

## PERFORMANCE ANALYSES

### For the period January - June 2023

According to the unaudited stand alone and consolidated Income statement for the period January - June 2023, 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 2023.

#### Total revenues

The total stand alone revenues for January - June 2023 in the amount of 6.474.598 thousand denars have increased for 13%, compared to 2022. The largest portion of 97% in the total revenues belongs to the sales revenues, which compared to 2022 have increased for 19%.

The total consolidated revenues for January - June 2023 in the amount of 8.591.099 thousand denars have increased for 15%, compared to 2022. The largest portion of 98% in the total revenues belongs to the sales revenues, which compared to 2022 have increased for 18%.

#### Total expenses

The total stand-alone expenses for January - June 2023 in the amount of 5.592.173 thousand denars have increased for 13% compared to 2022.

The total consolidated expenses for January - June 2023 in the amount of 7.710.194 thousand denars have increased for 14% compared to 2022.

#### Dividend

The gross dividends for 2022 approved by shareholders on April 3th 2023 were 701.363 thousand denars or net-dividend of 441 denars for one ordinary share which compared to the paid net-dividend per share for 2021 in amount of 396 denars is an increase of 11,36%.

#### Investments

In the January – June 2023 period a total of 937.984 thousand denars has been invested in fixed assets which compared to the same period in 2022 is an increase of 91%.

#### Borrowings

The total consolidated borrowings as at 30.06.2023 are in the amount of 1.989.184 thousand denars.

#### Employees

In the period January – June 2023 ALKALOID AD Skopje recruited 106 new employees in the R.N. Macedonia. In March 2023 the Management Board of ALKALOID AD Skopje decided to approve and pay holiday allowance to its employees in amount of MKD 36.500 net. The ALKALOID Group has 2,733 employees, of which 2,065 in the country and 668 in its subsidiaries and representative offices abroad.

**Significant Income statement positions**

The achieved stand alone and consolidated results for the period January - June 2023, the proportions, dynamics and comparison with the previous year are as follows:

**Stand alone sales**

Market	(In 000 MKD)				
	2023		2022		Ind
	Sales	%	Sales	%	23/22
Domestic market	1.673.721	27	1.549.109	29	108
Foreign market	4.620.021	73	3.734.783	71	124
<b>Total:</b>	<b>6.293.742</b>	<b>100</b>	<b>5.283.892</b>	<b>100</b>	<b>119</b>

**Consolidated sales**

Market	(In 000 MKD)				
	2023		2022		Ind
	Sales	%	Sales	%	23/22
<b>Domestic market</b>	<b>2.446.955</b>	<b>29</b>	<b>2.257.146</b>	<b>32</b>	<b>108</b>
Southeast Europe	2.446.809	29	2.258.737	32	108
Eastern Europe (CIS, UA, ...)	1.615.253	19	1.024.854	14	158
Western Europe (EU and EFTA)	1.829.251	22	1.507.302	21	121
Other	86.930	1	83.870	1	104
<b>Total foreign market</b>	<b>5.978.243</b>	<b>71</b>	<b>4.874.763</b>	<b>68</b>	<b>123</b>
<b>Total:</b>	<b>8.425.198</b>	<b>100</b>	<b>7.131.909</b>	<b>100</b>	<b>118</b>

Out of the total consolidated sales, 71% were realized in the foreign markets. The Eastern Europe region and Western Europe region had the highest growth. In the first half of 2023 we've marked sales growth higher than planned, partly due to a shortage of antibiotics from other manufacturers in most export markets. ALKALOID managed to cover these shortcomings through an increased volume of production and sales of antibiotics from its own portfolio.

Group of products	(In 000 MKD)				
	2023		2022		Ind
	Sales	%	Sales	%	23/22
Antibiotics	2.460.922	29	1.629.693	23	151
OTC products	1.640.336	19	1.309.669	18	125
Cardiovascular products	966.903	11	1.010.921	14	96
Neurological products	1.010.457	12	934.313	13	108
Other	630.424	7	629.103	9	100
<b>Total products - Alkaloid</b>	<b>6.709.042</b>	<b>80</b>	<b>5.513.699</b>	<b>77</b>	<b>122</b>
Commodities	822.601	10	732.852	10	112
Services and other revenue	47.287	1	29.950	0	158
<b>Total Pharmaceuticals</b>	<b>7.578.930</b>	<b>90</b>	<b>6.276.501</b>	<b>88</b>	<b>121</b>
<b>Total Chemistry</b>	<b>165.732</b>	<b>2</b>	<b>206.282</b>	<b>3</b>	<b>80</b>
<b>Total Cosmetics</b>	<b>565.058</b>	<b>7</b>	<b>505.846</b>	<b>7</b>	<b>112</b>
<b>Total Botanicals</b>	<b>115.478</b>	<b>1</b>	<b>143.280</b>	<b>2</b>	<b>81</b>
<b>Total:</b>	<b>8.425.198</b>	<b>100</b>	<b>7.131.909</b>	<b>100</b>	<b>118</b>

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

	(In 000 MKD)				
	2023		2022		Ind
	Amount	% in Sales	Amount	% in Sales	23/22
Stand alone EBITDA	1.334.981	21	1.168.169	22	114
Consolidated EBITDA	1.393.018	17	1.192.089	17	117

**Net profit**

	(In 000 MKD)				
	2023		2022		Ind
	Amount	% in Sales	Amount	% in Sales	23/22
Stand alone Net profit	814.787	13	683.064	13	119
Consolidated Net profit	773.414	9	649.427	9	119

Stand alone Net profit for 2023 is 814.787 thousand denars, which compared to last year has increased for 19%.

Consolidated Net profit for 2023 is 773.414 thousand denars, which compared to last year has increased for 19%.

**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 energy and economic crisis. To date we have taken a number of measures to offset all negative effects without compromising the company's successful operations.

In line with expectations, what dominated in 2022 and continued in the first half of 2023 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 reached a high level and reduced predictability. At the same time, interest rates in the regional and European markets have reached record high levels in the last few years, which further burdens the operational costs of operations. In addition to all that, the pronounced uncertainty of global economic flows has also led to the volatility of several national currencies, which significantly increases the risk of negative exchange rate differences in operations.

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.