

Pursuant to Article 480 paragraph 3 of the Company Law, the Supervisory Board of ALKALOID AD Skopje hereby submits to the Assembly of ALKALOID AD Skopje the following

**REPORT ON THE PERFORMANCE**  
of the Supervisory Board of ALKALOID AD Skopje in 2022

**I**

Under the Company Law and the Statute of ALKALOID AD Skopje the Supervisory Board has the authority to oversee the Management Board's management of the Company as well as to inspect and check the Company's books and documents.

During 2022 the Supervisory Board consisting of President Prof. Miodrag Micajkov, Ph.D. and members Prof. Ilija Djonov, Ph.D. and Bojancho Krlevski, held ten (10) meetings with all members present and passed twenty eight (28) Decisions.

**II.**

In compliance with the Statute of ALKALOID AD Skopje and the Company Law, at its meetings the Supervisory Board considered and deliberated on all important matters that are within the scope of their authority.

At its meetings, the Supervisory Board paid special attention to examining the unaudited stand-alone financial statements and the unaudited consolidated financial statements for the previous year and for the unaudited interim financial statements for the period 01.01-31.03.2022, 01.01-30.06.2022 and 01.01-30.09.2022 discussing all their segments: Income Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity.

To enable the Supervisory Board to make appropriate decisions, the Board President invited the President of the Management Board and CEO of ALKALOID AD Skopje and the managers of the relevant departments to participate at the meetings where the unaudited stand-alone and consolidated financial statements were examined and to explain the details of all items under review.

Within the scope of his defined competences the President of the Management Board gave additional explanations on the materials reviewed at the meetings. Following the principle of good corporate governance, there were open discussions on all items on the agenda and on all matters important for the Company's business.

Having directly inspected the Financial Statements and having heard the presentations of the CEO/MB President and the heads of the relevant departments of ALKALOID AD Skopje, the Supervisory Board passed decisions to adopt the Company's unaudited stand-alone and consolidated financial statements as well as the unaudited stand-alone and consolidated income statements.

The Supervisory Board also made regular inspection in the Management Board's management of the Company and examined the stand-alone and consolidated Annual Report on the Performance of the company in the period January - December 2022. It thereby found that the performance of the Company and its management have been successful, which is demonstrated by the Company's positive financial results in 2022.

In exercising its competences defined in the Company Statute and the Company Law, the Supervisory Board positively assesses the cooperation with the President and the members of the Management Board in building common positions on the fulfilment of the Company's plans for successful development in 2022.

The Supervisory Board inspected the Company's books and documents related to its financial operations, status of the property and securities. When examining these documents it found the Company to be successful and compliant with regulations in this segment as well.

According to Art. 374 of the Law on Trade Companies, the Supervisory Board made a decision to re-elect the members of the Management Board: Zhivko Mukaetov, Gjorgi Jovanov, Viktor Stojchevski, Milkica Gligorova and Kire Icev. Zhivko Mukaetov, a member of the Management Board, is again appointed as the President of the Management Board.

The members of the Management Board are elected for a period of 6 (six) years, counted from 21.11.2022.

The Supervisory Board also examined the Company's business plan for 2023 consisting of sales plan, income statement forecasts per function, cost forecasts by type, human resource plan, capital expenses plan, balance sheet forecast and cash flow forecast.

The Supervisory Board considered the business plan to be well prepared, based on realistic expectation and clearly defining the goals of all management levels, thereby ensuring integrated effort in the achievement of the Company's common goals.

The business plan for 2023 is based on the expectations, forecasts about and opportunities in the current and new markets and products that were available to the Company at the time of planning. In order to align the internal acts with the Statute of ALKALOID AD Skopje, the Supervisory Board adopted a draft text of the Policy for the Prevention and Management of Conflicts of Interest, a draft text of the Regulations for regulating the mutual relations of the bodies of ALKALOID AD Skopje, a draft text of the Policy on Relations with Stakeholders parties and the proposed text of the Policy for remuneration of employees, managers and members of the Management Board. The Supervisory Board submitted the proposed text of the mentioned acts to the Management Board of ALKALOID AD Skopje for adoption.

The Supervisory Board passed new Rules of Procedure of the Supervisory Board of ALKALOID AD Skopje, which enters into force on 01.01.2023.

Also, the Supervisory Board, in accordance with the Rules of procedure on the method of election, execution and reporting of external audit, adopted the proposal, elaborated and submitted by the Finance department, for appointment of PricewaterhouseCoopers Audit LLC, Skopje (PwC) as external auditor to perform a regular annual audit for the year ending on December 31, 2023.

The Supervisory Board submitted the adopted proposal to the Management Board for the adoption of a resolution by which, will be proposed to the Assembly of shareholders, to adopt a resolution to appoint the PricewaterhouseCoopers Audit LLC, Skopje (PwC) as the authorized auditor for the audit of the annual account and financial statements of ALKALOID AD Skopje for the year 2023.

### III.

In compliance with Article 415-c of the Law Amending the Company Law, the Supervisory Board examined the Semi-Annual Report of the Internal Audit Department, which is an independent organisational unit within the Company. The report presented the Department's activities carried out in the period January - June 2022.

The Supervisory Board adopted the Semi-Annual Report, assessing it as well prepared, with its content compliant with the provisions of the Law Amending the Company Law. The report contains description of the conducted performance audits, assessment of the adequacy and efficiency of the internal audit systems as well as findings and proposed measures.

In line with the 2022 Annual Internal Audit Plan the Internal Audit Department submitted to the Supervisory Board quarterly reports for the periods January - March, April - June, July – September 2022 listing the activities of the Internal audit Department carried out in the respective quarters. The findings the Internal Audit Department identified aim at further improvement of the efficiency in performance. The findings were discussed with the managers of the tested organizational units and were fully accepted.

Having examined the Internal Audit Department's quarterly reports the Supervisory Board passed a decision to adopt them.

In compliance with Article 415-b of the Law Amending the Company Law the Supervisory Board examined the 2023 Annual Work Plan of the Internal Audit Department and passed a decision to approve it.

The Annual Work Plan contains the subject of audit and description of the content of the audits planned for the various areas and schedule of controls in 2023, including their planned durations.

In compliance with Article 415-c of the Law Amending the Company Law, the Internal Audit Department, which is an independent organizational unit within the Company, submitted an Annual Report for the work it carried out in 2022. At its meeting held on 02.03.2023 the Supervisory Board examined that report.

The Annual Report describes the Internal Audit Department's activities carried out between January and December 2022 as envisaged in the adopted 2022 Annual Work Plan for Internal Audit.

The Internal Audit Department's Annual Report contains the following information:

- Description of performed activities;
- Findings/recommendations from individual audits;
- Consultancy activities;
- Information on the Internal Audit Department.

In the opinion of the Supervisory Board the Annual Report of the Internal Audit Department is of good quality, comprehensive and objective and gives a complete overview and summary of the performed audits whose scope and timing are in accordance with the approved 2022 Annual Work Plan.

At its meeting held on 02.03.2023 the Supervisory Board passed a Decision to approve the 2022 Annual Performance Report of the Internal Audit Department.

The 2022 Annual Report of the Internal Audit Department is enclosed with this Report on the Performance of the Supervisory Board and is made available to the Shareholder Assembly of ALKALOID AD Skopje that will meet on 03.04.2023.

#### IV.

In compliance with Article 480 paragraph 2 of the Company Law, at its meeting held on 02.03.2023 the Supervisory Board examined the Statutory Stand-alone Financial Statements and the Statutory Consolidated Financial Statements for the year ended 31 December 2022 together with the Audit Report and Opinion delivered by the independent auditor DELOITTE DOO - Skopje.

The report on the Statutory Stand-alone Financial Statements states that they have audited the submitted financial statements of ALKALOID AD Skopje consisting of the Report on the Financial Position as at 31 December 2022 as well as the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, as well as an overview of the important accounting policies and other explanatory notes.

The report states that the Statutory Consolidated Financial Statements of ALKALOID AD Skopje and its subsidiaries were audited. The Consolidated Financial Statements consist of a Consolidated Report on the Financial Position as at 31 December 2022 as well as Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and an overview of the important accounting policies and other explanatory notes.

The audit has been carried out in compliance with the Audit Law and the auditing standards applicable in the Republic of North Macedonia.

In the opinion of the independent auditors the financial statements and the consolidated financial statements present realistically and objectively, in all material respects, the financial position of ALKALOID AD Skopje as at 31 December 2022 and the results of its operation and cash flows for the year then ended, in accordance with the accounting regulations applicable in the Republic of North Macedonia. In the opinion of the independent auditors, the historical financial information disclosed in the annual statement and in the consolidated annual statement are consistent with the annual account, the consolidated annual account, and the enclosed audited stand-alone and consolidated financial statements of the Company for the year ended 31 December 2022.

Together with the financial statements, in compliance with Article 480 of the Company Law, the Supervisory Board examined the Company's draft 2022 Annual Account, draft 2022 Consolidated Annual Account, draft stand-alone and consolidated Annual Performance Reports for the period January - December 2022 and the draft Resolution on use and distribution of the Company's profit under the Annual Account 2022.

Having examined the Statutory Stand-alone Financial Statements and the Statutory Consolidated Financial Statements, the Reports and Opinion of the independent auditor DELOITTE, the draft Annual Account of the Company, the draft 2022 Consolidated Annual Account of the Company, the draft stand-alone and consolidated Annual Reports on the Performance of the Company for the period January - December 2022, the Report on the Performance of the Management Board of the Company in 2022, the Resolution on use and distribution of the Company's profit under the Annual Account 2022, the Supervisory Board proposes to the Shareholders Assembly of ALKALOID AD Skopje, at its meeting to be held on 03.04.2023 to resolve to approve and adopt the following:

- Statutory Stand-alone Financial Statements, Statutory Consolidated Financial Statements, and Reports and Opinion of the independent auditor DELOITTE for the year ended 31 December 2022;
- 2022 Annual Account of the Company, 2022 Consolidated Annual Account of the Company;
- Annual Report on the Performance of the Company for the period January - December 2022 (stand-alone and consolidated);
- Resolution to approve the performance and management by the members of the Management Board of the Company in 2022.
- Resolution on use and distribution of the Company's profit under the Annual Account 2022.

At its meeting held on 02.03.2023 the Supervisory Board examined the remaining draft resolutions passed by the Company's Management Board, as follows: Draft Resolution on the dates for payout of the 2022 dividend (dividend calendar), Draft Resolution to acquire treasury shares by share buybacks and Draft Resolution on disposal of treasury shares.

Upon examining the draft resolutions, the Supervisory Board proposes to the Shareholders Assembly of ALKALOID AD Skopje at its meeting to be held on 03.04.2023 to resolve to adopt the above resolutions.

V.

In accordance with the provisions of the Corporate Governance Code, the Supervisory Board of ALKALOID AD Skopje evaluated its operations in 2022 and made the following conclusions and assessments:

- a. The Supervisory Board of Alkaloid AD Skopje completely fulfilled the targets and obligations arising from the current legal and other regulations, as well as from the needs of the dynamics of the operations of ALKALOID AD Skopje. Each member of the Supervisory Board, with his selfless engagement, precisely undertaken activities and produced results, contributed to the successful operations of the Supervisory Board as a collective body and fully contributed to its successful results.
- b. The number and composition of the Supervisory Board, and the professional and human qualities of each member individually, through their knowledge, experience and skills, fully responded to the needs of the operations of ALKALOID AD Skopje.
- c. The President of the Supervisory Board, with all his capacity of his rich professional experience, especially contributed to the effectiveness of the work of the Supervisory Board. At the same time, the contribution of each member in the work of the supervisory board, each with their exceptional experience and specialty, contributed to the successful execution of the tasks that were set before the Supervisory board in 2022.
- d. The work of the Supervisory Board in 2022 was distinguished by an excellent working atmosphere, with extremely fruitful discussions, through which each of the members expressed their position and opinion on a certain issue, with the aim of making decisions for the good of the Company;
- e. The exceptionally high-quality and timely, technical and professional support given to the Supervisory Board by the Corporate Secretary and other departments in the Company, the quality and timeliness of the received materials, contributed to the particularly accurate, timely and quality work of the Supervisory board;

f. During year 2022, the quality of communication and cooperation between the Supervisory Board and the Management Board was at an extremely high level, with daily communication and coordination, with the aim of enabling growth and producing positive results for the Company;

e. In year 2022, the existence of circumstances related to the individual members of the Supervisory Board that could lead to a conflict of interest and threaten their independence was not recorded.

The operation of the Supervisory Board in 2022 was within the competences defined in the Company Law and the Statute of ALKALOID AD Skopje.

02.03.2023

#### SUPERVISORY BOARD

Prof. Miodrag Micajkov, Ph.D., President

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Prof. Ilija Djonov, Ph.D., Member

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Bojancho Krlevski, Member

Annexes:

Decisions of the Supervisory Board

Annual Report of the Internal Audit Department



# **ANNUAL REPORT FOR 2022**

## **Number 1/2022**

**FEBRUARY 2023**

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## INTRODUCTION

The Internal Audit department is separate and independent part of the organizational structure of Alkaloid AD Skopje. The Internal Audit department is organized under and reports directly to the Supervisory Board of Alkaloid AD Skopje.

The Internal audit activities are in compliance with The Company Law, the Decisions of the Constitutional Court of the Republic of Macedonia as well as the Internal audit charter and procedure. Detail regulation of internal audit activities is presented in Article 415-a – 415-g in Section 6-a in the Macedonian Company Law.

The Internal Audit department has the responsibility of performing constant and complete audit of the legality, regularity and promptness of the Alkaloid AD Skopje operations:

1. Assessment of the adequacy and efficiency of the system of internal controls
2. Assessment of the risk management policies
3. Assessment of the accuracy and reliability of trade books and financial statements
4. Monitoring (observing) the compliance with the regulations, policies and procedures of the company
5. Reviewing the accuracy, reliability and promptness of the reporting in compliance with the regulations
6. Assessment of the IT system placement.
7. Reviewing the compliance of the organization and the actions of the company in accordance with the Code for corporate governance.

The Internal audit activities presented in this annual report are executed from January to December 2022, in compliance with the approved Internal audit Plan for 2022. The results of the Internal audit operations for the period are presented in this report.

## CONDUCTED ACTIVITIES

During 2022, The Internal Audit department has conducted the following activities:

No	Activities		Period 2022	Plan 2022
	Type	Area		
1	FA	Cash & cash equivalents	January	Yes
2	FA	Loans	March	Yes
3	FA	Inventory of stocks, assets and liabilities	March	Yes
4	OA	Supply process (services)	March	Yes
5	CS	Examination of Alkaloid's financial statements for 2021	February	Yes
6	CS	Implementation of the ESG segment/reporting in Alkaloid AD Skopje	January - December	Yes
7	CS	Improvement of the system for measuring and managing performance in the company (KPI)	January - December	No
8	CS	Preparation of a report for the analysis of sales processes and production planning within the AlkaSap system	February – March	No
9	AD	Self-assessment	February	Yes
10	AD	Writing the Internal audit annual report for 2021	February	Yes
11	AD	Talent management (assessment of achievements, setting goals and creating personal development plan)	March	Yes
12	PA	Performance audit/Risk management	May	Yes
13	AS	Audit of Alkaloid Sofia	June	Yes
14	CS	Examination of Alkaloid's quarterly financial statements for 2022	April	Yes
15	OA	Supply process (services)	April-May	Yes
16	OA	Corporate audit	May	Yes
17	CS	Corporate Compliance Committee	January - December	Yes
18	CS	Attending management meetings	May	Yes
19	CS	Innovation and idea management	May - June	Yes
20	T	Trainings (details in the report itself)	January - December	Yes
21	CS	Examination of Alkaloid's semi-annuals financial statements for 2022	July	Yes
22	AS	Audit of Alkaloid Sarajevo	July	Yes
23	FA/ OA	Customer receivables	July - August	Yes
24	FA/ OA	Liabilities to suppliers	July - August	Yes
25	AD	Writing the Internal audit semi - annual report for 2021	July	Yes
26	AS	Audit of Alkaloid DOO Beograd	November - December	Yes
27	AS	Audit of Alkaloid Velež Rogarica DOO Beograd	November - December	Yes

No	Activates		Period 2022	Plan 2022
	Type	Area		
28	PA	Performance audit/Risk management	October	Yes
29	PA	Attending an annual planning meeting	October	Yes
30	OA	Audit of production Cosmetics	September - November	Yes
31	FA	Customer receivables (age structure and confirmations)	December	Yes
32	CS	Defining methods and techniques for lowering strategic company goals	December	No
33	AD	Preparing the Internal Audit Annual plan for 2023	December	Yes

**Abbreviations:**

FA – Financial audit

AD - Administrative duties

AS – Audit of subsidiaries

CS - Consulting services

OA – Operational audit

T – Training

PA – Performance audit

During 2022, the Internal Audit department has written and submitted special detailed reports for each audit engagement to the department manager (subject of audit engagement) and the CEO. In addition, the Internal Audit department has written and submitted quarterly audit reports to the CEO and Supervisory Board. The semi-annual report was submitted to the Management Board and Supervisory Board of Alkaloid AD Skopje.

The internal audit Annual report is submitted for review and approval of Management Board and Supervisory Board of Alkaloid AD Skopje.

## FINDINGS/RECOMMENDATION

Based on the individual audits performed during 2022, the Internal Audit department has identified findings / recommendations that are presented in the

### Summary Table of Findings / Recommendations.

No	Activities		Audit opinion	No. of findings/recommendations
	Type	Area/Audit		
1.		<b>Audit of subsidiaries – Alkaloid EOOD Sofia</b>	Excellent	
	OA	Test of the efficiency of internal control system		1
	FA	Assessment of the accuracy and reliability of trade books and financial statements		7
2.		<b>Audit of the service supply process</b>	Excellent	
	OA	Verification of compliance with the procedure		2
3.		<b>Corporate audit</b>	Excellent	
	OA	Communication and cooperation between departments within Alkaloid AD Skopje		1
4.		<b>Audit of subsidiaries – Alkaloid DOO Sarajevo</b>	Excellent	
	CC	Compliance Audit		2
	FA	Assessment of the accuracy and reliability of trade books and financial statements		3
5.		<b>Audit of subsidiaries – Alkaloid DOO Beograd</b>	Excellent	
	OA	Test of the efficiency of internal control system		2
	FA	Assessment of the accuracy and reliability of trade books and financial statements		2
6.		<b>Audit of production - Cosmetics</b>	Excellent	
	OA	Test of deviation of hours spent per machine and worker vs. the planned hours per process order		4
	OA	Test of consumed quantities of process materials opposed to the required ones defined in the standard		2
	OA	Data verification test of production orders		1

#### Abbreviations:

FA – Financial audit  
OA – Operational audit  
TO – Tax operations audit  
PA – Performance audit  
IT – IT audit  
CC – Corporate compliance

The identified findings and recommendations are categorized with **low intensity according to their importance**. This shows that the internal control system is efficient and well placed. The overall assessment of the internal control system placement and efficiency in the areas that were audited is **excellent**; except for the recommendations, whose implementation will add improvements to the internal control system.

The management has accepted all findings/recommendations and has made an implementation plan. The evaluation of the implemented recommendations from this report will be performed during 2023.

Detailed findings / recommendations are given in a separate document attached to this report.

Statistical overview of the total suggested and implemented recommendations for 2019, 2020, 2021 and 2022 is given in the following table:

Recommendations	2019		2020		2021		2022	
	No	%	No	%	No	%	No	%
Implemented / Realized	34	85%	10	45%	10	83%	23	85%
Ongoing implementation	6	15%	12	55%	2	17%	4	15%
Delayed	0	0%	0	0%	0	0%	0	0%
Not implemented	0	0%	0	0%	0	0%	0	0%
<b>Total suggested recommendations</b>	<b>40</b>	<b>100%</b>	<b>22</b>	<b>100%</b>	<b>12</b>	<b>100%</b>	<b>27</b>	<b>100%</b>

## **CONSALTING SERVICES**

### **Review of the financial statements**

The Internal Audit department occasionally, at the request of Finance and Business Planning, Controlling and Reporting departments, participated in the review of positions in the Alkaloid's separate financial statements for 2021 in order to a proper disclosure with the accepted International Financial Reporting Standards in Republic of Macedonia

### **Corporate Compliance Committee**

By decision of the Management Board of Alkaloid AD Skopje, the head of the Internal Audit department has been appointed a member of the Corporate Compliance Committee whose task is to apply the Code of Conduct, receive complaints for violation of the Code and act upon them.

During 2022, the head of the Internal Audit department regularly attended the organized meetings of the Corporate Compliance Committee and was actively involved in the work of the committee itself, reviewing applications and conducting investigations based on them.

### **Implementation of the ESG segment/reporting in Alkaloid AD Skopje**

During 2022, the Internal Audit department, as part of the working group for implementing ESG reporting, was involved in:

1. Defining the company's ESG strategy (proposed company ESG goals)
2. Establishment of the ESG segment in the organizational structure of Alkaloid AD Skopje, as well as the internal structure and composition of the ESG segment itself
3. Selection of appropriate and applicable standards for ESG reporting
4. Presentation of the established conclusions (proposals) to the senior management of Alkaloid AD Skopje
5. Formation and organization of the ESG board
6. Preparation of the ESG policy of Alkaloid AD Skopje
7. Introduction to the concept of ESG and a detailed presentation of the company goals/strategy to the management of Alkaloid AD Skopje
8. GAP analysis of compliance with Chapter 6 of the Code for Corporate Governance of the Macedonian Stock Exchange
9. Preparation of the Procedure for ESG reporting of Alkaloid AD Skopje
10. Preparation of SOPs for ESG measurement indicators
11. Defining the final List of existing and potential ESG indicators of Alkaloid AD with all ESG indicators that will be reported
12. Defining the content and design of the ESG report of Alkaloid AD Skopje
13. Preparation of questionnaires for significance (materiality) of ESG topics

**Attending management meetings**

The Internal Audit department participated in some of the regular management meetings (meeting for the review of the management of PC Pharmacy, PC Chemistry, Cosmetics, Botanicals, Steering Committee, quarterly management meetings, etc.).

**Improvement of the system for measuring and managing performance in the company (KPI)**

According to the conclusions of the previous consulting engagement of the Internal Audit department to define the most significant KPIs at the department level for the needs of the performance management meetings, by the General Director direction, the following stages of this engagement were conducted:

1. Measurement of achievements/results for 2021
2. Measurement of achievements/results for the first 6 months of 2022
3. Technical preparation and organization of the annual and semi-annual management meetings for key performance indicators of all segments of Alkaloid AD Skopje (Pharmacy, Chemistry, Cosmetics, Botanicals, Corporate Services)
4. Setting key performance indicators and corresponding targets for 2022

**Preparation of a report for the analysis of sales processes and production planning within the AlkaSap system**

Following the proposal of the Internal Audit department, the preparation of a system solution for the reports in the AlkaSap system was started.

The conceptual solution for automating the report was presented to the members of the Analysis section within the Production Planning department and the members of the Information Technology and Telecommunications department.

After accepting the concept and supplementing it with the appropriate proposals from all involved, the preparation of the report itself within the AlkaSap system began. The implementation is carried out by the Information Technology and Telecommunications department, while the Internal Audit department is involved in control (testing) of the offered system solutions and proposing solutions for the identified deficiencies in the proposed versions of the report.

**Innovation and idea management**

The Internal Audit department, together with the Human Resources department, started the preparation of a proposal for a concept solution for improvement (redefining the process).

## INFORMATION ABOUT THE INTERNAL AUDIT DEPARTMENT

### Department resources

The Internal Audit department, at the moment is consisted of three members, the Head of the department and two members of the department. The Head of the Internal Audit department has a license (registry number 190) for certified auditor issued by the Council for the development and supervision of the audit in R. Macedonia based on Article 8 paragraph (1) item 3 and Article 23 of the Law on Audit. Since May 2012, the employees are members of The Institute of Internal Auditors Macedonia.

### Fulfilling the goals

During 2022, the Internal Audit department achieved the targets in accordance with the Internal Audit Plan for 2022.

### Evidence of working hours

The time planned for working compared to the actual spent working time of the three members of the Internal Audit department for 2022 is shown in the summary table for available time.

#### Summary table for available time (For three members)

Activities	Working hours		
	Planed hours	Actual hours	Difference
Performing an audit	3.612	3.192	-420
Reporting for the conducted audits	324	324	0
Audit planning for 2023	120	120	0
Consulting services	858	1.278	420
Training	240	240	0
Administrative duties	414	414	0
Vacation	384	384	0
<b>Total</b>	<b>5.952</b>	<b>5.952</b>	<b>0</b>

#### *Performing an audit*

During 2022, for performing audit engagements were spent 420 hours (for three members), less to the planned hours due to the greater engagement of the department in consulting services as well as due to the postponement of some audit engagements according to the conditions related to the pandemic.

#### *Consulting services*

The hours spend on consulting services are corresponding to the required services. Actual hours are much longer than planned due to the involvement of the Internal Audit department in several major unplanned projects – implementing the ESG reporting segment, Improvement of the system for measuring and managing performance in the company (KPI), etc.



## Education of the members of the department

Education of the members of the Internal Audit department is defined in the Internal Audit Plan for 2022 in order to maintain and improve its member's performance quality.

During 2022, the members of the Internal Audit department have attended the following trainings/workshops:

**Subject:** Investigation interview - an important tool for internal audit

**Organizer:** Academia Tempora, Zagreb

**Period and duration:** February 2022, three-day online workshop

**Subject:** Guide to ESG practices on the Macedonian Stock Exchange

**Organizer:** Macedonian Stock Exchange/consulting house Stewart Redqueen from the Netherlands

**Period and duration:** February 2022, one-day online workshop

**Subject:** WOOD's ESG Symposium

**Organizer:** WOOD & Company

**Period and duration:** March 2022, one-day online panel discussion

**Subject:** Green Climate Fund

**Organizer:** FAO-North-Macedonia

**Period and duration:** 28.02.2022 - 23.03.2022

**Subject:** Workshop on the Code of Corporate Governance and Best Practices

**Organizer:** PwC's Academy in cooperation with Macedonian Stock Exchange AD Skopje

**Period and duration:** May 2022, one day workshop

**Subject:** The Guide to ESG Reporting and Practical Benchmarks for ESG Reporting

**Organizer:** PwC's Academy in cooperation with Macedonian Stock Exchange AD Skopje

**Period and duration:** May 2022, one day workshop

**Subject:** ESG Regional Workshop for Central and South Eastern Europe.

**Organizer:** European Bank for Reconstruction and Development (EBRD)

**Period and duration:** June 2022, two-day online workshop

**Subject:** Continuing Professional Development

**Organizer:** The Institute of Certified Auditors of the Republic of Macedonia

**Period and duration:** June 2022, three-day online workshop

**Subject:** Leadership skills training

**Organizer:** Dr. Gilbert – Belgrade, Serbia

**Period and duration:** June 2022, one day workshop

**Subject:** A one-day workshop with a focus on MBTI personality typology

**Organizer:** Business Academy Smilevski

**Period and duration:** June 2022, one day workshop

**Subject:** Advanced MS Excel 2016  
**Organizer:** Semos Education  
**Period and duration:** April-May 2022, 10 lectures

**Subject:** Continuing Professional Development (Credit risk management)  
**Organizer:** The Institute of Certified Auditors of the Republic of Macedonia  
**Period and duration:** October 2022, one-day online event

**Subject:** Continuing professional development (Significant issues and dilemmas in auditing)  
**Organizer:** The Institute of Certified Auditors of the Republic of Macedonia and PWC Audit  
**Period and duration:** November 2022, one day event

**Subject:** Resolving conflicts and improving presentation skills  
**Organizer:** Association of Internal Auditors of N. Macedonia and The Institute of Certified Auditors of the Republic of Macedonia  
**Period and duration:** November 2022, one day workshop

**Subject:** Continuing professional development (Insurance supervision)  
**Organizer:** The Institute of Certified Auditors of the Republic of Macedonia  
**Period and duration:** November 2022, one-day online event

**Subject:** International Annual Conference - Audit Climate Change  
**Organizer:** Association of Internal Auditors of N. Macedonia  
**Period and duration:** December 2022, one day workshop

**Subject:** Continuing Professional Development - International Standard for Auditing  
**Organizer:** The Institute of Certified Auditors of the Republic of Macedonia  
**Period and duration:** December 2022, one day workshop

**Subject:** Continuing Professional Development - The accounting and auditing profession against corruption and fraud  
**Organizer:** The Institute of Certified Auditors of the Republic of Macedonia  
**Period and duration:** December 2022, one day workshop

**Subject:** Implementation of Balanced Scorecard methodology  
**Organizer:** Alkaloid AD Skopje  
**Period and duration:** December 2022, one day workshop

In Skopje, February 21, 2023,  
Danilo Jovanovic



Certified auditor of R.Macedonia  
Head of the Internal Audit department  
Alkaloid AD Skopje

Pursuant to Article 108 of the Statute of ALKALOID AD Skopje and in relation to Article 415-c of the Law Amending the Company Law, at its meeting on 02.03.2023 the Supervisory Board of ALKALOID AD Skopje passed the following

## RESOLUTION

1. The Supervisory Board of ALKALOID AD Skopje approves the Annual Report for 2022 of the Internal Audit Department.
2. The annual report under Paragraph 1 shall be an integral part of this Decision.
3. The Supervisory Board of ALKALOID AD Skopje shall submit the Internal Audit Department's Annual Report for 2022 to the Company's Shareholders Assembly.
4. This Decision shall be submitted to the Chief Executive Officer, the Head of Internal Audit Department and the Shareholders Assembly of ALKALOID AD Skopje.

Supervisory Board  
Chair  
Prof. Miodrag Micajkov, Ph.D.

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