

## PERFORMANCE ANALYSES

### For the period January - December 2022

According to the unaudited stand alone and consolidated Income statement for the period January - December 2022, Alkaloid AD Skopje achieved positive financial results.

#### Accounting policies and evaluation methods

There were no changes in the accounting policies and evaluation methods in the positions of the financial statements of Alkaloid AD Skopje in 2022.

#### Total revenues

The total stand alone revenues for January - December 2022 in the amount of 11.564.455 thousand denars have increased for 15%, compared to 2021. The largest portion of 91% in the total revenues belongs to the sales revenues, which compared to 2021 have increased for 10%.

The total consolidated revenues for January - December 2022 in the amount of 15.349.814 thousand denars have increased for 16%, compared to 2021. The largest portion of 93% in the total revenues belongs to the sales revenues, which compared to 2021 have increased for 12%.

#### Total expenses

The total stand alone expenses for January - December 2022 in the amount of 10.031.327 thousand denars have increased for 16% compared to 2021.

The total consolidated expenses for January - December 2022 in the amount of 13.706.047 thousand denars have increased for 17% compared to 2021.

#### Dividend

The gross dividends approved by shareholders on April 4th 2022 were 629.795 thousand denars or net-dividend of 396 denars for one ordinary share which compared to the paid net-dividend per share for 2020 in amount of 360 denars is an increase of 10%.

#### Investments

In the January – December 2022 period a total of MKD 1.474.213 thousand denars has been invested in fixed assets, an increase of 24%.

#### Borrowings

The total consolidated borrowings as at 31.12.2022 are in the amount of 1.489.667 thousand denars.

#### Employees

In the period January – December 2022 ALKALOID AD Skopje recruited 187 new employees in the R.N. Macedonia. In March 2022 the Management Board of ALKALOID AD Skopje decided to approve and pay holiday allowance to its employees in amount of MKD 30.000 net. In December 2022 the Management Board of ALKALOID AD Skopje approved and paid new year's allowance to its employees in amount of MKD 31,000 net. The ALKALOID Group has 2.617 employees, of which 2.019 in the country and 598 in its subsidiaries and representative offices abroad.

**Significant Income statement positions**

The achieved stand alone and consolidated results for the period January - December 2022, the proportions, dynamics and comparison with the previous year are as follows:

**Stand alone sales**

Market	(In 000 MKD)				
	2022		2021		Ind
	Sales	%	Sales	%	22/21
Domestic market	3.142.726	30	3.122.591	33	101
Foreign market	7.395.504	70	6.437.164	67	115
<b>Total:</b>	<b>10.538.230</b>	<b>100</b>	<b>9.559.755</b>	<b>100</b>	<b>110</b>

**Consolidated sales**

Market	(In 000 MKD)				
	2022		2021		Ind
	Sales	%	Sales	%	22/21
<b>Domestic market</b>	<b>4.594.347</b>	<b>32</b>	<b>4.440.652</b>	<b>35</b>	<b>103</b>
Southeast Europe	4.331.373	30	4.094.400	32	106
Eastern Europe (CIS, UA...)	2.268.295	16	1.647.457	13	138
Western Europe (EU and EFTA)	2.926.375	20	2.494.739	19	117
Other	168.661	1	116.932	1	144
<b>Total foreign market</b>	<b>9.694.704</b>	<b>68</b>	<b>8.353.528</b>	<b>65</b>	<b>116</b>
<b>Total:</b>	<b>14.289.051</b>	<b>100</b>	<b>12.794.180</b>	<b>100</b>	<b>112</b>

Out of the total consolidated sales, 68% were realized in the foreign markets. The Eastern Europe region had the highest growth of 38%, followed by Western Europe with an increase of 17%.

Group of products	(In 000 MKD)				
	2022		2021		Ind
	Sales	%	Sales	%	22/21
Antibiotics	3.335.386	23	2.701.945	21	123
OTC products	2.634.376	18	2.527.441	20	104
Cardiovascular products	1.877.025	13	1.759.941	14	107
Neurological products	1.871.427	13	1.695.852	13	110
Other	1.288.030	9	1.024.590	8	126
<b>Total products - Alkaloid</b>	<b>11.006.244</b>	<b>77</b>	<b>9.709.769</b>	<b>76</b>	<b>113</b>
Commodities	1.538.831	11	1.447.903	11	106
Services and other revenue	59.090	0	79.891	1	74
<b>Total Pharmaceuticals</b>	<b>12.604.165</b>	<b>88</b>	<b>11.237.563</b>	<b>88</b>	<b>112</b>
<b>Total Chemistry</b>	<b>362.627</b>	<b>3</b>	<b>330.989</b>	<b>3</b>	<b>110</b>
<b>Total Cosmetics</b>	<b>1.020.711</b>	<b>7</b>	<b>973.371</b>	<b>8</b>	<b>105</b>
<b>Total Botanicals</b>	<b>301.548</b>	<b>2</b>	<b>252.257</b>	<b>2</b>	<b>120</b>
<b>Total:</b>	<b>14.289.051</b>	<b>100</b>	<b>12.794.180</b>	<b>100</b>	<b>112</b>

**Significant Income statement positions (continued)**
**Earning before interest, taxes, depreciation and amortization (EBITDA)**

	(In 000 MKD)				
	2022		2021		Ind
	Amount	% in Sales	Amount	% in Sales	22/21
Stand alone EBITDA	2.381.036	23	2.190.776	23	109
Consolidated EBITDA	2.537.702	18	2.302.590	18	110

**Net profit**

	(In 000 MKD)				
	2022		2021		Ind
	Amount	% in Sales	Amount	% in Sales	22/21
Stand alone Net profit	1.411.543	13	1.281.406	13	110
Consolidated Net profit	1.463.421	10	1.304.960	10	112

Stand alone Net profit for 2022 is 1.411.543 thousand denars, which compared to last year has increased for 10%.

Consolidated Net profit for 2022 is 1.463.421 thousand denars, which compared to last year has increased for 12%.

**Business plan 2023**

The business plan for 2023, adopted by the Management Board of ALKALOID AD Skopje at its December 29th, 2022 meeting, anticipates investment of around 11% of the consolidated revenue in tangible and intangible assets, growth in consolidated sales of 10% compared to 2022, and growth in pre-tax consolidated profit of 7% in comparison to 2022.

The 2023 business plan is based on the expectations, forecasts and opportunities on the existing and new markets and products available to the Company at the time of drafting the plan. Circumstances and events in 2023 may vary from those taken into account in the Business Plan and so may actual results.

**Expectations for the upcoming period**

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, as well as by the energy and economic crisis. 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, the health crisis turned into an economic one causing new operational challenges. What has already started as a trend in 2021 and dominated 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 the following period.

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.