>ZANFEXA®</b>		
venlafaxine	37.5 mg, 50 mg and 75 mg tablets, 30 tablets	N06AX16, antidepressants
<b>ZANFEXA® XR</b>		
venlafaxine	37,5 mg, 75 mg and 150 mg prolonged release capsules, hard, 30 capsules	N06AX16, antidepressants
<b>ZEPIRA®</b>		
escitalopram	5 mg, 10 mg, 15 mg and 20 mg film-coated tablets, 30 tablets	N06AB10, selective serotonin reuptake inhibitors
<b>ZYTRON®</b>		
ondansetron	4 mg and 8 mg film-coated tablets, 10 tablets	A04AA01, antiemetic and antinauseant



## New Marketing Authorizations

(in alphabetical order)

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)	ATC-code, pharmaco-therapeutic group
<b>FUREXTIL</b>		
cefuroxime	250 mg or 500 mg film-coated tablets, 10 tablets	J01DC02, second-generation cephalosporins
<b>LENALIDOMIDE ALKALOID®</b>		
lenalidomide	5 mg; 10 mg; 15 mg or 25 mg capsules, hard, 21 capsules	L04AX04, Immunosuppressants, Other immunosuppressants
<b>LEVOMETHADONE ALKALOID®</b>		
Levomethadone	5 mg/ 1 ml oral solution, 100 ml; 500 ml or 1000 ml solution	N07BC05, Drugs used in addictive disorders, Drugs used in opioid dependence
<b>SUNITINIB ALKALOID®</b>		
sunitinib	12.5 mg; 25 mg or 50 mg capsules, hard, 28 capsules	L01EX01, Other protein kinase inhibitors
<b>REFIDORO</b>		
rosuvastatin, ezetimibe	5 mg/10 mg; 10 mg/10 mg; 20 mg/10 mg or 40 mg/10 mg, film-coated tablets, 30 tablets	C10BA06, Combinations of various lipid modifying agents, rosuvastatin and ezetimibe
<b>RUFIXALO</b>		
rivaroxaban	2.5 mg film-coated tablets, 56 tablets 10 mg film-coated tablets, 10 or 30 tablets 15 mg film-coated tablets, 28 or 42 tablets 20 mg film-coated tablets, 28 tablets	B01AF01, Antithrombotic agents, Direct factor Xa inhibitors



## Borderline products

Registered name, INN (generic)	Presentation, (strength, pharmaceutical form, pack size)
<b>PLANTAGIN®</b>	
oleum hyperici	0.8 g pessaries, 7 pessaries
<b>DIASTOP PROBIO®</b>	
Lactobacillus acidophilus, LA-5™, Streptococcus thermophilus, STY-31™; Bifidobacterium, BB-12™; Lactobacillus delbrueckli, LBY-27™ ™unregistered trademarks of Chr. Hansen A/S	Lactobacillus acidophilus, LA-5™, approx. 32 mg; Streptococcus thermophilus, STY-31™ approx. 23 mg; Bifidobacterium, BB-12™ approx. 17 mg and Lactobacillus, delbrueckli, LBY-27™ approx. 6 mg, 10 capsules
<b>DIASTOP® DIRECT</b>	
Lactobacillus rhamnosus BIFOLAC™ GG; Bifidobacterium animalis, SSP lactis, BL-04; cholecalciferol ™unregistered trademark of Bifodan ®	12.5 mg Lactobacillus rhamnosus BIFOLAC GG; 11.11 mg Bifidobacterium animalis, SSP lactis, BL-04 and 3.3 mg cholecalciferol (equivalent to 8.2 mcg vitamin D3), oral powder for direct use, 10 sachets with 1 g powder
<b>DIASTOP® baby</b>	
Lactobacillus rhamnosus KP GG (ATCC 53103)	1 x 10 <sup>9</sup> cfu/0,33 ml oral drops, suspension, 10 ml suspension
<b>DIASTOP® kids</b>	
Bifidobacterium Lactis BL-04, lactobacillus Rhamnosus GG, Vitamin D3, Vitamin C	min. 1 x 10 <sup>9</sup> CFU in total per tablet of the probiotic bacteria / 5 µg/ 20 mg 20 chewable tablets



## Medical Devices

Registered name	Presentation
<b>AICart</b> <b>AMINAL Cart</b>	Sodium bicarbonate cartridges for bicarbonate haemodialysis. 620 g, 650 g, 720 g, 750 g, 760 g, 900 g, 950 g, 1000 g, 1100 g and 1150 g cartridge
<b>AMINAL® CONCENTRATES FOR BICARBONATE HAEMODIALYSIS</b>	Alkaline concentrates for bicarbonate haemodialysis. 5 l, 6 l and 10 l solutions. Acidic concentrates for bicarbonate haemodialysis with different dilution ratios (1+35.830, 1+34, 1+44). 4.7 l, 5 l, 6 l, 7.8 l and 10 l solutions. Sets of liquid and solid components for preparation of acidic concentrated solutions for bicarbonate haemodialysis with different dilution ratios (1+34, 1+44). One set is sufficient for preparation of 100 l of acidic concentrated solution.
<b>AMINAL DIALYSER</b>	Low flux and high flux dialysers for haemodialysis. 20 pcs per box
<b>AMINAL HD SET</b> <b>AMINAL SA</b>	Haemodialysis connection and disconnection sets for fistula and catheter. Sizes S, M and L
<b>AMINAL bloodline</b>	Bloodline tubing systems.
<b>AMINAL Cleaner</b>	Cartridges for cleaning and disinfection of haemodialysis machines. <b>AMINAL Cleaner A</b> Cartridge with sodium carbonate, 13 g <b>AMINAL Cleaner C</b> Cartridge with citric acid, 32 g
<b>Alkadez</b>	Disinfectants for disinfection of medical instruments, medical devices, dental instruments and surfaces in the medical area.
<b>Diacitral 20% MD</b> <b>Diacitral 50% MD</b>	Liquid concentrates based on citric acid, for cleaning, decalcification and heat-disinfection of haemodialysis machines. 1000 ml, 5 l and 10 l solution
<b>PROCULIN® TEARS</b>	Sodium hyaluronate 0.2 %, moisturizing ophthalmic solution. 10 ml solution
<b>PROCULIN® TEARS ADVANCE</b>	Ocular drops based upon sodium hyaluronate 0.4 % and distilled waters, preservative free. 10 ml solution



## Medical Devices

Registered name	Presentation
<b>CITIKOL B®</b>	
	Ophthalmic solution with citicoline, hyaluronic acid and vitamin B <sub>12</sub> . 10 ml solution
<b>PROCULIN® LENS</b> <b>PROCULIN® LENS travel pack</b>	
	Multipurpose lens care solution with hyaluronic acid. 400 ml solution 100 ml solution
<b>PROCULIN® SOFT LENS</b> <b>PROCULIN® SOFT LENS travel pack</b>	
	Multipurpose lens care solution with hyaluronate. For soft contact lenses. 360 ml solution 100 ml solution
<b>Becutan KIDS VITS anticolic</b>	
	Anticolic oral drops based on Simethicone in olive oil, Vitamin A, Vitamin E and Coenzyme Q <sub>10</sub> . 30 ml bottle with a dropper
<b>Becutan KIDS VITS Nasal aspirator</b>	
	Nasal aspirator for babies. 1 nasal aspirator + 4 extra soft tips in plastic box
<b>Becutan KIDS VITS Nasal isotonic solution</b>	
	Pediatric nasal spray. Spray 30 ml
<b>BECUTAN 4 MAXI</b> <b>BECUTAN 5 JUNIOR</b> <b>BECUTAN 6 JUNIOR PLUS</b>	
	Incontinence diapers for children. 7-18 kg, 11-25 kg, 16+ kg. 96 pcs
<b>ALKOPED®</b> <b>ALKOPED® PREMIUM</b>	
	Adult diapers, sizes: medium, large and extra-large. 10 pcs and 30 pcs per bag.
<b>ALKALOID ANGIOGRAPHY STERILE SET</b>	
	Sterile set for general use in angiography surgeries.



## Food Supplements

Registered name	Presentation (strength, pharmaceutical form, pack size)
<b>ALKAKAPS® Shark Oil</b>	500 mg shark liver oil (min. 20% alkylglycerols), soft capsules, 30 capsules
<b>ALKAKAPS® Coenzyme Q<sub>10</sub> forte</b>	30 mg coenzyme Q <sub>10</sub> (ubidecarenone), soft capsules, 30 soft capsules
<b>ALKAKAPS® Beta Carotene</b>	6.67 mg betacarotene 30% (equivalent to 2 mg betacarotene, or 333 mcg vitamin A), soft capsules, 90 soft capsules
<b>ALKAKAPS® Omega 3</b>	500 mg fish oil (including 165 mg EPA and 110 mg DHA) and 5 mg vitamin E, soft capsules, 60 capsules
<b>VITAMIN A+D<sub>3</sub> ALKALOID®</b>	1667 IU vitamin A (in a form of retinol palmitate) and 400 IU vitamin D <sub>3</sub> (cholecalciferol), soft capsules, 50 capsules
<b>PREMAMA DUO</b>	11 vitamins; 10 minerals with DHA combination of 30 tablets and 30 soft capsules
<b>MAGNESIUM 400 + B COMPLEX</b>	Microgranules for direct use, 20 sticks Magnesium 400 mg Vitamin B <sub>3</sub> 18 mg Pantothenic acid 18 mg Vitamin B <sub>2</sub> 4.2 mg Vitamin B <sub>6</sub> 4.2 mg Vitamin B <sub>1</sub> 3.3 mg Folate 600 mcg Biotin 150 mcg Vitamin B <sub>12</sub> 7.5 mcg
<b>ACEROLA ALKALOID®</b>	contains natural vitamin C 180 mg and 500 mg chewable tablets 30 tablets
<b>ACEROLA ALKALOID®</b>	
For children	contains 100% natural vitamin C 40 mg chewable tablets 30 tablets



## Food Supplements

Registered name,	Presentation, (strength, pharmaceutical form, pack size)
<b>LUNERBA®</b>	
	Film coated tablets, 30 tablets
	Passiflora incarnata L. 100 mg
	Melissa officinalis L. 100 mg
	Valeriana officinalis L. 25 mg
	Eschscholzia californica Cham. 25 mg
	Mentha piperita L. 25 mg
	Milk protein hydrolysate 15 mg
	Vitamin B <sub>6</sub> 0.7 mg
	Magnesium 7 5 mg
<b>LUNERBA® Plus</b>	
	Film coated tablets, 30 tablets
	Passiflora incarnata L. 100 mg
	Valeriana officinalis L. 25 mg
	Melissa officinalis L. 50 mg
	Eschscholzia californica Cham. 50 mg
	Melatonin 1 mg
<b>PROCULIN® Plus</b>	
	soft capsules, 30 capsules
	contains: DHA, lutein + zeaxanthin, vitamin C, vitamin E, zinc, vitamin B2, copper, vitamin A, selenium
<b>BECUTAN KIDS VITS B-complex</b>	
	syrup, 100 ml, contains 7 B-vitamins
<b>BECUTAN KIDS VITS Multivitamin</b>	
	syrup, 100 ml, contains 9 vitamins
<b>BECUTAN KIDS VITS Multiomega-3</b>	
	syrup, 250 ml, contains DHA; EPA, Vitamins & minerals
<b>BECUTAN KIDS VITS Multiimmuno</b>	
	sachets, 14 sachets, contains LGG+vitamins+minerals
<b>CELLENERGY Q<sub>10</sub></b>	
	50 mg capsules, 30 capsules, contains coenzyme Q <sub>10</sub> , vitamin E, selenium, black pepper extract
<b>BIOKRILL ACTIVE®</b>	
	500 mg soft capsules x 30 blister, contains krill oil
<b>MULTI ESSENCE Mg 400 + B complex</b>	
	20 sticks, contains Magnesium & B vitamins
<b>COLLACARE</b>	
	500 ml bottle, contains complex with collagen, hyaluronic acid, vitamins and minerals
<b>PROCULIN® Plus once daily</b>	
	30 soft capsules, contains DHA, lutein, zeaxanthin, vitamins, minerals



## Food Supplements - New notifications

Registered name,	Presentation, (strength, pharmaceutical form, pack size)
<b>CITIKOL</b>	
	500 mg citicoline, oral solution 10 ml, 30 vials
<b>MULTI ESSENCE Vitamins and minerals for adults</b>	
	30 sticks, contains 13 vitamins, 10 minerals and lutein
<b>MULTI ESSENCE Vitamins and minerals for adults</b>	
	30 multilayer tablets, contains 13 vitamins, 10 minerals and lutein
<b>MULTI ESSENCE Vitamins and minerals for adults 50+</b>	
	30 multilayer tablets, contains 13 vitamins, 11 minerals and lutein







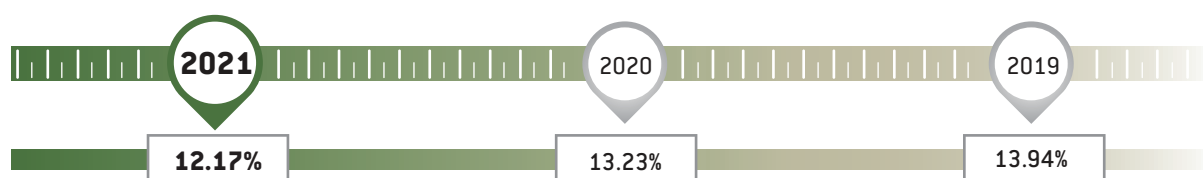
# CHEMICALS, COSMETICS & BOTANICALS



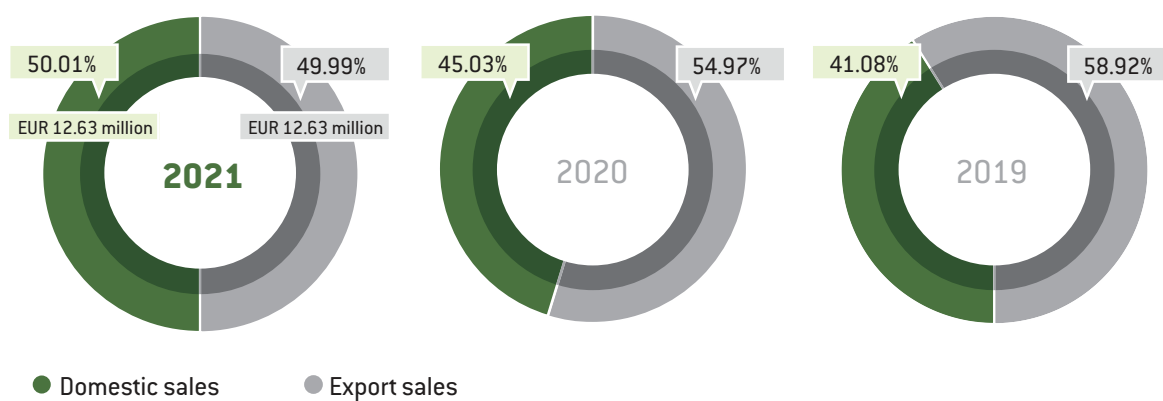
## MARKETING AND SALES

In 2021, PC Chemistry Cosmetics Botanicals had 248 employees working in the headquarters in Skopje. The total net sales of this Profit Centre amounted to 1.56 billion MK denars (EUR 25.26 million), which is a share of 12.17% in the total sales of Alkaloid Group. In 2021, the products of the PC Chemistry Cosmetics Botanicals were available on the markets in 16 countries.

### PC Chemistry Cosmetics Botanicals as a part of Alkaloid Group



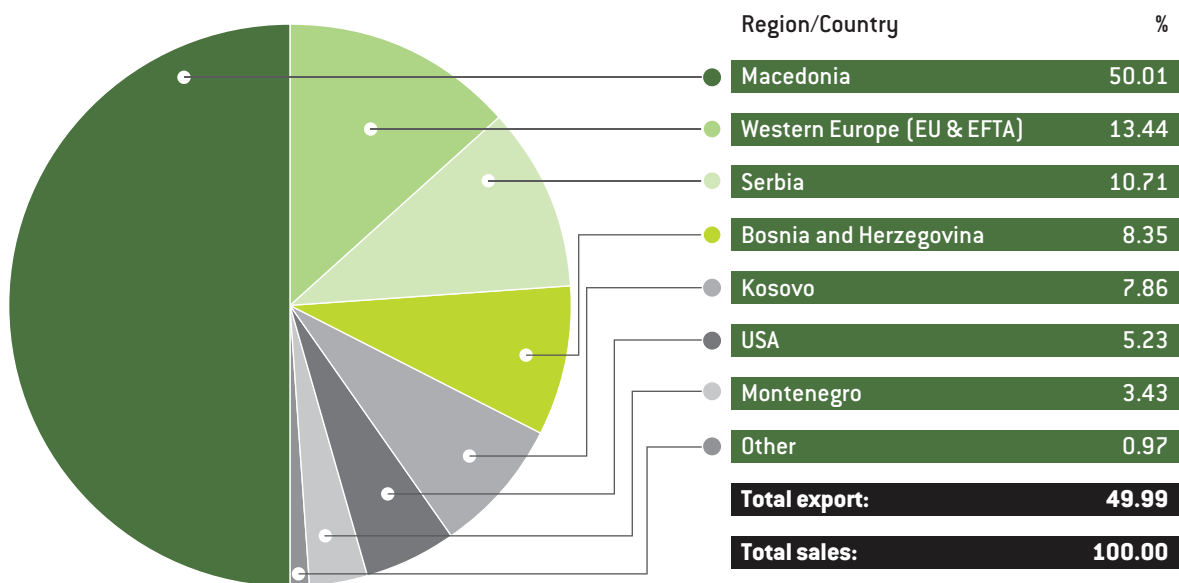
In 2020 the sales level demonstrated an increase of 3.71% compared to last year, i.e. an increase of 12.18% in the Chemistry segment, an increase of 5.51% in the Cosmetics and a decrease of 5.44% in the Botanicals segment.





# CHEMICALS, COSMETICS & BOTANICALS

## Sales per countries 2021



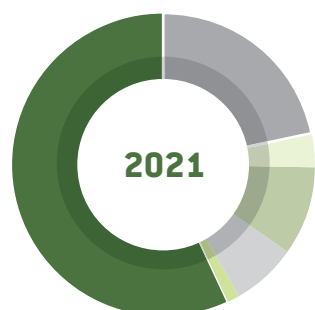


The participation of the three segments in the total sales of PC Chemistry Cosmetics Botanicals in 2021 was as follows:

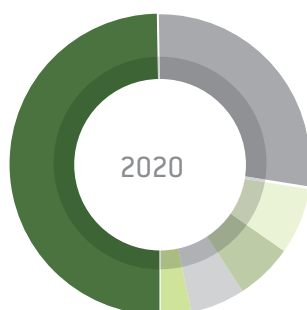
Segment of CCB	% participation		
	2021	2020	2019
<b>CHEMISTRY</b>	<b>21.26</b>	<b>18.01</b>	<b>16.65</b>
Domestic market	13.49	11.66	10.06
Export market	7.77	6.35	6.59
<b>COSMETICS</b>	<b>62.53</b>	<b>57.75</b>	<b>56.76</b>
Domestic market	26.82	24.72	22.76
Export market	35.71	33.03	34.00
<b>BOTANICALS</b>	<b>16.21</b>	<b>24.24</b>	<b>26.59</b>
Domestic market	9.70	8.65	8.26
Export market	6.51	15.59	18.33

The sales structure per segments is presented below:

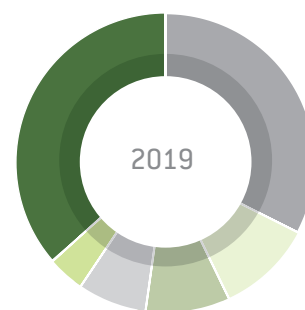
## SALES STRUCTURE CHEMISTRY



● ARGENTUM SALTS	21.70
● DEGREASERS	3.72
● ACIDUM ACETICUM	9.57
● LIQUID MINERAL FERTILISERS	6.82
● ETHANOL	1.27
● OTHERS	56.92



● ARGENTUM SALTS	27.80
● DEGREASERS	7.22
● ACIDUM ACETICUM	5.85
● LIQUID MINERAL FERTILISERS	6.00
● ETHANOL	3.30
● OTHERS	49.83

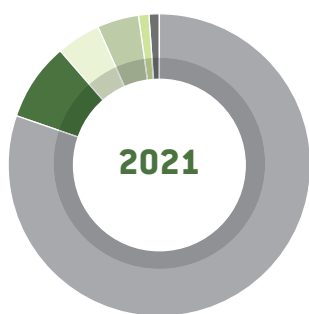


● ARGENTUM SALTS	32.75
● DEGREASERS	10.34
● ACIDUM ACETICUM	9.12
● LIQUID MINERAL FERTILISERS	7.39
● ETHANOL	4.07
● OTHERS	36.32

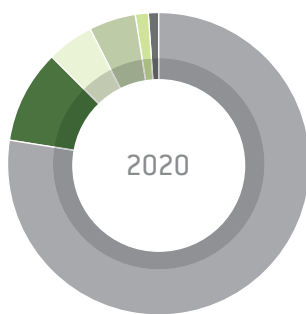


# CHEMICALS, COSMETICS & BOTANICALS

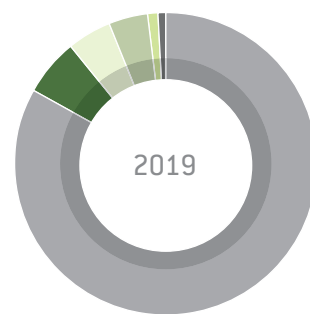
## SALES STRUCTURE COSMETICS



● BECUTAN (Baby cosmetics)	80.35
● SHAMPOOS	4.53
● GLOSS (Household cleaning products)	4.42
● PERFUMES	1.33
● SOAPS	0.88
● OTHERS	8.49

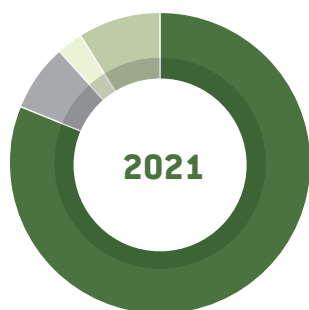


● BECUTAN (Baby cosmetics)	77.63
● SHAMPOOS	4.93
● GLOSS (Household cleaning products)	5.17
● PERFUMES	1.05
● SOAPS	1.30
● OTHERS	9.92

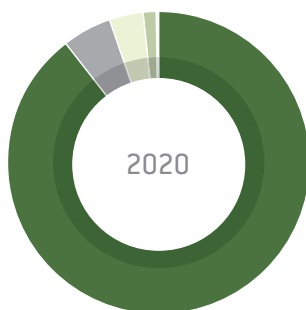


● BECUTAN (Baby cosmetics)	83.31
● SHAMPOOS	4.72
● GLOSS (Household cleaning products)	4.08
● PERFUMES	1.19
● SOAPS	0.69
● OTHERS	6.01

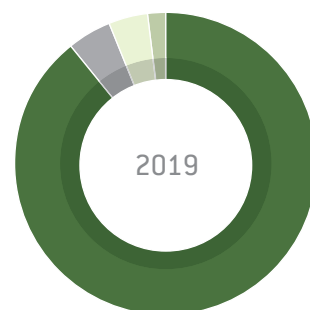
## SALES STRUCTURE BOTANICALS



● TEAS	81.33
● ZACHINAL (Food seasoning)	7.27
● MEDICAL HERBS	2.68
● OTHERS	8.72



● TEAS	89.47
● ZACHINAL (Food seasoning)	3.61
● MEDICAL HERBS	1.60
● OTHERS	5.32



● TEAS	89.18
● ZACHINAL (Food seasoning)	4.25
● MEDICAL HERBS	1.71
● OTHERS	4.86







# FINANCES & CONSOLIDATED FINANCIAL REPORT



VIKTOR STOJCHEVSKI  
CHIEF FINANCIAL OFFICER

## INTRODUCTION

This annual report and financial overview cover Alkaloid's 2021 fiscal year, January 1, 2021 to December 31, 2021.

All financial reports, standalone and consolidated reports, representing the business activities of Alkaloid AD Skopje and its subsidiaries abroad are compiled in accordance with the Law on Trade Companies, the Accounting Guidelines, the International Accounting Standards and the International Financial Reporting Standards.

### KEY POINTS

Sales and profit for 2021 exceeded the business plan projections for 2021.

- Consolidated net sales increased 5.5% compared to 2020;
- (EBITDA) increased 4.4% and net profit for 2021 increased 11.8% compared to 2020;
- Net dividend per share increased 10% compared to 2020;
- We continued to maintain a strong balance sheet with total assets of EUR 262 million.

### OVERVIEW

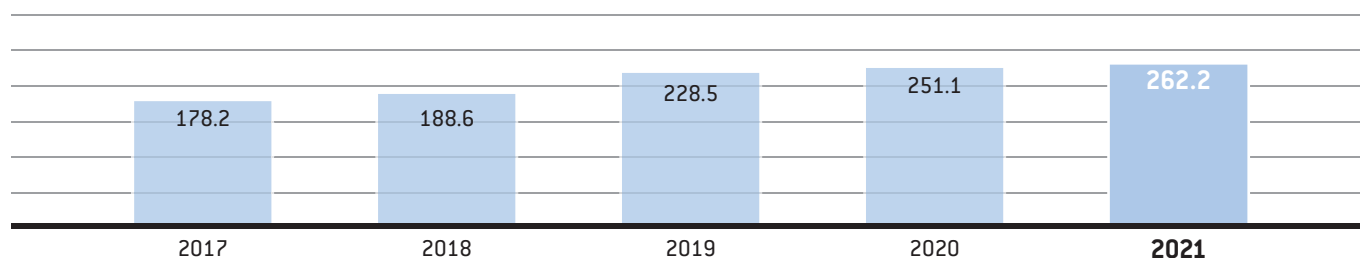
In the past period, the company has faced a number of internal and external challenges and emerging risks, generated by the pandemic of COVID 19. To date we have taken a number of measures to offset all negative effects without compromising employee health and company's successful operation. In line with expectations during 2021, the health crisis turned into an economic one causing new operational challenges. What has already started as a trend in 2021 and will dominate in 2022 is the noticeable rise of prices of many raw materials, fuel and energy, as well as the increase of transport prices globally, especially the significant extension of delivery deadlines. All this has previously started to affect the inflation rate, which will be an even more pronounced trend in 2022. The biggest challenges and a top priority in the upcoming period remain employees' health as well as maintaining current liquidity and financial stability and achieving planned goals.

In 2021, Alkaloid delivered strong operational and financial results. Consolidated net sales were EUR 207.6 million, up 5.5% compared to 2020. Earnings before interest, taxes, depreciation and amortization (EBITDA) was EUR 39.6 million, up 4.5% and Net profit for 2021 was EUR 21.1 million, up 11.8% compared to 2020.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

Total Balance Sheet assets  
(In EUR million at year-end)



We have managed to sustain the stable financial profile of the company and further improve the financial flexibility. Our ability to transform will enable us to emerge stronger, as we continue on the course of sustainable long-term growth.

In the past years, we have continuously increased the dividends paid to our shareholders. According to the decision on appropriation and allocation of the profit for 2021, the net dividend paid to shareholders is MKD 396.00, or gross MKD 440.00 for one ordinary share, which is an increase of 10% on net basis compared to dividends paid for 2020.

Moving into 2022, we intend to continue with investments equivalent to around 14% of the consolidated sales in tangible and intangible assets. The business plan for 2022 anticipates growth in consolidated sales of 8% compared to 2021, and growth in pre-tax consolidated profit of 7% in comparison to 2021. The business plan for 2022 is based on the expectations, forecasts and opportunities of the current and new markets and products available to the Company at the time of drafting the plan. Circumstances and events in 2022, thus the actual results, may vary from those considered in the business plan.

Unfortunately, in the beginning of 2022 a new crisis of a different kind emerged. On 24 February 2022, Russia engaged in military actions on Ukraine territory. Following these events, the Group has taken necessary measures to protect its employees, and tries to provide safety conditions. As the conflict continues to evolve, it is challenging to predict the full extent and duration of its business and economic implications. Consequently, these circumstances may impact Group members with challenges relating to the business operations mostly in Russia and Ukraine due to the respective governmental bodies measures and policies which have already been implemented or might be implemented in the future.

I would like to express our gratitude for the trust placed in us by our valued stakeholders that include our shareholders, employees, customers, partners and the communities in which we live and work. We look forward to continuing these strong relationships and remain resolute on our commitment to create sustained long-term value for all our stakeholders.

Yours sincerely,  
**Viktor Stojchevski**  
Chief financial officer/  
Member of the Management Board



# INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT BOARD AND THE SHAREHOLDERS OF ALKALOID AD Skopje

We have audited the accompanying consolidated financial statements of ALKALOID AD Skopje and its subsidiaries (hereinafter referred to as the "the Group"), which comprise the statement of consolidated financial position as at 31 December 2021, and the consolidated profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information ("financial statements").

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards of Auditing, as applicable in the Republic of North Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of ALKALOID AD Skopje and its subsidiaries as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

## Emphasis of Matter

We draw attention to Note 37 "Subsequent Events" of the consolidated financial statements, which describes potential effects of recent Russia's military actions on Ukraine territory on the Group's business operations. Our opinion is not modified in respect of this matter.

Aleksandar Arizanov  
Director



September xx, 2022  
Deloitte DDO Skopje  
Bul. Partizanski odredi 15A, Skopje

A blue ink signature of Sanja Arizanov.

Sanja Arizanov  
Certified auditor



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Denar)

As at 31 December			
	Note	31.12.2021	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	6,452,141	6,163,085
Intangible assets	8	1,897,561	1,829,491
Right-of-use assets	9	248,675	428,240
Deferred tax assets	20	16,508	4,211
Investments in equity instruments	11	8,867	7,114
Other non-current assets	14	138,041	64,049
		<b>8,761,793</b>	<b>8,496,190</b>
<b>Current assets</b>			
Inventories	12	4,037,576	3,698,352
Trade receivables	13	2,477,483	2,603,483
Other current assets	14	353,889	309,741
Cash and cash equivalents	15	496,555	335,008
		<b>7,365,503</b>	<b>6,946,584</b>
<b>TOTAL ASSETS</b>		<b>16,127,296</b>	<b>15,442,774</b>
<b>EQUITY</b>			
Share capital	16	2,220,127	2,220,127
Treasury shares		(109,285)	(109,285)
Legal reserves		620,479	618,262
Other reserves	17	1,656,404	1,640,357
Retained earnings		7,266,810	6,531,976
<b>Equity attributable to the Owners of the Company</b>		<b>11,654,535</b>	<b>10,901,437</b>
Non-controlling interests		590	618
<b>Total equity</b>		<b>11,655,125</b>	<b>10,902,055</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	18	681,883	626,459
Lease liability - long term	22	173,086	250,822
Retirement benefit obligations	19	58,995	50,300
Deferred tax liabilities	20	251	11,355
		<b>914,215</b>	<b>938,936</b>
<b>Current liabilities</b>			
Trade and other payables	21	2,936,654	2,773,572
Lease liability - short term	22	83,149	183,499
Income tax		19,833	30,964
Current borrowings	18	518,320	613,748
		<b>3,557,956</b>	<b>3,601,783</b>
<b>Total liabilities</b>		<b>4,472,171</b>	<b>4,540,719</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,127,296</b>	<b>15,442,774</b>

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements were approved by the Group's Managing Board on 14 February 2022.

Approved and signed on behalf of Alkaloid AD Skopje by:

Zhivko Mukaetov  
General Manager



Viktor Stojchevski  
Finance Manager





## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(In thousands of Denar)

	Note	Year ended 31 December	
		2021	2020
Sales	6	12,794,180	12,132,328
Cost of sales	26	(7,029,105)	(6,698,493)
<b>Gross profit</b>		<b>5,765,075</b>	<b>5,433,835</b>
Research and development expenses	26	(151,663)	(121,368)
Selling and marketing expenses	26	(3,609,734)	(3,389,121)
Administrative expenses	26	(563,260)	(466,502)
Provision for other liabilities and charges	23	(8,785)	(9,737)
Other income	24	402,212	421,554
Other expenses	25	(344,650)	(502,649)
<b>Operating profit</b>		<b>1,489,195</b>	<b>1,366,012</b>
Finance expenses	28	(32,141)	(39,872)
<b>Profit before income tax</b>		<b>1,457,054</b>	<b>1,326,140</b>
Income tax	29	(154,964)	(160,914)
<b>Profit for the year</b>		<b>1,302,090</b>	<b>1,165,226</b>
<b>Attributable to the:</b>			
Shareholders of the Parent Company		1,302,118	1,165,265
Non-controlling interests		(28)	(39)
<b>Profit for the year</b>		<b>1,302,090</b>	<b>1,165,226</b>
<b>Earnings per share (In Denar)</b>			
From continuing operations			
- Basic	30	926.42	827.02

The accompanying notes form an integral part of these consolidated financial statements.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Denar)

	Note	Year ended 31 December	
		2021	2020
<b>Consolidated profit for the year</b>		<b>1,302,090</b>	<b>1,165,226</b>
<b>Other comprehensive income:</b>			
Fair value of investments	17	1,753	(297)
Effects from revaluation of land	17	14,294	-
Effect from translation differences	17		(29,562)
<b>Other consolidated comprehensive (loss) / income, net of tax</b>		<b>16,047</b>	<b>(29,859)</b>
<b>Total consolidated comprehensive income for the year</b>		<b>1,318,137</b>	<b>1,135,367</b>
<b>Total comprehensive income attributable to:</b>		<b>1,318,165</b>	<b>1,135,406</b>
Owners of the Parent Company		(28)	(39)
Non-controlling interests			

The accompanying notes are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31								
	Share capital	Treasury shares	Legal reserves	Other reserves	Retained earnings	Total equity attributable to the Owners of the Company	Non-controlling interests	Total Equity
<b>As at 1 January 2020</b>	<b>2,220,127</b>	<b>(98,805)</b>	<b>616,138</b>	<b>1,670,216</b>	<b>5,873,748</b>	<b>10,281,424</b>	<b>657</b>	<b>10,282,081</b>
Purchase of treasury shares	-	(10,480)	-	-	-	(10,480)	-	(10,480)
Transfer to reserves	-	-	2,056	-	(2,056)	-	-	-
Dividend payments and tax on dividend paid out (Note 31)	-	-	-	-	(505,983)	(505,983)	-	(505,983)
Profit for the year	-	-	-	-	1,165,265	1,165,265	(39)	1,165,226
Other reconciliation	-	-	68	-	1,002	1,070	-	1,070
<i>Other Comprehensive income</i>								
Fair value gain on investments (Note 11)	-	-	-	(297)	-	(297)	-	(297)
Foreign exchange differences on translation of foreign operations	-	-	-	(29,562)	-	(29,562)	-	(29,562)
	-	-	-	(29,859)	-	(29,859)	-	(29,859)
<b>As at 31 December 2020</b>	<b>2,220,127</b>	<b>(109,285)</b>	<b>618,262</b>	<b>1,640,357</b>	<b>6,531,976</b>	<b>10,901,437</b>	<b>618</b>	<b>10,902,055</b>
Purchase of treasury shares	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	1,585	-	(1,585)	-	-	-
Dividend payments and tax on dividend paid out (Note 31)	-	-	-	-	(562,203)	(562,203)	-	(562,203)
Profit for the year	-	-	-	-	1,302,118	1,302,118	(28)	1,302,090
Other reconciliation	-	-	-	-	(678)	(678)	-	(678)
<i>Other Comprehensive income</i>								
Fair value gain on investments (Note 11)	-	-	-	1,753	-	1,753	-	1,753
Foreign exchange differences on translation of foreign operations	-	-	632	14,294	(2,818)	12,108	-	12,108
	-	-	632	16,047	(2,818)	13,861	-	13,861
<b>As at 31 December 2021</b>	<b>2,220,127</b>	<b>(109,285)</b>	<b>620,479</b>	<b>1,656,404</b>	<b>7,266,810</b>	<b>11,654,535</b>	<b>590</b>	<b>11,655,125</b>

The accompanying notes form an integral part of these consolidated financial statements.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	12,607,594	12,425,023
Cash paid to suppliers and employees	(10,641,528)	(10,725,750)
<b>Cash generated from operations</b>	<b>1,966,066</b>	<b>1,699,273</b>
Interest received	1,019	4,210
<b>Net cash generated from operating activities</b>	<b>1,967,085</b>	<b>1,703,483</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(1,210,634)	(1,446,900)
Sale of property, plant and equipment	93	543
Subsidies received	177,250	121,423
(Purchase)/Sale of investment in available-for-sale securities, net	-	(2,098)
Other payments to employees	(63,386)	(55,123)
<b>Net cash used in investing activities</b>	<b>(1,096,677)</b>	<b>(1,382,155)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	3,083,041	3,518,461
Repayments of borrowings	(3,100,073)	(3,064,391)
Interest paid	(32,018)	(40,535)
Repayment of the lease liabilities	(93,922)	(230,620)
Purchase of treasury shares	-	(10,480)
Dividends paid to shareholders, tax on dividends paid out and other profit distribution	(562,212)	(506,301)
<b>Net cash used in financing activities</b>	<b>(705,184)</b>	<b>(333,866)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>165,224</b>	<b>(12,538)</b>
Cash and cash equivalents at beginning of year	335,008	357,348
Translation differences effect	(3,677)	(9,802)
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>496,555</b>	<b>335,008</b>

The accompanying notes are an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Alkaloid AD Skopje (the "Parent Company") and its subsidiaries produce and sell a wide range of pharmaceutical, chemical and cosmetic products, as well as goods from herbal origin. The Parent Company (hereinafter referred to as "the Group") has eighteen subsidiaries and one Foundation in the Republic of North Macedonia and other countries. For the list of the subsidiaries please refer to Note 2.7.

Production facilities of the Group are located in Skopje and Belgrade.

Alkaloid AD Skopje, the Parent Company, is a joint stock company, incorporated and registered (with its head office) in the Republic of North Macedonia. The registered address of the Parent Company is:

*Aleksandar Makedonski 12  
1000 Skopje, Republic of North Macedonia*

The shares of Alkaloid AD Skopje are listed on the Macedonian Stock Exchange since 2002.

## 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

### 2.1. Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards), issued by IASB (International Accounting Standards Board).

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

### 2.2. Functional and Presentation Currency

These consolidated financial statements are presented in thousands of Macedonian Denar, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### 2.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Parent company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent company considers all relevant facts and circumstances in assessing whether or not the Parent company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Parent company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

(Continued)

#### 2.3. Basis of consolidation (Continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

#### 2.4. Going concern principle

The rapid spread of the Covid-19 virus and its economic effects in the Republic of North Macedonia and globally may result in a reassessment of assumptions and estimates, which could have an impact of material adjustment to the present value of assets and liabilities over the following business period. At this stage, management is unable to assess the effect with certainty, as new events occur on a daily basis.

Based on the performed analyzes according to the current developments, the Company determined that difficulties in the operation related to liquidity and servicing of liabilities to suppliers currently are not expected.

Until the date of issuance of the financial statements, no information has been received regarding cancellation of a contract due to the current situation. The Company continued to operate at full capacity and revenues exceeded budgeted revenues.

For the year ended 31 December 2021, the Company achieved a net profit of 1,302,090 thousand Denars (2020: 1,165,226 thousand Denars). The Company in the previous periods achieved significant business and financial results, thereby expects stable revenues and that the increase in costs will be with a lower trend than the increase in revenues. As a result, the accompanying separate financial statements have been prepared in accordance with the going concern principle which implies that the Company will continue to operate in the foreseeable future.

Furthermore, the Company established a Crisis committee, which on a daily basis monitors all emergency measures and conditions in the country, macroeconomic indicators, established measures, global developments and based on that prepares an action plan.

#### 2.5. Adoption of new and revised IFRS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company in the current reporting period:

- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),
- Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting at the latest, on or after 1 January 2021),
- Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9" adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

The adoption of amendments to the existing standards has not led to any material changes in the Company's financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

#### 2.6. Standards issued but not yet effective and not early adopted

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.
- Amendments to IFRS 3 "Business Combinations" - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.
- Amendments to IFRS 4 "Insurance Contracts" – Extension of the Temporary Exemption from Applying IFRS 9 (the expiry date for the temporary exemption from IFRS 9 was extended to annual periods beginning on or after 1 January 2023). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.
- IFRS 17 "Insurance Contracts" including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023). The Company is in the process of assessing the impact of this amendment on its financial position and performance.
- Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.). The Company anticipates that the amendment will have no material impact on the financial statements of the Company in the period of initial application.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

#### 2.7. Subsidiaries

Subsidiaries are all legal entities over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another company. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are de-consolidated from the date that control ceases.

The accompanying consolidated financial statements include the financial statements of the Parent Company Alkaloid AD Skopje and the following subsidiaries:

	2021 % of ownership	2020 % of ownership
Alkaloid D00 Zagreb, Croatia	100%	100%
Alkaloid D00 Beograd, Serbia	100%	100%
Alkaloid INT D00 Ljubljana, Slovenia	100%	100%
Alkaloid D00 Sarajevo, Bosnia and Herzegovina	100%	100%
Alkaloidpharm SA Fribourg, Switzerland	100%	100%
Alkaloid E00D Sofia, Bulgaria	100%	100%
ALK&KOS Shpk Prishtina, Kosovo	100%	100%
Alkaloid Bilna apteka D00EL Skopje, N. Macedonia	100%	100%
Alkaloid Kons D00EL Skopje, N. Macedonia	100%	100%
Alkaloid USA LLC Columbus, Ohio USA	49%	49%
Fund "Trajce Mukaetov" Skopje, N. Macedonia	100%	100%
Alkaloid D00 Podgorica, Montenegro	100%	100%
000 Alkaloid RUS Moscow, Russia	100%	100%
Alkaloid FARM D00 Ljubljana, Slovenia	100%	100%
Alkaloid Veleđrogerija D00 Beograd, Serbia	100%	100%
Alkaloid ILAC TLS Istanbul, Turkey	100%	100%
ALKA-LAB D00 Ljubljana, Slovenia	100%	100%
Alkaloid Kiev CO. LTD., Ukraine	100%	100%
Alkaloid Shpk Tirana, Albania	100%	100%
Alkaloid LGL D00 Zagreb, Croatia	100%	100%
Alkaloid UK Limited, Great Britain	100%	-

The investment in Alkaloid USA LLC Columbus, Ohio USA is the equity share of 49%, but the Parent Company exercises control.

Alkaloid's representative offices in Russia, Bosnia and Herzegovina and Ukraine are included in the consolidated financial statements of the Group.

In 2021 a new subsidiary was established in UK with a name Alkaloid UK LIMITED. In 2020 a new subsidiary was established in Croatia with a name Alkaloid LGL D00, Zagreb. The subsidiaries are 100% owned by the Company. In 2020, the Parent Company has increased its investment in one of its subsidiaries, in Alkaloidpharm SA Fribourg, Switzerland in the amount of 20 thousand Swiss francs. The subsidiary is 100% owned by the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

#### 2.8. Segment reporting

Operating segments are reported in a manner with the internal reporting provided to the Managing Board. Managing Board is responsible for strategic decisions for each segment.

As at 31 December 2021, the Group was organized on a worldwide basis into four reportable segments:

- |                          |  |
|--------------------------|--|
| - <b>Pharmaceuticals</b> | - Production of medicines for human use; |
| - <b>Chemicals</b>       | - Production of chemicals products;      |
| - <b>Cosmetics</b>       | - Production of cosmetics;               |
| - <b>Botanicals</b>      | - Production of botanicals products.     |

The pharmaceutical overall production program of the products of Alkaloid Pharmaceuticals is comprised of the following pharmaceutical forms:

- Oral hard dosage forms: Tablets - conventional and modified release, film-tablets, coated tablets, sub-lingual tablets, capsules, dry powder for oral suspension.
- Liquid dosage forms for oral administration: Solutions for oral administration, syrups, suspensions.
- Topical preparations: Ointments, creams, solutions, gels, sprays, vaginal pessaries, suppositories.
- Sterile dosage forms: Parenteral small-volume, eye drops, ointments for eyes.

Besides the capacities for manufacturing finished pharmaceutical products, Alkaloid-Pharmaceuticals also has facilities for extraction of opioids which include production of morphine and its derivatives as pharmaceutical raw materials.

Alkaloid Chemical products today are developed program for the production of chemicals and organic and non-organic reagents, with pa, puriss, purum and with pharmacopeia qualities. They are suitable for laboratories within institutions, faculties, clinics, pharmaceutical and cosmetic industry, as well as in the production processes of other industries.

Alkaloid's Cosmetics Unit develops and produces skincare products, children's skincare, soaps, hair care products, dental care products, men's perfume collection, women's perfume collection, as well as household cleaners. The ingredients that are used in the products are purchased from suppliers that satisfy our high-quality standards and are in accordance with the requirements of the European directive for quality cosmetic products.

The activities in Botanical unit consists of processing blending and packing herbal materials like roots, leaves, fruits, seeds etc.

Segment revenue is revenue reported in the Group's income statement that is directly attributable to a segment and the relevant portion of the Group income that can be allocated on a reasonable basis to a segment.

Segment expense is an expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis.

Net operating assets consist primarily of property, plant and equipment, intangible assets, inventories and receivables less operating liabilities. Group assets and liabilities principally consist of net liquidity (cash, cash equivalents and other current financial assets less financial debts) and deferred and current taxes.

The accounting policies of the reportable segments are the same as the Group's accounting policies. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Foreign currency translation

##### Functional and presentation currency

The consolidated financial statements are presented in thousands of Macedonian Denar (Denar or MKD), which is the Group's functional currency and the presentation currency for the consolidated financial statements.

##### Transactions and balances

Transactions in currencies other than the Group's functional currency are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve, within Other Reserves (attributed to non-controlling interests as appropriate).

#### 3.2. Leases

##### *The Group as a lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.3. Property, plant and equipment

The property plant and equipment, except the land, are initially recorded at cost. Land remains subsequently measured at fair value, based on the appraisal performed by external independent appraisers. The rest of the property, plant and equipment are stated at historical cost less depreciation and impairment. The cost of property, plant and equipment contain the purchase price net of rebates and price discounts, import duties, all irrecoverable taxes on the purchase, as well as all direct costs that contribute to the adoption of assets in the location and condition of the normal functioning and accomplishment of tasks determined by management.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement. The revaluation surplus is transferred to retained earnings upon ultimate disposal of revaluated asset.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Buildings	10 - 40 years
Machinery	10 - 20 years
Vehicles	4 years
Furniture, fittings and equipment	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The carrying amount of disposed property, plant and equipment is eliminated from the consolidated statement of financial position together with the carrying amount of accumulated depreciation. Gains and/or losses on disposals are determined as the difference between the proceeds on disposals and the carrying amount of the assets and included in the consolidated income statement.

#### 3.4. Intangible assets

##### Trademarks, licenses and software

Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Amortization is calculated using the straight-line method to write-off the cost of trademarks, licenses and software over their estimated useful lives, i.e. up to 10 years.

##### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives i.e. up to 10 years. The estimated useful life and amortization method are reviewed at the end of each reporting period.

##### Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

##### Patents

Patents are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives of 10 years.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.5 Impairment of tangible and non-tangible assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, except in case of goodwill, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### 3.6 Financial Instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### 3.7 Financial assets

The Group classifies its financial assets in the following categories: at amortized cost and equity instruments designated as at FVTOCI. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.7 Financial assets (Continued)

##### Investments in equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

##### Investments in equity instruments at FVTOCI

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income (note 24) in profit or loss.

##### Cash and cash equivalents

Cash and cash equivalents include cash balances held on bank accounts and cash in hand.

##### Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. The amount of the provision is recognized in the income statement within "selling and marketing costs".

##### *Impairment of trade receivables*

The Group recognizes a loss allowance for expected credit losses on trade receivables using the simplified approach. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in equity instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve.

#### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.7 Financial assets (Continued)

##### Trade receivables (Continued)

##### (i) Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

##### Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

If the risks and rewards are neither transferred nor retained, the assets are not derecognized unless the control over those assets has been transferred, or significant modification of the asset occurred. Significant modification has not occurred on any of the assets on 31.12.2021.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Financial liabilities

Upon their initial recognition, financial liabilities are classified as: financial liabilities at fair value through profit or loss ("FVTPL"), including derivatives, or as financial liabilities at amortized cost, such as: loans and borrowings, trade and other payables.

All financial liabilities of the Company are classified as financial liabilities at amortized cost, and subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

#### Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or have expired, or there is significant modification. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

There are two tests to check whether the modification is significant, and these are as follows:

1. Qualitative test - A significant change in the terms and conditions such that immediate derecognition is required with no additional quantitative analysis.
2. Quantitative test - The net present value of the cash flows under the new terms discounted at the original effective interest rate (EIR) is at least 10% different from the carrying amount of the original financial liability.

As at 31.12.2021, there were no significant modifications to financial liabilities.

#### 3.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the actual cost method. The cost of finished goods and work in progress comprises direct production costs and related production overheads. The net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### 3.10 Share capital

Ordinary shares are classified as equity. Purchases of the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs are deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and are included in equity attributable to the Parent Company's equity holders.

#### 3.11 Income tax

Current income tax is calculated and paid in accordance with the Income tax Law. The estimated tax liability is paid in advance on a monthly basis. The final tax is payable in the Republic of North Macedonia at the rate of 10% applicable to the taxable income, which is the profit as determined in the Consolidated statement of comprehensive income, adjusted for certain items as defined by the local tax legislation. In respect of the Group's subsidiaries the current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income.

#### Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts reported in the consolidated financial statements. However, the deferred income tax is not accounted for, if arising from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is provided on temporary differences arising on investments in subsidiaries excepts where timing of the reversal of temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.12 Employee benefits

##### Pension liabilities

The Group has both defined benefit and defined contribution plans.

- Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
- A defined contribution plan is a pension plan under which the Group pays contributions into publicly and privately administered pension plans on a mandatory basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### Termination benefits

Termination benefits are payable when employees are terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

##### Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a decision of a Managing Board. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### 3.13 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

#### 3.14 Revenue recognition

The Group has applied the 5-step approach to revenue recognition in accordance with IFRS 15 Revenue from Contracts with Customers. The Group's major sources of revenue scoped in IFRS 15 relate to the following revenue streams:

- Sales of goods
  - Pharmaceutical products
  - Chemical products
  - Cosmetic products
  - Botanical products

- Sales of commodities

- Revenue from services

Revenues reflects the consideration to which the Group has expected to be entitled in exchange for those goods during the year, the performance obligation is satisfied, i.e. when 'control' of the goods underlying the performance obligation was transferred to the customers. The core principle is that the Group recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This principle is delivered in accordance with the five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, discounts and rebates. Revenue is recognized as follows:

##### Sales of goods

Sales of goods are recognized when the Group has delivered products to the customer; the customer has accepted the products and collectability of the related receivables is reasonably assured.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.14 Revenue recognition (Continued)

##### Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

##### Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

##### Dividend income

Dividend income is recognized when the right to receive payment is established.

#### 3.15 Dividends

Dividend distribution to the Parent Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

#### 3.16 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

### 4. FINANCIAL RISK MANAGEMENT

#### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The financial risk management is performed by the Group's financial department, based on Decisions from Managing Board.

##### Market risk

###### a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

To manage the foreign exchange risk the Group provides sufficient cash in foreign currencies held on bank accounts in order to maintain its future commercial transactions.

###### b) Price risks

The Group is exposed to equity securities price risk because of Investments in equity instruments held by the Group. The Group is not exposed to commodity price risk.

##### Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that wholesales of products are made to customers with an appropriate credit history. Trade receivables consist of a large number of balances. The Group has policies that limit the amount of credit exposure.

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. FINANCIAL RISK MANAGEMENT (Continued)

#### 4.1 Financial risk factors (Continued)

##### Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flow are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. The Group has no specific policy, but in direct negotiation with lenders attempts to reduce interest rate risk. Interest rates of long-term borrowings are lower than short term. Interest rates on short term borrowings are decreased in respect of previous year.

#### 4.2 Fair value assessment

The fair value of Investments in equity instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the last traded price.

The fair value of financial instruments that are not traded in an active market is determined by assumptions that are based on public information for recent arm's length transactions or reference to other instruments that are substantially the same.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

#### 4.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 5. ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

#### Fair value of land

The Group tests annually whether the fair value of the land has suffered material changes compared to their fair value as assessed by the last appraisal. The Group estimation is that the difference between their fair value recorded into the books and the current market value is not material, and does not affect the current year's profit.

#### Depreciation Charge and Rates Applied

Depreciation rates are based over the estimated useful lives of property, plant and equipment. The useful age is reviewed once a year by the Company, according to their current estimations.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

#### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how Groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

#### Significant increase in credit risk

In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

#### Impairment of Trade and Other Receivables

The allowance for impairment of doubtful receivables is formed based on the estimated losses arising from customer's default. The management's assessment is based on the ageing analysis of accounts receivable, historical write-offs, customer creditworthiness and changes in the terms of sale, identified upon determining the adequacy of allowance for impairment of doubtful receivables. This includes the assumptions on future customer behavior and future collections arising therefrom. The management believes that no allowance for impairment, except for the provisions already included in the financial statements, is necessary

#### Provisions

Provisions in general are highly judgmental. The Company assesses the probability of an adverse event as a result of a past event to happen. The Company is rather prudent in these assessments, but due to the high level of uncertainty, in some cases the evaluation may not prove to be in line with the eventual outcome of the case.

#### Estimates for accounting for employee benefits

IAS 19, Employee Benefits, requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations. These mainly actuarial assumptions such as expected inflation rates, long-term increase in health care costs, employee turnover and discount rates. Substantial changes in the assumed development of any one of these variables may change the Group's retirement benefit obligation.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT REPORTING

#### Reportable segments - Products

Segment information reported to the Management Board is based on product types and customer categories. The segment information by product is more relevant to the Group.

Principal product types are pharmaceutical and non-pharmaceutical products (chemicals cosmetics and botanicals). The principal customer category Group's products are wholesalers.

Segments revenues and results for the year ended 31 December is as follows:

	Segment revenue		Segment operating profit	
	2021	2020	2021	2020
Pharmaceutical products	11,237,563	10,527,723	1,455,188	1,239,473
Chemical products	330,989	289,025	36,074	35,902
Cosmetic products	973,371	926,587	41,685	34,482
Botanical products	252,257	388,993	(43,752)	56,155
<b>Total</b>	<b>12,794,180</b>	<b>12,132,328</b>	<b>1,489,195</b>	<b>1,366,012</b>
Finance expenses			(32,141)	(39,872)
<b>Profit before tax</b>			<b>1,457,054</b>	<b>1,326,140</b>
Income tax			(154,964)	(160,914)
<b>Profit for the year</b>			<b>1,302,090</b>	<b>1,165,226</b>

Revenue reported above represents revenue generated from external customers.

Segment assets and liabilities for the year ended 31 December is as follows:

#### Segment assets

	2021	2020
Pharmaceutical products	14,219,320	14,219,320
Chemical products	544,104	529,014
Cosmetic products	332,896	460,537
Botanical products	132,828	233,903
<b>Total assets</b>	<b>16,127,296</b>	<b>15,442,774</b>

#### Segment liabilities

	2021	2020
Pharmaceutical products	4,121,166	4,065,126
Chemical products	135,717	122,928
Cosmetic products	168,204	303,755
Botanical products	47,084	48,910
<b>Total liabilities</b>	<b>4,472,171</b>	<b>4,540,719</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SEGMENT REPORTING (Continued)

Other segment information for the year ended 31 December is as follows:

	Depreciation and amortization		Addition to non-current assets	
	2021	2020	2021	2020
Pharmaceutical products	869,517	896,955	1,044,110	1,487,637
Chemical products	17,354	16,298	24,553	13,730
Cosmetic products	29,451	28,704	87,145	167,038
Botanical products	35,837	29,621	30,317	113,166
<b>Total</b>	<b>952,159</b>	<b>971,578</b>	<b>1,186,125</b>	<b>1,781,571</b>

### Geographical information

The Republic of North Macedonia is the domicile country of the Group where part of the activities are performed.

	Revenue from external customers		Non-current assets	
	2021	2020	2021	2020
North Macedonia	4,440,652	4,268,849	8,194,794	7,976,691
Serbia	2,405,367	2,347,335	117,587	319,020
Russia	1,183,682	815,636	26,197	34,534
Croatia	910,320	897,655	4,377	5,951
Bosnia and Herzegovina	845,890	866,891	11,062	4,914
Kosovo	513,762	463,529	7,196	9,115
Other countries	2,494,507	2,472,433	171,279	70,591
<b>Total</b>	<b>12,794,180</b>	<b>12,132,328</b>	<b>8,532,492</b>	<b>8,420,816</b>

Geographical information about sales revenue is based on the customers' origin,

For the purposes of the above presentation, non-current assets are consisted of property, plant and equipment and Intangible assets.

### Information about major customers

The sales of Pharmaceutical products are spread over many countries and customers, There are no major customer shares in the direct sales of Pharmaceutical products.

In the sales of Chemicals products, there is one major customer with a share of 28.5% (2020: 15.6%) in direct sales.

In the sales of Cosmetics products, there is one major customer with a share of 16.2% (2020: 16.4%) in direct sales.

In the sales of Botanicals products, there is a single major customer with a share of 32.5% (2020: 59.2%) in direct sales.

Sales by category	2021	2020
Sales of goods	9,289,260	8,814,421
Sales of commodities	3,370,618	3,216,176
Other revenue	134,302	101,731
	<b>12,794,180</b>	<b>12,132,328</b>



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Construction in progress	Total
<b>Cost or valuation</b>					
<b>At 1 January 2020</b>	<b>1,659,696</b>	<b>3,422,691</b>	<b>4,582,055</b>	<b>348,712</b>	<b>10,013,154</b>
Additions	-	967	38,407	1,128,143	1,167,517
Transfer from construction in progress	1,972	269,595	881,964	(1,153,531)	-
Derecognition of cost	(38)	(5,487)	(6,164)	-	(11,689)
Transfer of assets	-	21,479	-	-	21,479
Translation differences	-	159	(4,190)	26	(3,764)
<b>As at 31 December 2020</b>	<b>1,661,630</b>	<b>3,709,404</b>	<b>5,492,072</b>	<b>323,591</b>	<b>11,186,697</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2020</b>	<b>-</b>	<b>1,849,842</b>	<b>2,744,935</b>	<b>-</b>	<b>4,594,777</b>
Depreciation charge in 2020	-	86,802	338,743	-	425,545
Derecognition of cost	-	(5,487)	(5,136)	-	(10,623)
Transfer of assets	-	17,591	-	-	17,591
Translation differences	-	48	(3,726)	-	(3,678)
<b>As at 31 December 2020</b>	<b>-</b>	<b>1,948,796</b>	<b>3,074,816</b>	<b>-</b>	<b>5,023,612</b>
<b>Net book value as at 31 December 2020</b>	<b>1,661,630</b>	<b>1,760,608</b>	<b>2,417,256</b>	<b>323,591</b>	<b>6,163,085</b>
<b>Cost or valuation</b>					
<b>At 1 January 2021</b>	<b>1,661,630</b>	<b>3,709,404</b>	<b>5,492,072</b>	<b>323,591</b>	<b>11,186,697</b>
Additions	-	22	38,340	758,392	796,754
Transfer from construction in progress	11,075	198,156	632,611	(841,842)	-
Derecognition of cost	-	(599)	(118,311)	-	(118,910)
Transfer of assets	-	-	-	-	-
Translation differences	-	686	789	42	1,517
<b>As at 31 December 2021</b>	<b>1,672,705</b>	<b>3,907,669</b>	<b>6,045,501</b>	<b>240,183</b>	<b>11,866,058</b>
<b>Accumulated depreciation</b>					
<b>At 1 January 2021</b>	<b>-</b>	<b>1,948,796</b>	<b>3,074,816</b>	<b>-</b>	<b>5,023,612</b>
Depreciation charge in 2021	-	95,313	407,045	-	502,358
Derecognition of cost	-	(317)	(113,236)	-	(113,553)
Transfer of assets	-	-	-	-	-
Translation differences	-	716	784	-	1,500
<b>As at 31 December 2021</b>	<b>-</b>	<b>2,044,508</b>	<b>3,369,409</b>	<b>-</b>	<b>5,413,917</b>
<b>Net book value as at 31 December 2021</b>	<b>1,672,705</b>	<b>1,863,161</b>	<b>2,676,092</b>	<b>240,183</b>	<b>6,452,141</b>

Land was revalued as at 31 December 2019 by an independent appraiser. The revaluation surplus of was credited to other reserves within shareholders' equity (Note 17).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. INTANGIBLE ASSETS

	Trademarks and licenses	Software and Internally generated intangibles	Other assets	Construction in progress	Total
<b>Cost or valuation</b>					
<b>At January 1, 2020</b>	<b>369,845</b>	<b>2,661,448</b>	<b>99,594</b>	<b>72,150</b>	<b>3,203,037</b>
Additions	71	7,517	390	395,732	403,710
Transfer from construction in progress	1,951	378,150	5,123	(385,224)	-
Elimination	-	(166)	-	-	(166)
Translation differences	(505)	(1,863)	20	(2)	(2,350)
<b>As at December 31, 2020</b>	<b>371,362</b>	<b>3,045,086</b>	<b>105,127</b>	<b>82,656</b>	<b>3,604,231</b>
<b>Accumulated amortization</b>					
<b>At January 1, 2020</b>	<b>339,893</b>	<b>1,064,924</b>	<b>66,122</b>	<b>-</b>	<b>1,470,939</b>
Charge for 2020	8,667	289,019	8,449	-	306,135
Elimination	-	(166)	-	-	(166)
Translation differences	(5)	(1,676)	(487)	-	(2,168)
<b>As at December 31, 2020</b>	<b>348,555</b>	<b>1,352,101</b>	<b>74,084</b>	<b>-</b>	<b>1,774,740</b>
<b>Net book value as at December 31, 2020</b>	<b>22,807</b>	<b>1,692,985</b>	<b>31,043</b>	<b>82,656</b>	<b>1,829,491</b>
<b>Cost or valuation</b>					
<b>At January 1, 2021</b>	<b>371,362</b>	<b>3,045,086</b>	<b>105,127</b>	<b>82,656</b>	<b>3,604,231</b>
Additions	-	5,227	229	383,915	389,371
Transfer from construction in progress	336	409,908	6,827	(417,071)	-
Elimination	-	(5,376)	(84)	(270)	(5,730)
Translation differences	(499)	475	619	-	595
<b>As at December 31, 2021</b>	<b>371,199</b>	<b>3,455,320</b>	<b>112,718</b>	<b>49,230</b>	<b>3,988,467</b>
<b>Accumulated amortization</b>					
<b>At January 1, 2021</b>	<b>348,555</b>	<b>1,352,101</b>	<b>74,084</b>	<b>-</b>	<b>1,774,740</b>
Charge for 2021	7,108	305,750	8,194	-	321,052
Elimination	-	(5,374)	(60)	-	(5,434)
Translation differences	1	427	120	-	548
<b>As at December 31, 2021</b>	<b>355,664</b>	<b>1,652,904</b>	<b>82,338</b>	<b>-</b>	<b>2,090,906</b>
<b>Net book value as at December 31, 2021</b>	<b>15,535</b>	<b>1,802,416</b>	<b>30,380</b>	<b>49,230</b>	<b>1,897,561</b>

The net book value of software is Denar 101,374 thousand (2020: Denar 113,418 thousand), and the rest of the amount is internally generated intangibles.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. RIGHT-OF-USE ASSETS

#### Right-of-use assets movements

	At 1 January 2020	Additions	Disposals	At 31 December 2020
<b>Gross value</b>				
Buildings	431,051	55,651	(24,757)	461,945
Vehicles	290,079	164,882	(43,602)	411,359
	<b>721,130</b>	<b>220,533</b>	<b>(68,359)</b>	<b>873,304</b>

	At 1 January 2020	Depreciation	Disposals	At 31 December 2020
<b>Accumulated depreciation</b>				
Buildings	(143,563)	(133,328)	23,785	(253,106)
Vehicles	(117,310)	(106,570)	31,922	(191,958)
	<b>(260,873)</b>	<b>(239,898)</b>	<b>55,707</b>	<b>(445,064)</b>

	At 1 January 2020		At 31 December 2020
<b>Net carrying value</b>			
Buildings	287,488		208,839
Vehicles	172,769		219,401
	<b>460,257</b>		<b>428,240</b>

	At 1 January 2021	Additions	Disposals	At 31 December 2021
<b>Gross value</b>				
Buildings	461,945	9,099	(186,567)	284,477
Vehicles	411,359	33,324	(133,688)	310,995
	<b>873,304</b>	<b>42,423</b>	<b>(320,255)</b>	<b>595,472</b>

	At 1 January 2021	Depreciation	Disposals	At 31 December 2021
<b>Accumulated depreciation</b>				
Buildings	(253,106)	(60,747)	145,177	(168,676)
Vehicles	(191,958)	(68,002)	81,833	(178,121)
	<b>(445,064)</b>	<b>(128,749)</b>	<b>227,016</b>	<b>(346,797)</b>

	At 1 January 2021		At 31 December 2021
<b>Net carrying value</b>			
Buildings	208,839		115,801
Vehicles	219,401		132,874
	<b>428,240</b>		<b>248,675</b>

The Group leases several assets including buildings and vehicles. The lease term is from 1-5 years (2020: from 1-5 years).

Approximately one third of the leases for property, plant and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of Denar 42,423 thousand in 2021 (2020: Denar 220,533 thousand). The contractual maturity analysis of lease liabilities is presented in Note 22.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. FINANCIAL INSTRUMENTS

#### Capital risk management

The management of the Group reviews the capital structure on a regular basis.

	2021	2020
Debt (Note 18)	1,200,203	1,240,207
Lease liabilities (Note 22)	256,235	434,321
Cash and cash equivalents (Note 15)	(496,555)	(335,008)
Net debt	959,883	1,339,520
Equity (Note 16 and 17)	11,655,125	10,902,055
Net debt to equity ratio	8.24%	12.29%

#### Categories of financial instruments and risk management objectives

The Group's principal financial instruments are cash and cash equivalents and trade receivables, as well as borrowings and trade payables. In the normal course of operations, the Group is exposed to the following risks:

#### Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency in respect of sales of goods and services, purchase of raw materials, services and equipment and obtaining borrowings. The Group does not use any special financial instruments to hedge against this risk since no such instruments are in common use in the Republic of North Macedonia.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
EUR	1,201,421	1,425,166	1,433,331	1,174,208
RUR	101,649	74,988	328,690	416,373
USD	244,829	10,261	65,018	57,013
CHF	4,678	7,503	11,909	13,049
Other currencies	308,770	474,647	868,943	904,943

The Group is mainly exposed to Euro and Russian Ruble currencies.

The following table details the Group's sensitivity analysis to a 10% increase and decrease in the Macedonian Denar against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the date of the Consolidated Statement of financial position. A positive amount below indicates an increase in profit in Consolidated Income Statement, while a negative amount indicates a decrease.

	Increase of 10%		Decrease of 10%	
	2021	2020	2021	2020
EUR	(23,191)	25,095	23,191	(25,095)
RUR	(22,704)	(34,138)	22,704	34,138
USD	17,981	(4,675)	(17,981)	4,675
CHF	(723)	(554)	723	554
Other currencies	(56,017)	(43,029)	56,017	43,029
<b>Impact on the profit or loss and equity</b>	<b>(84,654)</b>	<b>(57,301)</b>	<b>84,654</b>	<b>57,301</b>

The Group's sensitivity to foreign currency rates has increased during the current period mainly due to the combined effect of increase in foreign trade receivables and foreign trade payables and increase in borrowings.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. FINANCIAL INSTRUMENTS (Continued)

#### Interest rate risk

The Group is exposed to interest risk arising from variable interest rate on borrowings, which depend on the financial market trends.

The sensitivity analysis below has been determined based on the interest rate exposure as a result of a 10% increase or decrease in rates on foreign borrowings at the reporting date. A positive amount below indicates a decrease in profit and equity, while a negative amount indicates an increase.

	Increase of 10%		Decrease of 10%	
	2021	2020	2021	2020
Borrowings and lease liabilities	3,232	3,981	(3,232)	(3,981)
<b>Profit and loss and equity</b>	<b>(3,232)</b>	<b>(3,981)</b>	<b>3,232</b>	<b>3,981</b>

Had the interest rates been 10% higher the Group's profit for the year ended 31 December 2021 and retained earnings would have decreased by Denar 3,232 thousand and vice versa, had the interest rates been 10% lower, the Group's profit for the year ended 31 December 2021 and retained earnings would have increased by Denar 3,232 thousand.

#### Liquidity risk

The management of the Group has responsibility for maintenance adequate liquidity. In certain cases, the Group uses short and long-term funding for liquidity purposes. The Group manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows. At any time, the Group can draw additional borrowings from banks with relatively low interest rates, which reduce further liquidity risk.

The following tables detail the Group's remaining contractual maturities of its financial liabilities:

2021	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade payables (Note 21)	961,120	826,471	297,651	8,208	2,093,450
Lease liabilities (Note 22)	-	26,832	63,517	113,814	204,163
Borrowings (Note 28)	22,139	49,27	446,903	681,883	1,200,203
	<b>1,009,341</b>	<b>1,139,224</b>	<b>837,567</b>	<b>998,063</b>	<b>3,984,195</b>
2020	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade payables (Note 21)	1,002,669	799,914	282,719	7,345	2,092,647
Lease liabilities (Note 22)	-	61,869	134,864	250,445	447,178
Borrowings (Note 28)	6,672	250,609	356,467	626,459	1,240,207
	<b>1,009,341</b>	<b>1,112,392</b>	<b>774,050</b>	<b>884,249</b>	<b>3,780,032</b>

The following tables detail the Group's remaining contractual maturities of its financial assets:

2021	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade receivables (Note 13)	1,151,872	1,161,174	164,437	-	2,477,483
Cash and cash equivalents (Note 15)	496,555	-	-	-	496,555
	<b>1,648,427</b>	<b>1,161,174</b>	<b>164,437</b>	<b>-</b>	<b>2,974,038</b>
2020	Less than 1 month	1 - 3 months	3 - 12 months	12 - 60 months	Total
Trade receivables (Note 13)	1,170,405	1,245,068	188,010	-	2,603,483
Cash and cash equivalents (Note 15)	335,008	-	-	-	335,008
	<b>1,505,413</b>	<b>1,245,068</b>	<b>188,010</b>	<b>-</b>	<b>2,938,491</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENTS IN EQUITY INSTRUMENTS

	2021	2020
<b>At 1 January</b>	<b>7,114</b>	<b>7,411</b>
Fair valuation increase	1,769	572
Fair valuation decrease	(16)	(869)
<b>As at 31 December</b>	<b>8,867</b>	<b>7,114</b>

Investments in equity instruments (classified as FVTOCI) consist of:

	2021	2020
Investments in equity instruments in non-quoted companies	2,675	2,388
Investments in equity instruments in quoted companies	6,192	4,726
<b>Investments in equity instruments in non-related parties</b>	<b>8,867</b>	<b>7,114</b>

Investments in equity instruments consist of corporate and bank shares. The shares held represent interests of below 10% of the registered equity of the respective issuers.

Investments in equity instruments that are quoted shares and bonds are presented at market values of identical assets. The unlisted shares that are not traded in an active market are stated at cost, because the Group considers that their cost approximates their fair value. Investments in equity instruments are measured at FVTOCI.

### 12. INVENTORIES

	2021	2020
Raw materials	1,346,468	1,168,812
Spare parts	190	209
Tools and consumable supplies	5,477	3,227
Work in progress	323,176	332,653
Finished goods	1,631,129	1,508,003
Trading goods	731,136	685,448
	<b>4,037,576</b>	<b>3,698,352</b>



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. TRADE RECEIVABLES

	2021	2020
Trade receivables	2,717,540	2,843,486
Less: Provision for impairment of receivables	[240,057]	[240,003]
<b>Trade receivables - net</b>	<b>2,477,483</b>	<b>2,603,483</b>

The risk profile of trade receivables based on the Group's provision matrix shows that expected credit loss rate equals to zero. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

There are no trade receivables past due over 1 year that are not impaired.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9.

	2021	2020
<b>At 1 January</b>	<b>240,003</b>	<b>249,171</b>
Expected credit loss (Note 26)	-	2,639
Write off	23	-
Collected bad and doubtful debts (Note 24)	[308]	[768]
Translation differences	339	[11,039]
<b>As at 31 December</b>	<b>240,057</b>	<b>240,003</b>

#### Ageing of impaired trade receivables are as follows:

	2021	2020
Up to 1 year	-	-
Over 1 year	240,057	240,003
<b>As at 31 December</b>	<b>240,057</b>	<b>240,003</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. OTHER NON-CURRENT AND CURRENT ASSETS

	2021	2020
Other non-current assets	138,041	64,049
	<b>138,041</b>	<b>64,049</b>
Other current assets:		
- Prepaid expenses	82,230	60,956
- Receivables from employees	2,103	2,315
- Prepaid VAT taxes	166,397	157,861
- Other receivables	103,159	88,609
	<b>353,889</b>	<b>309,741</b>

Prepayments for VAT are refunded from the Tax authorities on regular basis.

Non-current receivables relate to prepayments for property, plant and equipment that are in use for a period longer than one year.

The fair values of non-current receivables and other receivables are as follows:

	2021	2020
Non-current receivables	138,041	64,049

The effective interest rate on non-current receivables is as follows:

	2021	2020
	2.00%	2.00%

### 15. CASH AND CASH EQUIVALENTS

	2021	2020
Cash balances held with banks	494,262	332,357
Cash in hand	947	1,286
Other	1,346	1,365
	<b>496,555</b>	<b>335,008</b>



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. SHARE CAPITAL

	Ordinary shares	Treasury shares	Total
<b>At 1 January 2020</b>	<b>2,220,127</b>	<b>[98,805]</b>	<b>2,121,322</b>
Purchase of treasury shares	-	[10,480]	[10,480]
<b>As at 31 December 2020</b>	<b>2,220,127</b>	<b>[109,285]</b>	<b>2,110,842</b>
Purchase of treasury shares	-	-	-
<b>As at 31 December 2021</b>	<b>2,220,127</b>	<b>[109,285]</b>	<b>2,110,842</b>

The total authorized number of ordinary shares is 1,431,353 with a par value of EUR 25.56 per share. All issued shares are fully paid in. As of 31.12.2021, the number of voting shares is 1,405,509 shares.

During 2021 no shares were acquired. During 2021 the Parent Company acquired 800 of its own shares through Macedonian stock exchange in accordance with article 333 paragraph 1 of the Company Law. The total number of treasury shares is 22,557. The number of 3,287 shares is reserved for former proprietors of which 3,228 are priority shares and 59 are ordinary shares.

### 17. OTHER RESERVES

	Transfer of reserves	Land	Investments in equity instruments	Fund for shares	Total
<b>At 1 January 2020</b>	<b>[9,604]</b>	<b>1,464,728</b>	<b>2,960</b>	<b>212,132</b>	<b>1,670,216</b>
Increase (Note 11)	-	-	[297]	-	[297]
Foreign exchange differences on translation of foreign operations	-	[29,562]	-	-	[29,562]
<b>As at 31 December 2020</b>	<b>[9,604]</b>	<b>1,435,166</b>	<b>2,663</b>	<b>212,132</b>	<b>1,640,357</b>
Increase (Note 11)	-	-	1,753	-	1,753
Foreign exchange differences on translation of foreign operations	-	14,294	-	-	14,294
<b>As at 31 December 2021</b>	<b>[9,604]</b>	<b>1,449,460</b>	<b>4,416</b>	<b>212,132</b>	<b>1,656,404</b>

The nature and rights of distribution of each class of other reserves are:

- Revaluation reserves for land are created based on valuation of PP&E. These reserves are not distributable to shareholders,
- The reserves for Investments in equity instruments are created based on valuation of investments. These reserves are not distributable to shareholders,
- Funds for shares are created from retained earnings based on the relevant decision of the Shareholder assembly and are distributable to shareholders if not utilized.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. BORROWINGS

	2021	2020
Non-current borrowings	681,883	626,459
Current borrowings	518,320	613,748
	<b>1,200,203</b>	<b>1,240,207</b>

The maturity of the borrowings is as follows:

	2021	2020
Up to 1 year	518,320	613,748
Between 1 and 3 years	681,883	626,459
	<b>1,200,203</b>	<b>1,240,207</b>

The borrowings are denominated in following currencies:

	2021	2020
EUR	239,025	248,612
MKD	960,920	991,342
Other	258	253
	<b>1,200,203</b>	<b>1,240,207</b>

The effective interest rates at the reporting date were as follows:

	31 December 2021		31 December 2020	
	EUR	MKD	EUR	MKD
	3 month		6 month	
	EURIBOR		EURIBOR	
Interest rates	+0.59 – 0.8%	1.3-1.6%	+0.8 – 1.15%	1.6 – 2.1%



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 19. RETIREMENT BENEFIT OBLIGATIONS

	2021	2020
Retirement benefits	58,995	50,300

The retirement benefits are calculated based on the Group's legal obligation to pay two monthly net salaries to a vesting employee on the retirement date according to the actuarial calculation.

The amounts recognized in the Income statement are as follows:

	2021	2020
Beginning of the year	50,300	40,599
Increase in calculation (Note 23)	8,785	9,737
Foreign exchange differences	(90)	(36)
<b>As at 31 December</b>	<b>58,995</b>	<b>50,300</b>

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	2.35%	2.32%
Personal income tax	10%	10%
Retirement requirements	at least 15 years of experience, men 64 years, women 62 years	
Monthly average salary	29,943 Denars	27,613 Denars



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. DEFERRED TAX

	2021	2020
Deferred tax assets	16,508	4,211
Deferred tax liabilities	(251)	(11,355)
	<b>16,257</b>	<b>(7,144)</b>

Deferred income tax is determined using the tax rate of 10%.

	2021	2020
Deferred tax asset as at 1 January	(7,144)	5,233
Deferred tax included in the income statement (Note 29)	23,401	(12,377)
Deferred tax (liability) / asset as at 31 December	<b>16,257</b>	<b>(7,144)</b>

The movements on deferred tax assets and (liabilities), net were as follows:

	Accruals	Fair value	Total
Deferred tax asset as at 1 January 2020	5,233	-	5,233
Charged to the income statement	(12,377)	-	(12,377)
Deferred tax asset as at 31 December 2020	(7,144)	-	(7,144)
Charged to the income statement	23,401	-	23,401
Deferred tax liability as at 31 December 2021	16,257	-	16,257

### 21. TRADE AND OTHER PAYABLES

	2021	2020
Trade payables	2,093,450	2,092,647
Customer's prepayments	23,794	35,747
Payables to employees	169,437	148,586
Dividends	9,304	9,304
Deferred income from subsidies	282,810	166,219
Other payables	429,303	321,069
	<b>3,008,098</b>	<b>2,773,572</b>

Deferred income from subsidies consist of Denar 268,287 thousand (2020: Denar 155,726 thousand) for the grants received from the Government of the Republic of North Macedonia in accordance with the Law on financial support of investments (Official Gazette of the Republic of Macedonia no. 83/18) and Denar 14,524 thousand (2020: Denar 10,493 thousand) for the funds received from the Fund for Innovation and Technology, for achieving accelerated technological development, based on knowledge transfer, research on development and innovations that contribute to new employments and economic growth and development, while improving the business environment for increasing the competitive capabilities of the companies.

Major part of other payables in the amount of Denar 429,303 thousand (2020: Denar 321,069 thousand) relate to accrued liabilities for purchases of services and goods.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22. LEASE LIABILITY

	2021	2020
Non-current	173,086	250,822
Current	83,149	183,499
	<b>256,235</b>	<b>434,321</b>

The following tables details the Company's remaining contractual maturity for its lease liabilities, based on the undiscounted cash flows.

Maturity analysis	2021	2020
not later than 3 months	26,832	61,869
later than 3 months and not later than 1 year	63,517	134,864
later than 1 year and not later than 5 years	109,129	241,424
later than 5 years	4,685	9,020
	<b>204,163</b>	<b>447,177</b>

### 23. PROVISION FOR OTHER LIABILITIES AND CHARGES

	2021	2020
Provision for retirement benefits (Note 19)	8,785	9,737
	<b>8,785</b>	<b>9,737</b>

### 24. OTHER INCOME

	2021	2020
Collected written-off receivables	23	768
Interest income	2,979	1,579
Foreign exchange transaction gains	234,551	263,758
Income from subsidies	60,100	30,491
Other income	104,559	124,958
	<b>402,212</b>	<b>421,554</b>

### 25. OTHER EXPENSES

	2021	2020
Interest expenses	296	666
Foreign exchange transaction losses	216,293	365,225
Write off and shortage of inventory	87,723	91,453
Other expenses	40,338	45,305
	<b>344,650</b>	<b>502,649</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. EXPENSES BY NATURE

	2021	2020
Raw materials	3,226,901	3,079,953
Employee benefit expense	2,893,200	2,663,368
Depreciation and amortization	952,159	971,578
Energy	199,095	190,494
Impairment of trade receivables (Note 13)	-	2,639
Transportation	147,858	212,183
Changes in the inventories	(107,135)	(135,545)
Cost of trading goods	2,301,440	2,195,992
Other expenses	1,740,244	1,494,822
	<b>11,353,762</b>	<b>10,675,484</b>

### 27. EMPLOYEE BENEFIT EXPENSES

	2021	2020
Gross salaries	2,540,792	2,313,259
Other employees benefits	352,408	350,109
	<b>2,893,200</b>	<b>2,663,368</b>
<b>Number of employees as at 31 December</b>	<b>2,528</b>	<b>2,392</b>

### 28. FINANCE EXPENSES

	2021	2020
Foreign exchange transaction (losses)/gains on borrowings, net	182	(63)
Interest expense on lease liabilities	(12,914)	(22,056)
Interest expense on borrowings	(19,409)	(17,753)
	<b>(32,141)</b>	<b>(39,872)</b>



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29. INCOME TAX

	2021	2020
Current income tax	166,583	148,537
Deferred income tax (Note 20)	(11,619)	12,377
	<b>154,964</b>	<b>160,914</b>

The adjustment of income tax calculated on the profit before income tax according to the legal tax rate for the year ending December 31, 2021 is as follows:

	2021	2020
<b>Profit before tax</b>	<b>1,302,090</b>	<b>1,326,140</b>
Tax calculated at tax rate of 10%	130,209	132,614
Tax on expenses not deductible for tax purposes	95,196	78,077
Tax allowances	(67,397)	(62,380)
Deferred income tax	(11,619)	12,377
Other	8,575	226
<b>Income tax</b>	<b>154,964</b>	<b>160,914</b>
<b>Effective tax rate</b>	<b>11.90%</b>	<b>12.13%</b>

### 30. EARNINGS PER SHARE

	2021	2020
<b>Basic earnings per share</b>		
Profit attributable to the shareholders (In Denar)	1,302,089,592	1,165,225,722
Weighted average number of shares outstanding	1,405,509	1,408,938
<b>Basic earnings per share (in Denar)</b>	<b>926.42</b>	<b>827.02</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 31. DIVIDENDS

The Group does not recognize the dividend payable before it is approved at the Annual General Meeting.

The dividends approved by shareholders on April 5, 2021 amounted to Denar 572,541 thousands for the year ended December 31, 2020. The approved dividends were paid and retained earnings appropriately decreased. The dividend and the tax related to the dividend are disclosed as decrease of retained earnings.

### 32. COMMITMENTS

Capital expenditures contracted for acquisition of property, plant and equipment at the reporting date but not yet incurred amount to Denar 163,509 thousand (2020: Denar 51,500 thousand).

### 33. CONTINGENCIES

The Group has contingent liabilities with respect to the guaranties issued to third parties in the amount of Denar 323,258 thousand (2020: Denar 305,332 thousand).

### 34. RELATED PARTY TRANSACTIONS

The Group has no ultimate controlling party, the shares are widely held.

#### Key management compensations

No compensations were paid to the Managing Board members in 2021 for the purpose of participation in the Managing board. In 2021, the amount of Denar 4,393 thousand was paid to the Supervisory Board members (2020: Denar 4,288 thousand). Total key management compensations amounted to Denar 260,333 thousand (2020: Denar 240,164 thousand).

### 35. EXCHANGE RATES OF PRINCIPAL CURRENCIES

Closing rates:

	31 Dec 2021	31 Dec 2020
EUR	61.63	61.69
RUR	0.73	0.67
USD	54.37	50.23
CHF	59.47	56.82

### 36. TAXATION RISK

The Republic of North Macedonia currently has several tax laws in effect, as imposed by the Ministry of Finance of the Republic of North Macedonia. The applicable taxes include: value added tax, corporate income tax, and personal income tax, among others. Apart from that, the regulations governing these taxes were not enforced for substantial periods of time; in contrast to similar legislation in more developed market economies. Moreover, the regulations defining the implementation of these laws are often unclear or non-existent. Hence, few precedents with regard to tax issues have been established in the Republic of North Macedonia. Often, contrary opinions pertaining to legal interpretations exist both among, and within, governmental ministries and organizations, thus creating uncertainties and areas of legal contention. Tax returns, together with all other areas regulated by the law (such as customs) are reviewed and controlled by competent authorities by several authorized vested in powers to assess severe fines and penalties.

The Company performs significant transactions with its related parties. Although the management believes that the Company possesses sufficient and adequate documentation on transfer prices, it is still uncertain whether the tax and other authorities' requirements and interpretations of the tax legislation will differ from those of the management. The management believes that any varying interpretations will have no material effects on the Company's consolidated financial statements. The interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Company may not coincide with that of the management. As a result, transactions may be challenged by tax authorities and the Company may be assessed additional taxes, penalties and interest, which can be significant. The periods remain open to review by the tax and customs authorities with respect to tax liabilities for five years. The abovementioned explanations pose tax risks in the Republic of North Macedonia which are materially more significant than those common in the countries with more developed tax systems.



# FINANCES & CONSOLIDATED FINANCIAL REPORT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 37. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2022, Russia engaged in military actions on Ukraine territory.

Following these events, the Group has taken necessary measures to protect its employees, and tries to provide safety conditions.

As of 31 December 2021, the Group has exposures arising from the operations in the two countries directly affected by the conflict, as follows:

in MKD 000	Russia			Ukraine		
	Trade receivables	Inventory	Revenue	Trade receivables	Inventory	Revenue
<b>Balance as of 12/31/2021</b>	<b>244,129</b>	<b>118,056</b>	<b>1,154,884</b>	<b>70,241</b>	<b>/</b>	<b>399,646</b>
Subsequent collection of receivables (in 2022, to date)	(223,573)	/	/	(70,241)	/	/
Subsequent sales of the inventories (in 2022, to date)	N/A	(106,250)	/	/	/	/
<b>Net exposure</b>	<b>20,556</b>	<b>11,806</b>	<b>N/A</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>
<b>Subsequent sales in 2022</b>			<b>864,519</b>			<b>120,095</b>
<b>Subsequent collection for the sales occurred in 2022</b>	<b>753,308</b>			<b>120,095</b>		

The Group includes 100% owned subsidiary in Russia 000 Alkaloid RUS, Moscow through which the Group generated 9% of consolidated revenue during the 12 months period ended as of 31 December 2021. In addition, the Group includes 100% owned subsidiary in Ukraine TOV Alkaloid Kiev which has no significant business operation yet. However, the parent Company makes direct sales to third parties on the Ukraine market, which represented 3% of consolidated revenue for the year ended 31 December 2021.

Since most of receivables and inventories held on these two markets as of 31 December 2021 have been subsequently realized, management of the Group believes that no adjustments are needed on the amounts presented in the consolidated financial statements for the year then ended.

As the conflict continues to evolve, it is challenging to predict the full extent and duration of its business and economic implications. Consequently, these circumstances may impact Group members with challenges relating to the business operations mostly in Russia and Ukraine due to the respective governmental bodies measures and policies which have already been implemented or might be implemented in the future.

The Group management is closely monitoring developments that may impact trading activities including sanctions, actions by governments and developments in Ukraine itself. Management will further assess the impact on business operations and will take any potential actions needed, as facts and circumstances are subject to change and may be influencing trading strategies and barriers in the markets affected by the conflict. At this stage, management is not able to reliably estimate prolonged impact on Group future revenues and overall business, since the events are unfolding day-by-day.

There have been no events that would require additional disclosures in or any adjustments to the consolidated financial statements (adjusting events) until the date of their issuance.







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