

## PERFORMANCE ANALYSES

### For the period January - March 2020

According to the unaudited stand alone and consolidated Income statement for the period January - March 2020, 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 2020.

#### Total revenues

The total stand alone revenues for January - March 2020 in the amount of 2.591.714 thousand denars have increased for 21%, compared to 2019. The largest portion of 97% in the total revenues belongs to the sales revenues, which compared to 2019 have increased for 19%.

The total consolidated revenues for January - March 2020 in the amount of 3.477.228 thousand denars have increased for 20%, compared to 2019. The largest portion of 97% in the total revenues belongs to the sales revenues, which compared to 2019 have increased for 19%.

#### Total expenses

The total stand alone expenses for January - March 2020 in the amount of 2.306.459 thousand denars have increased for 23% compared to 2019.

The total consolidated expenses for January - March 2020 in the amount of 3.118.430 thousand denars have increased for 22% compared to 2019.

#### Dividend

The dividends approved by shareholders on 6 April 2020 were Denar 515.287 thousands or net-dividend of 324 denars for one ordinary share.

#### Investments

The total investments in non-current assets in January - March 2020 are in the amount of 275.562 thousand denars.

#### Borrowings

The total consolidated borrowings as at 31.03.2020 are in the amount of 768.453 thousand denars.

#### Employees

There were 56 new employments for the period January - March 2020 in Alkaloid in R.N. Macedonia. In March 2020 the management board of Alkaloid AD Skopje reached a decision on approval and payment of holiday allowances for its employees. The amount paid was MKD 29,687 gross or MKD 26,718 net.

**Significant Income statement positions**

The achieved stand alone and consolidated results for the period January - March 2020, the proportions, dynamics and comparison with the previous year are as follows:

**Stand alone sales**

Market	(In 000 MKD)				
	2020		2019		Ind
	Sales	%	Sales	%	20/19
Domestic market	708.987	28	675.898	32	105
Foreign market	1.800.786	72	1.425.175	68	126
<b>Total:</b>	<b>2.509.773</b>	<b>100</b>	<b>2.101.073</b>	<b>100</b>	<b>119</b>

**Consolidated sales**

Market	(In 000 MKD)				
	2020		2019		Ind
	Sales	%	Sales	%	20/19
<b>Domestic market</b>	<b>950.996</b>	<b>28</b>	<b>904.202</b>	<b>32</b>	<b>105</b>
Southeast Europe	1.203.253	36	886.090	31	136
Russia and CIS	365.268	11	297.175	10	123
Western Europe (EU and EFTA)	767.673	23	684.579	24	112
Other (USA, Turkey etc.)	80.728	2	61.430	2	131
<b>Total foreign market</b>	<b>2.416.922</b>	<b>72</b>	<b>1.929.274</b>	<b>68</b>	<b>125</b>
<b>Total:</b>	<b>3.367.918</b>	<b>100</b>	<b>2.833.476</b>	<b>100</b>	<b>119</b>

Out of the total consolidated sales, 72% were realized in the foreign market. The highest rise in export markets was seen in the countries of South-East Europe - increased by 36%. Russia and CIS region increased by 23%, sales in the USA increased by 39%, and sales in Western Europe (EU and EFTA) increased 12%. The higher sales growth in the first quarter of 2020 is partly due to the increase in the security level of stocks of medicinal products among large number of our customers, especially in the export markets, which was particularly important for them in the difficult conditions for transport of goods.

Group of products	(In 000 MKD)				
	2020		2019		Ind
	Sales	%	Sales	%	20/19
Antibiotics	713.895	21	547.818	19	130
OTC products	742.854	22	559.295	20	133
Cardiovascular products	452.195	13	476.740	17	95
Neurological products	409.613	12	372.645	13	110
Other	282.365	8	260.648	9	108
<b>Total products - Alkaloid</b>	<b>2.600.922</b>	<b>77</b>	<b>2.217.146</b>	<b>78</b>	<b>117</b>
Commodities	330.041	10	255.462	9	129
Sevices and other revenue	18.902	1	10.271	-	184
<b>Total Pharmaceuticals</b>	<b>2.949.865</b>	<b>88</b>	<b>2.482.879</b>	<b>88</b>	<b>119</b>
<b>Total Chemistry</b>	<b>80.148</b>	<b>2</b>	<b>67.814</b>	<b>2</b>	<b>118</b>
<b>Total Cosmetics</b>	<b>220.028</b>	<b>7</b>	<b>189.814</b>	<b>7</b>	<b>116</b>
<b>Total Botanicals</b>	<b>117.877</b>	<b>3</b>	<b>92.969</b>	<b>3</b>	<b>127</b>
<b>Total:</b>	<b>3.367.918</b>	<b>100</b>	<b>2.833.476</b>	<b>100</b>	<b>119</b>

**Significant Income statement positions (continued)**
**Earning before interest, taxes, depreciation and amortization (EBITDA)**

	(In 000 MKD)				
	2020		2019		Ind
	Amount	% in Sales	Amount	% in Sales	20/19
Stand alone EBITDA	460.989	18	422.771	20	109
Consolidated EBITDA	541.246	16	490.981	17	110

**Net profit**

	(In 000 MKD)				
	2020		2019		Ind
	Amount	% in Sales	Amount	% in Sales	20/19
Stand alone Net profit	256.095	10	247.476	12	103
Consolidated Net profit	314.486	9	294.542	10	107

Stand alone Net profit for 2020 is 256.095 thousand denars, which compared to last year has increased for 3%.

Consolidated Net profit for 2020 is 314.486 thousand denars, which compared to last year has increased for 7%.

**Assessment of management and 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 pandemic of COVID 19.

As a result of the restrictions by the Government of RSM to prevent the spread of the virus, more than 200 employees from the risk categories are not able to perform their professional duties. Furthermore, in order to reduce the risks of endangering the business continuity, a system of rotations has been carried out, enabling part of the employees to occasionally perform their work assignments at home. All field marketing activities have been completely hindered and limited. In addition to organizational, we face external challenges, logistical setbacks in particular. Namely, we have faced very frequent and unpredictable changes in the corridors and various other impediments in transport, with new procedures and restrictions, with delays at border crossings in almost all countries where we deliver our products or supply raw components. There were also complete bans on movement at certain times, for example in China and India. A tendency to increase the prices of a large number of raw materials and processed materials also occurred, as well as a strong need for rapid collection of liabilities to foreign suppliers.

We at Alkaloid have taken a number of measures so far to neutralize all the negative effects, without compromising the health of employees and the successful operation of the company, and we managed to ensure fast and efficient reorganization of the main processes of operations, timely providing the necessary raw materials and, also adequately covering the increased orders for our products. Thus, we provided growth in the total consolidated sales revenues, in the first quarter of the year by 19%, with as much as 25% increase in export revenues, which, above all, was a result of raising the security level of drug supply among great part of our customers, which was especially important for them in difficult working conditions.

In the upcoming period, we expect during the second and third quarters to achieve a certain balance of supply levels among our customers, as well as to reduce the growth of sales revenue compared to the initial quarter. Maintaining current liquidity, of course, remains a potential challenge and a top priority. Looking globally, the gradual easing of restrictions, the restart of production facilities in various industries, the establishment of new rules and procedures for working in these complex conditions give hope that, although in much more difficult circumstances, working conditions will slowly improve. We expect the results of the company's operations to move by the end of the year within the already set targets for 2020.