



PHARMACEUTICAL CHEMICAL COSMETICAL INDUSTRY

**ANNUAL REPORT
ON THE PERFORMANCE OF ALKALOID AD SKOPJE
FOR THE PERIOD JANUARY - DECEMBER 2020**

February 2021

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1. General information

Alkaloid AD Skopje, the parent Company is a joint stock company, established and with head office in the Republic of North Macedonia. The registered address of the Company is:

Aleksandar Makedonski 12 1000 Skopje, Republic of North Macedonia.

Major business activity: Alkaloid AD Skopje produces and sells wide range of pharmaceutical, chemical and cosmetic products, as well as goods from herbal origin. According to the Trade Registry, Alkaloid AD Skopje can perform wholesale operations and foreign trading with food and non food products.

The main scope is production of pharmaceutical products.

The shares of Alkaloid AD Skopje have been listed on the Macedonian Stock Exchange, since 2002.

The annual report on the performance of Alkaloid AD Skopje has been prepared in accordance with the Trade Company Law ("Official Gazette of the Republic of Macedonia" no. 28/04, 84/05, 71/06, 25/07, 87/08, 17/09, 23/09, 42/10, 48/10, 8/11, 21/11, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 13/14, 41/14, 138/14, 88/15, 192/15, 6/16, 30/16, 61/16, 64/18, 120/18, 195/2018, 225/2018, 239/2018 and 290/20) and the Rulebook for accounting ("Official Gazette of the Republic of Macedonia" no. 159/09, 164/10 and 107/11). The report is prepared in accordance with the concept of purchase price, excluding the land property, construction buildings and available-for-sale financial assets, which are presented by their market value.

The presentation of the financial statements in accordance with the Trade Companies Law and the Rulebook for Accounting requires management to make best estimates and reasonable assumptions that affect the amounts presented in the financial statements. These estimations and assumptions are based on reasonable information available, as of the date of preparation of the financial statements. However, actual results may vary from these estimates.

2. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The financial risk management is preformed by the Company's financial department, based on Decisions from Managing board.

Market risk

a) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

To manage the foreign exchange risk the Company provides enough cash in foreign currencies held in banks in order to maintain its future commercial transactions.

2. Financial risk management (continued)

b) Price risk

The Company is exposed to equity securities price risk because of available-for-sale investments held by the Company. The Company is not exposed to commodity price risk.

Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Trade receivables consist of large number of balances. The Company has policies that limit the amount of credit exposure.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Interest risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flow are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from borrowings. The Company has no specific policy, but in direct negotiation with lenders attempts to reduce interest rate risk. Interest rates of long-term borrowings are significantly lower than short term. Interest rates on short term borrowings are decreased in respect of previous year.

Fair value estimation

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the last traded price.

The fair value of financial instruments that are not traded in an active market is determined by makes assumptions that are based on public information for recent arm's length transactions or reference to other instruments that are substantially the same.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The Company's estimates are based on experience and other factors, including expectations of future events that are believed to be probable in the present circumstances.

3. Additions to non-current assets

Additions to non-current assets include additions to property, plant and equipment and Intangibles.

Additions to non-current assets - segment reporting

Segments	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Pharmacy	1.255.281	81	873.341	92	144
Chemistry Cosmetics Botanicals	293.934	19	76.588	8	384
Total:	1.549.215	100	949.929	100	163

4. Dividends

The Company does not recognize the dividend payable before it is approved on the Annual General Meeting.

The dividends for 2019 approved by shareholders on 6 April 2020 were Denar 515,287 thousands. Approved dividends are paid and retained earnings are appropriately decreased.

5. Borrowings

Borrowings	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Non-current	604.335	61	288.057	53	210
Current	386.006	39	258.487	47	149
Total:	990.341	100	546.544	100	181

The maturity of the borrowings is as follows:

Maturity	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Up to 1 year	386.006	39	258.487	47	149
Between 1 to 3 years	604.335	61	288.057	53	210
Total:	990.341	100	546.544	100	181

6. Major transactions

According to the Trade Company Law, Alkaloid AD Skopje has no major transactions in 2020.

7. Related party transactions

The Company has no ultimate parent. The shares are widely held.

Alkaloid AD Skopje has investments in nineteen subsidiaries and one foundation in N.Macedonia and abroad. Sales and purchases of goods and services between related parties are based on regular market terms and prices.

Investments in subsidiaries and associates

Subsidiary	(In 000 MKD)				
	2020		2019	IND	
	Amount	%	Amount	%	20/19
Alkaloid DOO Beograd, Serbia	173.256	34	173.256	34	100
Alkaloid DOO Zagreb, Croatia	15.439	3	15.439	3	100
Alkaloid INT DOO Ljubljana, Slovenia	866	-	866	-	100
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	39	-	39	-	100
Alkaloid EOOD Sofia, Bulgaria	2.748	1	2.748	1	100
ALK&KOS Shpk Prishtina, Kosovo	307	-	307	-	100
Alkaloidfarm SA Fribourg, Switzerland	5.429	1	4.285	1	127
Alkaloid USA LLC Columbus, Ohio US	3.873	1	3.873	1	100
Alkaloid Kons DOOEL Skopje, N.Macedonia	130.154	25	130.154	26	100
Alkaloid DOO Podgorica, Montenegro	-	-	-	-	-
Fund "Trajce Mukaetov" Skopje, N.Macedonia	3.000	1	3.000	1	100
OOO Alkaloid RUS, Moscow, Russia	119.359	23	119.359	23	100
Alkaloid FARM DOO Ljubljana, Slovenia	461	-	461	-	100
Alkaloid Veledrogerija DOO Beograd, Serbia	7.720	2	7.720	2	100
Alkaloid ILAC TLS Istanbul, Turkey	2.616	1	2.616	1	100
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	308	-	308	-	100
ALKA-LAB DOO Ljubljana, Slovenia	43.081	8	43.081	8	100
Alkaloid Shpk Tirana, Albania	308	-	308	-	100
Alkaloid Kiev CO. LTD., Ukraine	2.157	-	2.157	-	100
Alkaloid LGL DOO, Zagreb	2.157	-	-	-	-
Total:	513.278	100	509.977	100	101

All subsidiaries are 100% owned by the Company, except investment in Alkaloid USA with the equity share of 49%. Although the investment of Alkaloid AD Skopje in Alkaloid USA LLC Columbus, Ohio USA is 49%, the Company exercises control

In 2020 a new subsidiary was established, named Alkaloid LGL DOO, Zagreb. In 2020 the Company has increased its investment in one of its subsidiaries i.e. in Alkaloidfarm SA Fribourg by CHF 20 thousand.

The Company has representative offices in Russia and Ukraine. The operational results of the representation offices are included in the financial statements of the Company.

Sale of goods and services

Subsidiary	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Alkaloid DOO Belgrade, Serbia	254.179	7	165.347	5	154
Alkaloid INT DOO Ljubljana, Slovenia	1.300.636	36	1.204.657	36	108
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	281.862	8	212.673	6	133
Alkaloidpharm SA Fribourg, Switzerland	26	-	20	-	130
Alkaloid Kons DOOEL Skopje, N.Macedonia	166.165	5	193.369	6	86
OOO Alkaloid RUS, Moscow, Russia	518.123	14	633.362	19	82
Alkaloid Veledrogerija DOO Beograd, Serbia	1.050.067	29	916.901	28	115
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	6.382	-	6.100	-	105
Total:	3.577.440	100	3.332.429	100	107

Purchase of goods and services

Subsidiary	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Alkaloid DOO Belgrade, Serbia	21.360	3	16.692	2	128
Alkaloid DOO Zagreb, Croatia	11.452	2	11.918	2	96
Alkaloid DOO Ljubljana INT, Slovenia	22.460	3	36.151	5	62
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	115.558	16	116.811	16	99
Alkaloid EOOD Sofia, Bulgaria	2.272	-	1.933	-	118
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	4.591	1	5.808	1	79
Alkaloidpharm SA Fribourg, Switzerland	219.040	29	216.382	29	101
Alkaloid Kons DOOEL Skopje, N.Macedonia	5.495	1	2.941	-	187
Alkaloid DOO Podgorica, Montenegro	45.498	6	48.056	6	95
Fund "Trajce Mukaetov" Skopje, N.Macedonia	10.027	1	9.423	1	106
OOO Alkaloid RUS, Moscow, Russia	96.790	13	94.828	13	102
Alkaloid Veledrogerija DOO Beograd, Serbia	922	-	5.259	1	18
Alkaloid ILAC TLS Istanbul, Turkey	10.147	1	9.203	1	110
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	3.036	-	2.880	-	105
ALKA-LAB DOO Ljubljana, Slovenia	1.146	-	236	-	486
Alkaloid Shpk Tirana, Albania	13.630	2	4.498	1	303
Alkaloid Kiev CO. LTD., Ukraine	158.406	21	158.120	21	100
Alkaloid LGL DOO, Zagreb	1.083	-	-	-	-
Total:	742.913	100	741.139	100	100

Interest expenses

Subsidiary	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Alkaloid Kons DOOEL Skopje, N.Macedonia	38	100	9	100	422
Total:	38	100	9	100	422

Accounts receivables

Subsidiary	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Alkaloid DOO Belgrade, Serbia	115.612	8	24.776	2	467
Alkaloid DOO Ljubljana INT, Slovenia	270.754	18	298.213	20	91
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	67.169	4	47.676	3	141
Alkaloid Kons DOOEL Skopje, N.Macedonia	54.919	4	62.535	4	88
OOO Alkaloid RUS, Moscow, Russia	478.848	32	539.439	36	89
Alkaloid Veledrogerija DOO Beograd, Serbia	510.209	34	536.674	35	95
Alkaloid ILAC TLS Istanbul, Turkey	-	-	2.519	-	-
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	1.780	-	2.490	-	71
Total:	1.499.291	100	1.514.322	100	99

Accounts payables

Subsidiary	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Alkaloid DOO Belgrade, Serbia	950	1	1.155	-	82
Alkaloid DOO Zagreb, Croatia	4.887	3	3.239	1	151
Alkaloid DOO Ljubljana INT, Slovenia	20.653	12	57.125	22	36
Alkaloid DOO Sarajevo, Bosnia and Herzegovina	15.327	9	16.247	6	94
Alkaloid EOOD Sofia, Bulgaria	129	-	126	-	102
ALK&KOS Pharmaceuticals Shpk Pristine, Kosovo	932	1	1.671	1	56
Alkaloidpharm SA Fribourg, Switzerland	109.882	62	156.457	61	70
Alkaloid Kons DOOEL Skopje, N.Macedonia	1.182	1	1.006	-	117
Alkaloid DOO Podgorica, Montenegro	8.738	5	7.941	3	110
Alkaloid Veledrogerija DOO Beograd, Serbia	-	-	1.133	-	-
Alkaloid ILAC TLS Istanbul, Turkey	666	-	-	-	-
Alkaloid Bilna apteka DOOEL Skopje, N.Macedonia	951	1	979	-	97
ALKA-LAB DOO Ljubljana, Slovenia	1.383	1	236	-	586
Alkaloid Shpk Tirana, Albania	288	-	301	-	96
Alkaloid Kiev CO. LTD., Ukraine	10.947	6	9.498	4	115
Alkaloid LGL DOO, Zagreb	403	-	-	-	-
Total:	177.318	100	257.114	100	69

Prepayments and short-term loans

Subsidiary	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Alkaloid DOO Beograd, Serbia	-	-	1.929	100	-
Total:	0	100	1.929	100	0

Interests

Subsidiary	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Alkaloidpharm SA Fribourg, Switzerland	-	-	2.325	100	-
Total:	0	-	2.325	100	0

8. Share capital

	Ordinary shares	Treasury shares	Total	Share premium
At 1 January 2019	2.220.127	-23.032	2.197.095	-
Purchase of treasury shares	-	-10.713	-10.713	-65.060
At 31 December 2019	2.220.127	-33.745	2.186.382	-65.060
Purchase of treasury shares	-	-1.262	-1.262	-9.218
At 31 December 2019	2.220.127	-35.007	2.185.120	-74.278

The total authorized number of ordinary shares is 1,431,353 with a par value of EUR 25.56 per share. All issued shares are fully paid. As of 31.12.2020 the number of voting shares is 1.408.796 shares.

During 2020, the Company acquired 800 of its own shares through Macedonian stock exchange and held as treasury shares. The total number of treasury shares is 22,557. The number of 3,287 treasury shares is reserved for former proprietors out of which 3,228 are priority shares and 59 are ordinary shares.

Earning per share

	(In MKD)		
	2020 Amount	2019 Amount	IND 20/19
Profit attributable to shareholders (in denars)	1.142.650.910	1.007.811.167	113
Number of shares	1.408.938	1.415.132	100
Basic earning per share (in denars):	811,00	712,17	114

9. Key management compensations

No compensations were paid to the Management Board members in 2020 and 2019.

In 2020, the amount of Denar 4,288 thousands were paid to the Supervisory Board members (2019: Denar 4,402 thousands).

10. Production and sales

Production in tons

Segment	(In tons)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Pharmacy	1.171	7	1.146	7	102
Chemistry Cosmetics Botanicals	16.035	93	14.135	93	113
Total:	17.206	100	15.281	100	113

The total amount produced for 2020 is 17,206 tons, which indicates 13% growth compared to last years' production amount of 15,281 tons.

Total sales of goods and services

Market	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Domestic market	3.030.385	33	2.778.870	33	109
Foreign market	6.157.874	67	5.649.139	67	109
Total:	9.188.259	100	8.428.009	100	109

The total sales revenues for 2020 are 9,188,259 thousand denars which indicates 9% growth compared to the sales revenues from 2019 (8,428,009 thousand denars). The growth in total sales revenues is a result from the increase of sales revenues on domestic market for 9%, and the increase on foreign market sales for 9%.

The largest portion of total sales revenues, 67% is generated on foreign markets.

Total sales - segment reporting

Segment	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Pharmacy	7.582.603	83	6.880.030	82	110
Chemistry Cosmetics Botanicals	1.605.656	17	1.547.979	18	104
Total:	9.188.259	100	8.428.009	100	109

The largest portion in total sales revenues, amounting 7,582,603 thousand is generated on the Pharmacy segment with 83%, which compared to last years' 6,880,030 thousand denars is an increase of 10%.

Domestic market sales - segment reporting

Segment	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Pharmacy	2.308.244	76	2.143.420	77	108
Chemistry Cosmetics Botanicals	722.141	24	635.450	23	114
Total:	3.030.385	100	2.778.870	100	109

Total sales revenues on domestic market are 3,030,385 thousand denars, which compared to last years' 2,778,870 have increased for 9%.

The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 2,308,244 thousand denars or 76%.

Foreign market sales - segment reporting

Segment	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Pharmacy	5.274.359	86	4.736.609	84	111
Chemistry Cosmetics Botanicals	883.515	14	912.530	16	97
Total:	6.157.874	100	5.649.139	100	109

Total sales revenues on foreign market are 6,157,874 thousand denars, which compared to last years' 5,649,139 have increased for 9%.

The largest portion in total sales revenues is generated on the Pharmacy segment, amounting 5,274,359 thousand denars or 86%.

Foreign market sales by regions/countries

Region/Country	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
South Eastern Europe	3.374.562	55	2.940.583	52	115
Albania	94.912	2	66.704	1	142
Bosnia and Herzegovina	866.891	14	807.740	14	107
Kosovo	411.961	7	346.577	6	119
Serbia	1.754.980	28	1.480.071	26	119
Montenegro	245.818	4	239.491	4	103
Russia and CIS	849.787	14	940.786	17	90
Russia	518.212	8	633.601	11	82
Georgia	24.680	-	18.845	-	131
Armenia	34.294	1	28.604	1	120
Turkmenistan	-	-	-	-	-
Azerbaijan	-	-	-	-	-
Ukraine	272.601	4	259.736	5	105
Western Europe (EU and EFTA)	1.652.426	27	1.474.811	26	112
Austria	216	-	-	-	-
Bulgaria	227.799	4	168.259	3	135
Croatia	509.497	8	491.903	9	104
Germany	67.130	1	75.689	1	89
Spain	479	-	253	-	189
Romania	199.419	3	168.224	3	119
Slovenia	166.537	3	153.206	3	109
Czech Republic	36.647	1	17.482	-	210
Poland	32.059	1	33.934	1	94
Slovakia	-	-	215	-	-
Hungary	80.939	1	59.277	1	137
Lithuania	861	-	1.742	-	49
Finland	1.437	-	1.623	-	89
Great Britain	311.459	5	281.279	5	111
Netherlands	289	-	300	-	96
Sweden	-	-	-	-	-
Greece	12.784	-	15.194	-	84
Switzerland	4.874	-	6.231	-	78
Other countries	281.099	5	292.959	5	96
Jordan	1.397	-	8.381	-	17
USA	230.933	4	268.203	5	86
Turkey	15.666	-	12.467	-	126
Other countries	33.103	1	3.908	-	847
Total:	6.157.874	100	5.649.139	100	109

The largest portion of 55% of the total sales in foreign markets is generated in the South Eastern Europe region.

Total revenues

(In 000 MKD)

Revenues	2020		2019		IND
	Amount	%	Amount	%	20/19
1. Revenues from sales of goods and services	9.188.259	96	8.428.009	97	109
-Domestic market	3.030.385	32	2.778.870	32	109
Sales of goods	2.166.933	23	1.969.757	23	110
Sales of commodities	803.746	8	746.447	9	108
Other sales revenues	59.706	1	62.666	1	95
-Foreign market	6.157.874	64	5.649.139	65	109
Sales of goods	5.157.781	54	4.794.655	55	108
Sales of commodities	917.869	10	778.135	9	118
Other sales revenues	82.224	1	76.349	1	108
2. Other operating income	409.714	4	246.610	3	166
Collected written off receivables	321	-	-	-	-
Income from previous years	6.251	-	2.030	-	308
Dividends income	83.769	1	69.464	1	121
Interest income	409	-	525	-	78
Foreign exchange transaction gains	238.252	2	115.367	1	207
Other income	80.712	1	59.224	1	136
3. Finance income	0	-	878	-	0
Foreign exchange transaction gains on borrowings	0	-	878	-	0
Interest income on borrowings	-	-	-	-	-
Total:	9.597.973	100	8.675.497	100	111

Total revenues for 2020 amounting 9,597,973 thousand denars have increased for 11%, compared to last years' 8,675,497 thousand denars.

The largest portion of 96% in the total revenues belongs to the sales revenues, which compared to last year have increased for 9%.

Other operating income has a portion of 4% in total revenues. Compared to last year other operating income has increased for 66%.

Finance income only includes income on borrowings. The portion of finance income in total revenue is insignificant.

Sales by category

(In 000 MKD)

Sales revenue	2020		2019		IND
	Amount	%	Amount	%	20/19
Sales of goods	7.324.714	80	6.764.412	80	108
Sales of commodities	1.721.615	19	1.524.582	18	113
Other sales revenues	141.930	2	139.015	2	102
Total:	9.188.259	100	8.428.009	100	109

Total expenses by nature

Expenses	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
1. Changes in the inventories	-224.185	-3	-290.645	-4	77
2. Raw and other materials	2.966.253	36	2.830.146	38	105
Raw materials	2.785.978	33	2.645.380	35	105
Energy	159.942	2	163.828	2	98
Spare parts	17.265	-	17.857	-	97
Written off small items	3.068	-	3.081	-	100
3. Cost of commodities	1.100.472	13	1.009.397	13	109
4. Services	441.230	5	415.037	5	106
Transport	191.151	2	165.529	2	115
Maintenance	78.877	1	69.172	1	114
Rent	35.258	-	33.728	-	105
Utilities	135.944	2	146.608	2	93
5. Depreciation and amortization	697.122	8	634.187	8	110
6. Provision for impaired trade receivables	1.935	-	219	-	884
7. Employee benefits	1.725.937	21	1.559.534	21	111
Gross salaries	1.441.173	17	1.286.885	17	112
Food allowances	48.376	1	44.808	1	108
Holiday allowances	98.224	1	101.242	1	97
Termination benefits	16.222	-	14.290	-	114
Short-term benefits	110.000	1	110.000	1	100
Retirement benefits	495	-	774	-	64
Other expenses	11.447	-	1.535	-	746
8. Other operating expenses	1.626.481	19	1.376.439	18	118
Cost of business trips	11.934	-	48.682	1	25
Advertising and marketing	752.112	9	692.898	9	109
Insurance	55.751	1	33.192	-	168
Taxes and contributions	30.030	-	38.989	1	77
Bank charges and memberships	15.294	-	13.036	-	117
Interest	100	-	1	-	-
Exchange differences from receivables and payables	329.561	4	77.527	1	425
Expenses from previous years	18.547	-	27.976	-	66
Other expenses	413.152	5	444.138	6	93
9. Finance costs (borrowings)	14.714	-	12.395	-	119
Foreign exchange transaction losses on borrowings	63	-	871	-	7
Interest expense on borrowings	14.651	-	11.524	-	127
Total:	8.349.959	100	7.546.709	100	111

The Total expenses for 2020 amounting 8,349,959 thousand denars have increased 11% compared to last years' 7,546,709 thousand denars.

The largest portion in the total expenses belongs to Raw and other materials, 36%. Employee benefits have a portion of 21%, Other operating expenses have a portion of 19%. Finance costs include only expenses on borrowings. The portion of finance costs in total expenses is insignificant.

Income statement - expenses by nature

(In 000 MKD)

Income statement	2020		2019		IND
	Amount	%	Amount	%	20/19
Total revenues	9.597.973	100	8.675.497	100	111
Domestic market	3.030.385	32	2.778.870	32	109
Foreign market	6.157.874	64	5.649.139	65	109
Other operating income	409.714	4	246.610	3	166
Finance income	0	-	878	-	0
Total expenses	-8.349.959	-87	-7.546.709	-87	111
Inventories	224.185	2	290.645	3	77
Raw materials	-2.966.253	-31	-2.830.146	-33	105
Cost of commodities	-1.100.472	-11	-1.009.397	-12	109
Services expenses	-441.230	-5	-415.037	-5	106
Gross salaries	-1.441.173	-15	-1.286.885	-15	112
Depreciation and amortization	-697.122	-7	-634.187	-7	110
Provision for impaired trade receivables	-1.935	-	-219	-	884
Other operating expenses	-1.911.245	-20	-1.649.088	-19	116
Finance cost	-14.714	-	-12.395	-	119
Profit before income tax	1.248.014	13	1.128.788	13	111
Income tax	-105.363	-1	-120.977	-1	87
Profit for the year	1.142.651	12	1.007.811	12	113

Profit before income tax for 2020 is 1,248,014 thousand denars, which compared to last years' 1,128,788 thousand denars has increased for 11%. The portion of profit before income tax in the total revenue in 2020 is 13%.

The calculated Income tax for 2020 is 105,363 thousand denars, which compared to last years' 120,977 thousand denars has decreased for 13%.

Profit for the year 2020 is 1,142,651 thousand denars, which compared to last years' 1,007,811 thousand denars has increased for 13%. The portion of net income in the total revenue in 2020 is 12%.

Income statement - expenses by function

Income statement	(In 000 MKD)				
	2020		2019		IND
	Amount	%	Amount	%	20/19
Sales	9.188.259	96	8.428.009	97	109
Cost of sales	-5.534.946	-58	-5.078.027	-59	109
Gross profit	3.653.313	38	3.349.982	39	109
Research and development expenses	-121.368	-1	-109.931	-1	110
Selling and marketing expenses	-1.804.097	-19	-1.723.781	-20	105
Administrative expenses	-466.502	-5	-420.697	-5	111
Provisions for liabilities and charges	-9.023	-	-10.063	-	90
Other income	409.714	4	246.610	3	166
Other expenses	-399.309	-4	-191.815	-2	208
Operating profit	1.262.728	13	1.140.305	13	111
Net foreign exchange transaction (losses) / gains	-63	-	7	-	-900
Net interest	-14.651	-	-11.524	-	127
Profit before income tax	1.248.014	13	1.128.788	13	111
Income tax	-105.363	-1	-120.977	-1	87
Profit for the year	1.142.651	12	1.007.811	12	113

The income statement by function model presents the expenses as: Production costs, Research and development expenses, Selling and marketing expenses and Administrative expenses. The finance costs are presented in net values.

The largest portion in total revenues 58% belongs to Cost of sales, which compared to previous year have increased for 9%.

Selling and marketing expenses have a portion of 19% in total revenues. Compared to last year Selling and marketing expenses have increased for 5%.

Administrative expenses have a portion in total revenues of 5% and have increased for 11% compared to last year.

Balance sheet

(In 000 MKD)

	2020		2019		IND
	Amount	%	Amount	%	20/19
Assets					
Non-current assets					
Property, plant and equipment	5.951.609	43	5.196.692	41	115
Intangibles	1.826.191	13	1.729.210	14	106
Investments in subsidiaries and associates	513.278	4	509.977	4	101
Available-for-sale financial assets	7.114	-	7.411	-	96
Other non-current receivables	61.980	-	114.566	1	54
Total non-currents assets:	8.360.172	60	7.557.856	60	111
Current assets					
Inventories	2.850.915	20	2.369.208	19	120
Trade receivables	2.384.754	17	2.435.007	19	98
Other receivables	211.303	2	172.762	1	122
Cash and cash equivalents	144.421	1	139.182	1	104
Total current assets:	5.591.393	40	5.116.159	40	109
Total assets:	13.951.565	100	12.674.015	100	110
Equity and liabilities					
Equity					
Share capital	2.185.120	16	2.186.382	17	100
Share premiums	-74.278	-1	-65.060	-1	114
Legal reserves	596.146	4	596.146	5	100
Other reserves	1.686.483	12	1.686.780	13	100
Retained earnings	6.323.541	45	5.686.873	45	111
Total equity:	10.717.012	77	10.091.121	80	106
Liabilities					
Current liabilities					
Trade and other payables	2.176.078	16	1.949.435	15	112
Current borrowings	386.006	3	258.487	2	149
Income taxes	19.588	-	47.392	-	41
Total current liabilities:	2.581.672	19	2.255.314	18	114
Non-current liabilities					
Non-current borrowings	604.335	4	288.057	2	210
Non-current provisions	48.546	-	39.523	-	123
Total non-current liabilities:	652.881	5	327.580	3	199
Total liabilities:	3.234.553	23	2.582.894	20	125
Total equity and liabilities:	13.951.565	100	12.674.015	100	110

Performance indicators

Indicators	(In %)		
	IND		
	2020	2019	20/19
Revenue / expense ratio	114,95	114,96	100
Net profit margin	11,91	11,62	102
EBITDA (%)	21,33	21,05	101
Current ratio	2,17	2,27	95
Net debt to equity ratio	0,09	0,05	171
Return of equity	10,98	10,68	103
Return of assets	8,58	8,61	100

Number of employees on 31 December

Segment	IND				
	2020	%	2019	%	20/19
Pharmacy	978	55	866	52	113
Chemistry Cosmetics Botanicals	210	12	211	13	100
Corporate unit	599	34	576	35	104
Total:	1.787	100	1.653	100	108

The total number of employees on 31 December 2020 is 1,787, which compared to 2019 is an increase of 8%.

Corporate governance

To comply with the provisions of Article 1 of the Law Amending the Company Law (Official Gazette of RNM no. 290/2020 of 07.12.2020), the Management Board of ALKALOID AD Skopje established a working group to draft a Code of Corporate Governance for the Company.

The Management Board of ALKALOID AD Skopje shall adopt the Code of Corporate Governance and will make it publicly available latest by 30.06.2021.

Alkaloid AD Skopje