

PERFORMANCE ANALYSES

For the period January - September 2023

According to the unaudited stand alone and consolidated Income statement for the period January - September 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 - September 2023 in the amount of 9.548.650 thousand denars have increased for 6%, compared to 2022. The largest portion of 96% in the total revenues belongs to the sales revenues, which compared to 2022 have increased for 13%.

The total consolidated revenues for January - September 2023 in the amount of 12.702.433 thousand denars have increased for 8%, compared to 2022. The largest portion of 98% in the total revenues belongs to the sales revenues, which compared to 2022 have increased for 14%.

Total expenses

The total stand alone expenses for January - September 2023 in the amount of 8.138.326 thousand denars have increased for 6% compared to 2022.

The total consolidated expenses for January - September 2023 in the amount of 11.249.514 thousand denars have increased for 7% compared to 2022.

Dividend

The gross dividends 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 – September 2023 period a total of MKD 1.240.857 thousand denars has been invested in fixed assets which compared to 2022 is an increase of 47%. This increase in investments is due to ALKALOID's biggest investment project in the last 20 years – the new production department for the production of solid forms 2 – which increases the capacities for the production of solid forms by more than double.

Borrowings

The total consolidated borrowings as at 30.09.2023 are in the amount of 1.862.251 thousand denars.

Employees

In the period January – September 2023 ALKALOID AD Skopje recruited 191 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 2.787 employees, of which 2.122 in the country and 665 in its subsidiaries and representative offices abroad.

Significant Income statement positions

The achieved stand alone and consolidated results for the period January - September 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	2.535.945	28	2.364.371	29	107
Foreign market	6.676.396	72	5.797.328	71	115
Total:	9.212.341	100	8.161.699	100	113

Consolidated sales

Market	(In 000 MKD)				
	2023		2022		Ind
	Sales	%	Sales	%	23/22
Domestic market	3.790.090	30	3.448.975	31	110
Southeast Europe	3.527.858	28	3.350.899	30	105
Eastern Europe (CIS, UA...)	2.318.167	18	1.792.118	16	129
Western Europe (EU and EFTA)	2.732.966	22	2.256.050	21	121
Other	114.855	1	140.872	1	82
Total foreign market	8.693.846	70	7.539.939	69	115
Total:	12.483.936	100	10.988.914	100	114

Out of the total consolidated sales, 70% were realized in the foreign markets. The Eastern Europe region had the highest growth of 29%, followed by Western Europe with an increase of 21%.

Group of products	(In 000 MKD)				
	2023		2022		Ind
	Sales	%	Sales	%	23/22
Antibiotics	3.507.567	28	2.623.715	24	134
OTC products	2.310.405	19	1.952.925	18	118
Cardiovascular products	1.472.684	12	1.491.484	14	99
Neurological products	1.554.572	12	1.440.724	13	108
Other	965.795	8	975.663	9	99
Total products - Alkaloid	9.811.023	79	8.484.511	77	116
Commodities	1.324.703	11	1.135.065	10	117
Services and other revenue	65.324	1	47.444	0	138
Total Pharmaceuticals	11.201.050	90	9.667.020	88	116
Total Chemistry	250.403	2	300.751	3	83
Total Cosmetics	866.154	7	803.644	7	108
Total Botanicals	166.329	1	217.499	2	76
Total:	12.483.936	100	10.988.914	100	114

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	2.096.791	23	1.917.510	23	109
Consolidated EBITDA	2.222.311	18	1.980.880	18	112

Net profit

	(In 000 MKD)				
	2023		2022		Ind
	Amount	% in Sales	Amount	% in Sales	23/22
Stand alone Net profit	1.299.695	14	1.160.140	14	112
Consolidated Net profit	1.295.368	10	1.140.264	10	114

Stand alone Net profit for 2023 is 1.299.695 thousand denars, which compared to last year has increased for 12%.

Consolidated Net profit for 2023 is 1.295.368 thousand denars, which compared to last year has increased for 14%.

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 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.