

PERFORMANCE ANALYSES

For the period January - June 2024

According to the unaudited stand-alone and consolidated Income statement for the period January - June 2024, 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 2024.

Total revenues

The total stand-alone revenues for January - June 2024 in the amount of MKD 6.962.819 thousand have increased for 8%, compared to 2023. The largest portion of 96% in the total revenues belongs to the sales revenues, which compared to 2023 have increased for 7%.

The total consolidated revenues for January - June 2024 in the amount of MKD 9.633.723 thousand have increased for 12%, compared to 2023. The largest portion of 98% in the total revenues belongs to the sales revenues, which compared to 2023 have increased for 12%.

Total expenses

The total stand-alone expenses for January - June 2024 in the amount of MKD 6.009.900 thousand have increased for 7% compared to 2023.

The total consolidated expenses for January - June 2024 in the amount of MKD 8.695.268 thousand have increased for 13% compared to 2023.

Shares

The shares of ALKALOID AD Skopje have been listed since 2002 and stand as one of the most traded and most liquid shares on the Macedonian Stock Exchange. The price of ALKALOID AD Skopje shares ranged from MKD 18.151,00 to MKD 21.100,00 in the January-June 2024 period, with an average of MKD 20.237,94 per share. The share price movement followed the average annual growth trend, driven by the consistent and transparent reporting of the company's positive performance, favorable public opinion, confidence in our products and management, and the general upward trend in global and regional stock exchanges. On 30.06.2024 5.597 individuals and companies held ALKALOID AD Skopje shares, while its market capitalization was around MKD 29,5 billion.

The gross dividend approved by shareholders on April 1st 2024 were MKD 772.931 thousand. In accordance with the dividend calendar as of May 2024 the company has started paying the dividend in amount of MKD 540 gross i.e. MKD 486 net-dividend for one ordinary share. The dividend per share for 2023 is 10,2% higher than the dividend paid per share for 2022.

Investments

Committed to continuous modernization and expanding manufacturing capacities, volume, and product range, ALKALOID AD Skopje has recently completed its most substantial investment venture in the past two decades. This project involved the establishment of an advanced facility for manufacturing solid pharmaceutical forms, known as "Tablet Department 2.0," along with its accompanying technical infrastructure. The new technical and technological infrastructure, designed to more than double the production volume and enhance the flexibility of solid pharmaceutical form manufacturing, spans 6.200 square meters, encompassing both production and technical facilities. ALKALOID invested a total of EUR 19,4 million in this endeavor.

We made another strategic investment in the first half of this year. A new production line for manufacturing and packaging wet wipes was installed in PC Cosmetics, worth EUR 1,7 million. The new manufacturing equipment for wet wipes production has a capacity of 120 pieces per minute and is complemented by fully automated packaging lines. Consequently, we have doubled our manufacturing capacity for wet wipes and expanded the range of products that we can manufacture and package.

In the January – June 2024 period a total of MKD 679.677 thousand has been invested in fixed assets.

Innovation

In recent years, ALKALOID has embarked on a process of redesigning existing generic pharmaceutical products for new indications. The goal was to develop drugs with added value that address the treatment and fulfill the needs of individual or specific patient groups. Strategic investments aimed at modernizing the product portfolio resulted in the successful development of ALKALOID's first patented value-added drug. This drug is primarily designed to treat reflux esophagitis and gastroesophageal reflux disease (GERD). Proton pump inhibitors, including Omeprazole, are the preferred medications for treating reflux esophagitis and GERD. These medications are typically available in the form of gastro-resistant tablets and capsules, as well as powder for dissolution. In a groundbreaking discovery, ALKALOID has developed ready-to-use liquid Omeprazole for the first time in history.

ALKALOID obtained the first international value-added medicine (VAM) patent for the Omeprazole peroral solution. The first marketing authorizations for this groundbreaking medication have been granted for both the Macedonian and UK markets. Registration processes are underway for European countries and European Union markets, with the anticipation of obtaining marketing authorizations and subsequent product launch.

Borrowings

The total consolidated borrowings as at 30.06.2024 are in the amount of MKD 2.280.613 thousand.

Employees

In the period January – June 2024 ALKALOID AD Skopje recruited 161 new employees in the R.N. Macedonia. In March 2024 the Management Board of ALKALOID AD Skopje decided to approve and pay holiday allowance to its employees in amount of MKD 40.500 net. The ALKALOID Group has 2.970 employees, of which 2.259 in the country and 711 in its subsidiaries and representative offices abroad.

Significant Income statement positions

The achieved stand-alone and consolidated results for the period January - June 2024, the proportions, dynamics and comparison with the previous year are as follows:

Stand-alone sales

Market	(In 000 MKD)				
	2024		2023		Ind
	Sales	%	Sales	%	24/23
Domestic market	1.810.643	27	1.673.721	27	108
Foreign market	4.898.972	73	4.620.021	73	106
Total:	6.709.615	100	6.293.742	100	107

Consolidated sales

Market	(In 000 MKD)				
	2024		2023		Ind
	Sales	%	Sales	%	24/23
Domestic market	2.894.251	31	2.446.955	29	118
Southeast Europe	2.571.443	27	2.446.809	29	105
Eastern Europe (CIS, UA, ...)	1.869.742	19	1.615.253	19	116
Western Europe (EU and EFTA)	2.075.685	22	1.829.251	22	113
Other	64.102	1	86.930	1	74
Total foreign market	6.580.972	69	5.978.243	71	110
Total:	9.475.223	100	8.425.198	100	112

By representing renowned global pharmaceutical manufacturers, the company takes active part in providing the latest rare and specialized treatments, whereby as a proven public healthcare partner, it significantly supports the national healthcare system. Despite the limited profitability of these programs, they have considerably increased the domestic market share in total consolidated sales, reaching 31%. Compared to the same period last year, domestic sales have grown by 18%.

Out of the total consolidated sales, 69% were realized in the foreign markets. The Eastern Europe region (16% increase) and Western Europe region (13% increase) had the highest growth.

Significant Income statement positions (continued)

Group of products	(In 000 MKD)				
	2024		2023		Ind
	Sales	%	Sales	%	24/23
Antibiotics	2.586.394	27	2.460.922	29	105
OTC products	1.708.247	18	1.640.336	19	104
Cardiovascular products	1.138.189	12	966.903	11	118
Neurological products	1.175.179	12	1.010.457	12	116
Other	765.282	8	630.424	7	121
Total products - ALKALOID	7.373.291	78	6.709.042	80	110
Commodities	1.137.096	12	822.601	10	138
Services and other revenue	65.727	1	47.287	1	139
Total Pharmaceuticals	8.576.114	91	7.578.930	90	113
Total Chemistry	169.018	2	165.732	2	102
Total Cosmetics	607.093	6	565.058	7	107
Total Botanicals	122.998	1	115.478	1	107
Total:	9.475.223	100	8.425.198	100	112

Earning before interest, taxes, depreciation and amortization (EBITDA)

	(In 000 MKD)				
	2024		2023		Ind
	Amount	% in Sales	Amount	% in Sales	24/23
Stand-alone EBITDA	1.446.135	22	1.334.981	21	108
Consolidated EBITDA	1.451.687	15	1.393.018	17	104

Net profit

	(In 000 MKD)				
	2024		2023		Ind
	Amount	% in Sales	Amount	% in Sales	24/23
Stand-alone Net profit	882.679	13	814.787	13	108
Consolidated Net profit	825.117	9	773.414	9	107

Stand-alone Net profit for 2024 is MKD 882.679 thousand, which compared to last year has increased for 8%.

Consolidated Net profit for 2024 is MKD 825.117 thousand, which compared to last year has increased for 7%.

Business plan 2024

The business plan for 2024, adopted by the Management Board of ALKALOID AD Skopje at its December 27th, 2023 meeting, anticipates investment of around 10% of the consolidated revenue in tangible and intangible assets, growth in consolidated sales of 10% compared to actual sales in 2023, and growth in pre-tax consolidated profit of 7% in comparison to 2023.

The 2024 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 2024 may vary from those taken into account in the Business Plan and so may actual results.

Expectations for the upcoming period

It is highly likely that the trend of operating within challenging economic conditions, which has prevailed in recent years, will persist into 2024. Key challenges such as inflation and increasing interest rates are anticipated to maintain their current levels or even experience slight declines. Additionally, global security crises further complicate the economic landscape, introducing uncertainties that may impact energy prices, disrupt supply chains, and affect the availability of certain materials.

Despite these challenges, we are poised to sustain our growth trajectory in 2024. Building upon our ongoing investments in new manufacturing facilities, equipment, and research and development endeavours, we aim to fortify our competitive portfolio and capitalize on market expansion opportunities. In pursuit of these objectives, we will continue to recruit talent domestically and internationally, while steadfastly investing in enhancing the knowledge and skills of our workforce.