

PERFORMANCE ANALYSIS for the January - September 2024 period

According to the unaudited stand-alone and consolidated Income Statement for the January - September 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 – September 2024 period in the amount of MKD 10,292,384 thousand have increased by 8%, 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 9%.

The total consolidated revenues for the January – September 2024 period in the amount of MKD 14,467,015 thousand have increased by 14%, compared to the revenues realized in the same period in 2023. The largest portion of 98% in the total revenues belongs to the sales revenues, which compared to 2023 have increased by 14%.

Total expenses

The total stand-alone expenses for the January - September 2024 period in the amount of MKD 8,743,415 thousand have increased by 7% compared to the expenses realized in the same period in 2023.

The total consolidated expenses for the January - September 2024 period in the amount of MKD 12,907,205 thousand have increased by 15% 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 22,700.00 in the January-September 2024 period, with an average of MKD 20,751.37 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 30.09.2024, 5,766 individuals and companies held ALKALOID AD Skopje shares, while its market capitalization was MKD 31.9 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, 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 € 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 – September 2024 period a total of MKD 1,017,349 thousand has been invested in fixed assets.

Foreign investments

In 2024, ALKALOID AD Skopje registered a new company in Croatia, named ALKALOID 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, ALKALOID 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, ALKALOID 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, ALKALOID 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, ALKALOID Pharma International in Croatia. This investment in South Korea amounting to 1 million USD will provide ALKALOID 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, ALKALOID 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 30.09.2024 are in the amount of MKD 2,353,351 thousand.

Employees

In the January – September 2024 period, ALKALOID AD Skopje recruited 222 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. The ALKALOID Group has 3,023 employees, of which 2,298 in the country and 725 in its subsidiaries and representative offices abroad.

Significant Income statement positions

The achieved stand-alone and consolidated results for the January - September 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	2,733,473	27	2,535,945	28	108
Foreign market	7,263,995	73	6,676,396	72	109
Total:	9,997,468	100	9,212,341	100	109

Significant Income statement positions (continued)
Consolidated sales

Market	(In 000 MKD)				
	2024		2023		Ind
	Sales	%	Sales	%	24/23
Domestic market	4,532,449	32	3,790,090	30	120
Southeast Europe	3,792,500	27	3,527,858	28	108
Eastern Europe (CIS, UA, ...)	2,772,814	19	2,318,167	19	120
Western Europe (EU and EFTA)	3,040,222	21	2,732,966	22	111
Other	98,141	1	114,855	1	85
Total foreign market	9,703,677	68	8,693,846	70	112
Total:	14,236,126	100	12,483,936	100	114

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 20%.

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 20 %) and in the countries of Western Europe (growth of 11%).

Group of products	(In 000 MKD)				
	2024		2023		Ind
	Sales	%	Sales	%	24/23
Antibiotics	3,775,723	27	3,507,567	28	108
OTC products	2,556,836	18	2,310,405	19	111
Cardiovascular products	1,635,242	11	1,472,684	12	111
Neurological products	1,761,636	12	1,554,572	12	113
Other	1,182,415	8	965,795	8	122
Total products - ALKALOID	10,911,852	77	9,811,023	79	111
Commodities	1,875,585	13	1,324,703	11	142
Services and other revenue	93,244	1	65,324	1	143
Total Pharmaceuticals	12,880,681	90	11,201,050	90	115
Total Chemistry	242,515	2	250,403	2	97
Total Cosmetics	928,213	7	866,154	7	107
Total Botanicals	184,717	1	166,329	1	111
Total:	14,236,126	100	12,483,936	100	114

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	2,295,937	23	2,096,791	23	109
Consolidated EBITDA	2,339,119	16	2,222,311	18	105

Net profit

	(In 000 MKD)				
	2024		2023		Ind
	Amount	% in Sales	Amount	% in Sales	24/23
Stand-alone Net profit	1,435,396	14	1,299,695	14	110
Consolidated Net profit	1,381,387	10	1,295,368	10	107

The achieved stand-alone net profit in 2024 amounts to MKD 1,435,396 thousand, a 10% increase compared to the previous year.

The achieved consolidated net profit in 2024 amounts to MKD 1,381,387 thousand, a 7% increase compared to the previous year.

2024 Business Plan

The 2024 Business Plan, 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 sales in 2023, and growth in pre-tax consolidated profit of 7% compared 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.

We expect 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. In accordance with the results so far, under unchanged conditions in the markets in which ALKALOID operates, the company's management estimates exceeding the planned consolidated sales for 2024 and for the first time reaching an amount of over MKD 18.5 billion.