

PERFORMANCE ANALYSIS for the January - December 2024 period

According to the unaudited stand-alone and consolidated Income Statement for the January - December 2024 period, 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 financial statements positions of ALKALOID AD Skopje in 2024.

Total revenues

The total stand-alone revenues for the January – December 2024 period in the amount of MKD 13,972,976 thousand have increased by 9%, compared to the revenues realized in the same period in 2023. The largest portion of 96% in the total revenues belongs to the sales revenues, which compared to 2023 have increased by 10%.

The total consolidated revenues for the January – December 2024 period in the amount of MKD 19,505,329 thousand have increased by 15%, compared to the revenues realized in the same period in 2023. The largest portion of 97% in the total revenues belongs to the sales revenues, which compared to 2023 have increased by 15%.

Total expenses

The total stand-alone expenses for the January - December 2024 period in the amount of MKD 12,100,670 thousand have increased by 9% compared to the expenses realized in the same period in 2023.

The total consolidated expenses for the January - December 2024 period in the amount of MKD 17,566,477 thousand have increased by 16% compared to the expenses realized in the same period in 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 29,000.00 in the January-December 2024 period, with an average of MKD 22,376.45 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 31.12.2024, 5,945 individuals and companies held ALKALOID AD Skopje shares, while its market capitalization was MKD 40.4 billion.

On April 1st 2024, the Annual Shareholders' Assembly approved the calculation and payment of gross dividend for 2023 in the amount of MKD 772,931 thousand. In accordance with the dividend calendar as of May 2024 the company has started paying the dividend in the 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.

Capital expenditures

Committed to continuous modernization and expanding manufacturing capacities, volume, and product range, ALKA
LOID 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. ALKA
LOID 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 € 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 – December 2024 period a total of MKD 1,435,215 thousand has been invested in fixed assets.

Foreign investments

In 2024, ALKA
LOID AD Skopje registered a new company in Croatia, named ALKA
LOID PHARMA INTERNATIONAL DOO Zagreb. As 68% of the company's production goes for exports, being present in the EU markets and expanding to new ones is exceptionally important. Thus, the newly opened legal entity is the eighth established in an EU member country.

The company also established a new capital-related company in Kazakhstan, under the name Alkaloid Kazakhstan LLC, marking the company's first subsidiary in Asia. This new entity presents a tremendous opportunity to capitalize on the immense potential of selling pharmaceutical products in this market, valued at nearly 2 billion euros annually. With a population of 19.6 million, Kazakhstan has the strongest economy in Central Asia. Alkaloid's portfolio in Kazakhstan will initially consist of antibiotics and nutritional supplements for pregnant women. The company's future plans involve broadening its product assortment and presence into other countries within this region of interest. The Kazakhstan subsidiary, based in the city of Almaty, marks Alkaloid's 26th capital-related company.

As an international generic pharmaceutical company, ALKA
LOID AD Skopje aims to be present in all segments of the industry and provide healthcare systems and patients with access to a wide range of medications at affordable prices. In addition to offering generic medicines, ALKA
LOID AD Skopje has set a strategic objective to introduce biosimilar drugs to the market. To capitalize on this growing business segment in the pharmaceutical industry, ALKA
LOID AD has decided to invest in the South Korean company Rophibio by acquiring a minority stake, which was facilitated by the recapitalization of its newly established subsidiary, ALKA
LOID Pharma International in Croatia. This investment in South Korea amounting to 1 million USD will provide ALKA
LOID AD with an ownership share in the company and the right of first refusal when licensing products in its operating regions. Considering the market potential and the expertise of the Rophibio team, ALKA
LOID AD has decided to invest in this research and development company, which is currently in the advanced stages of developing biosimilar drugs.

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 the Macedonian, the UK, Ireland, the Netherlands, Portugal, Hungary, Romania, Slovenia, Croatia, Bulgaria, and Kosovo markets. Registration processes are underway for the other European countries and European Union markets, with the anticipation of obtaining marketing authorizations and subsequent product launch.

Borrowings

The total consolidated borrowings as at 31.12.2024 are in the amount of MKD 2,156,428 thousand.

Employees

In the January – December 2024 period, ALKALOID AD Skopje recruited 253 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 the amount of MKD 40,500 net. In December 2024, the Management Board, on the occasion of the New Year and Christmas holidays, decided to approve and pay a New Year's compensation for its employees in the net amount of MKD 37,000. The ALKALOID Group has 3,042 employees, of which 2,302 in the country and 740 in its subsidiaries and representative offices abroad.

Significant Income statement positions

The achieved stand-alone and consolidated results for the January - December 2024 period, 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	3,618,713	27	3,370,337	27	107
Foreign market	9,814,586	73	8,891,565	73	110
Total:	13,433,299	100	12,261,902	100	110

Significant Income statement positions (continued)

Consolidated sales

Market	(In 000 MKD)				
	2024		2023		Ind
	Sales	%	Sales	%	24/23
Domestic market	6,050,916	32	5,193,459	31	117
Southeast Europe	5,162,464	27	4,703,367	28	110
Eastern Europe (CIS, UA, ...)	3,489,992	18	2,788,460	17	125
Western Europe (EU and EFTA)	4,153,580	22	3,661,806	22	113
Other	148,744	1	165,886	1	90
Total foreign market	12,954,780	68	11,319,519	69	114
Total:	19,005,696	100	16,512,978	100	115

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 32%. Compared to the same period last year, domestic sales have grown by 17%.

Out of total consolidated sales, 68% account for foreign markets. The largest increase in export markets was recorded in the sales made in the countries of Eastern Europe (growth of 25 %) and in the countries of Western Europe (growth of 13%).

Group of products	(In 000 MKD)				
	2024		2023		Ind
	Sales	%	Sales	%	24/23
Antibiotics	4,903,163	26	4,402,718	27	111
OTC products	3,535,124	19	3,145,052	19	112
Cardiovascular products	2,165,777	11	1,911,154	12	113
Neurological products	2,336,030	12	2,059,232	12	113
Other	1,600,543	8	1,275,176	8	126
Total products - ALKALOID	14,540,637	77	12,793,332	77	114
Commodities	2,561,334	13	1,939,171	12	132
Services and other revenue	115,851	1	84,239	1	138
Total Pharmaceuticals	17,217,822	91	14,816,742	90	116
Total Chemistry	335,526	2	314,771	2	107
Total Cosmetics	1,182,750	6	1,127,403	7	105
Total Botanicals	269,598	1	254,062	2	106
Total:	19,005,696	100	16,512,978	100	115

Significant Income statement positions (continued)
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	2,886,531	21	2,572,486	21	112
Consolidated EBITDA	3,000,938	16	2,750,021	17	109

Net profit

	(In 000 MKD)				
	2024		2023		Ind
	Amount	% in Sales	Amount	% in Sales	24/23
Stand-alone Net profit	1,702,570	13	1,520,547	12	112
Consolidated Net profit	1,684,020	9	1,576,864	10	107

The achieved stand-alone net profit in 2024 amounts to MKD 1,702,570 thousand, a 12% increase compared to the previous year.

The achieved consolidated net profit in 2024 amounts to MKD 1,684,020 thousand, a 7% increase compared to the previous year.

2025 Business Plan

The 2025 Business Plan, adopted by the Management Board of ALKALOID AD Skopje at its December 27th, 2024 meeting, anticipates investment of around 8% of the consolidated revenue in tangible and intangible assets, growth in consolidated sales of 8% compared to sales in 2024, and growth in pre-tax consolidated profit of 7% compared to 2024.

The 2025 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 2025 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 2025. 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.

We expect to sustain our growth trajectory in 2025. 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 and in building talents.