



Annual Report for
2021
GD Granit AD Skopje
Management Board

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Address to shareholders

Dear Shareholders,

GD Granit AD Skopje completed 2021 successfully despite the significantly changed market circumstances of action that the world pandemic imposed on the economy. Working in 2021 proved that the principles of flexibility, planning and organization are essential in maintaining the growth and development of the Company.

The engagement of the management and leading team showed special stability and awareness in choosing the right measures and activities in the circumstances of action aimed at overcoming the challenges, which led to positive results.

2021, in fact, challenged all actors in the economy to leave their comfort zones of action and introduce a way of working with particular flexibility and adaptation to work in the face of a global pandemic. Specifically, we faced limited work resources, rising prices, significant fluctuations in the workforce, but the planned approach to the undertaken commitments, measures to protect the employees ensured the achievement of the goals. In this way, the Company showed an excellent ability to adapt in a timely manner and adjust to the new conditions. The main challenge was to protect the employees and their jobs, while ensuring full fulfilment of the obligations to the Investors, and all that with a final positive result for the shareholders as well.

In 2021, we mostly worked on the already concluded contracts because the construction sector affected by the global health and economic crisis was characterized by small movements, whereby larger investments were not made. In such an action, we remained focused on the application of techniques and methodologies for rationalization and effectiveness in the operation.

With such action, we aim in 2022 to maintain the position of a Company listed on the Macedonian Stock Exchange, with which we will justify the trust of the shareholders despite all the challenges. Additionally, we will do our best to maintain our image as a good employer, which will attract special professionals who want to be a part of something significant and who are attracted by the complexity of the construction projects conducted by the Company. In this regard, we will continue to build our path to a safe and secure job position for every worker, and given the future and our successors, we are especially committed and will continue to work on maintaining and improving the practices for a healthy environment, with a compliance of the construction sites with the regulations and recommendations for their maintenance.

Given the current developments, even greater challenges await us in 2022 in achieving our goals. In this regard, several key segments have been identified that will need to be reorganized in order to ensure their development and growth. The economic crisis and the significant increase in prices will inevitably affect the results, but guided by our desire and idea for the plan to be realized, the dedication to the work as a driver for better results, we believe that the Company will also meet the challenges that 2022 brings.

Granit will continue to aim to remain a leader in achieving the most complex goals of the Investors and will focus its growth on investments in its staff, digitalization and modern fixed assets that will ensure the achievement thereof.

The annual report represents the annual operation of the Company, prepared by the management, which is based on the requirements of the Law on Trade Companies, and is an assessment of the information on the stated positions and results in the financial statements.

The Management Board

About us

AD Granit AD Skopje is the largest construction company in the Republic of North Macedonia with long traditions and experience in the construction industry. For more than 70 years, Granit has been a synonym for quality and responsibility in the Republic of North Macedonia, which is building its image both on the domestic and foreign markets.

The main activity of GD Granit AD Skopje includes construction activities in civil engineering, building construction and hydraulic engineering. In addition to its main activity, GD Granit AD Skopje has established Companies that are fully owned by the Company on the territory of the Republic of North Macedonia and on foreign markets that trade in construction machinery and construction materials, catering and other services.

The predominant activity of GD Granit AD Skopje is civil engineering.

The quality offered by GD Granit AD Skopje is a tradition and a direct result of successful leadership and uncompromising respect of our values – safety, quality, ethics, integrity and long-term sustainability and development. Therefore, GD Granit AD Skopje constantly strives to establish a sustainable system of values, innovation and improvement of the quality of life, as the reputation of our company depends on the value it has in the eyes of those for whom we build.

The monitoring of the social changes and market conditions have resulted in the development of the capacities of the Company in accordance with the modern needs of today, due to which we develop and apply world-class technology, we seek and implement the best ideas and continuously invest in providing a high level of competence and continuous employee development, as a result of which GD Granit AD Skopje today exists as a highly professional and technologically equipped company with the opportunity to build even the most complex buildings.

The operation on the foreign markets is realized through companies that are fully owned by GD Granit AD Skopje, established as limited liability companies/subsidiaries/business units abroad.

The shares of GD Granit AD Skopje are listed on the official market of the Macedonian Stock Exchange as of 22.01.2003.



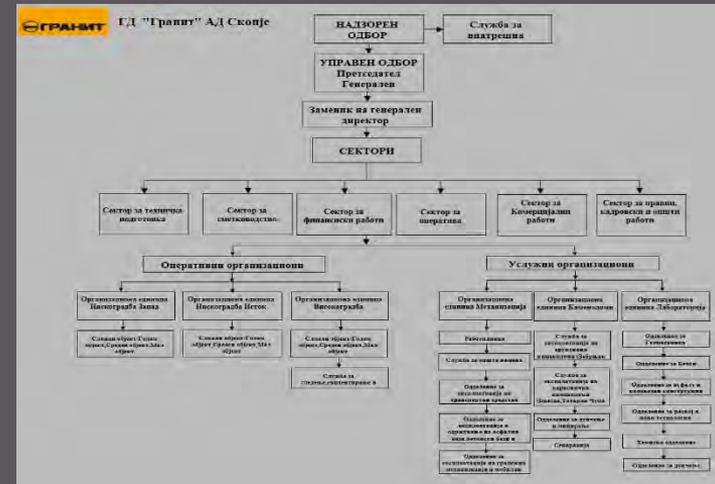
Company Structure

The corporate governance system is based on the legal regulations and the Statute of GD Granit AD Skopje and as such ensures efficient and transparent management of the Company through an established two-tier management system – Supervisory Board and Management Board.

The Shareholders' Assembly, as the highest body, decides on issues regulated by law and entrusted with the Statute of GD Granit AD Skopje.

The internal organizational set-up of the Company is based on the division of the affairs by organizational units, working units, services and sectors that operate within the Company, while some of the other activities that are not part of its predominant activity are performed through companies that are fully owned by AD Granit AD Skopje.

Organizational structure



Corporate governance and decision implementation



The business governance and decision implementation policy is based on the application of Good Governance Practices. The decision making is based on the analysis of the current economic market indicators, opportunities and available resources, as well as the analysis of world price sensitive information relevant to the operation of the company with appropriate planning of the activities, decision making and monitoring of the decision implementation, in accordance with the powers provided by law and the Statute of the Company.

In the course of 2021, the Supervisory Board continuously monitored and controlled the work of the Company and its financial status, governance and results. As a result of the inability to hold sessions with physical presence due to the pandemic caused by the Corona virus, in the period from January to December 2021, it held a total of 2 (two) regular sessions, and when the epidemiological situation did not allow it, it adopted its decisions without holding a session. The sessions were convened in a timely manner by the Chairman of the Supervisory Board and a total of 8 Decisions and 1 Conclusion were adopted at the sessions held, whereby 12 additional Decisions were adopted without holding a session for issues within the competence of the Supervisory Board.

The Supervisory Board is composed of two women and one man who are exceptional professionals, each in their field. The Chairman of the Supervisory Board, Ms. Ivana Milkovska Simeva holds a Bachelor of Science in Architecture, and from among the other members, Mr. Goran Markovski holds a Bachelor of Science in Economics and Ms. Violeta Bozhinowska holds a Bachelor of Science in Law, which covers all areas important for proper functioning, control and monitoring of the work of the Company from every aspect. The Internal Audit Department performed the ongoing controls for which the Department submitted timely reports to the Supervisory Board, and given the engagement and professional knowledge of the members of the Supervisory Board, it was determined that there was no need to establish additional special Commissions.

The member of the Supervisory Board, Mr. Goran Markovski is an independent member of the Supervisory Board of EVN Makedonija AD Skopje.

The Management Board is composed of 5 members, whereby the membership is a combination of experience and the energy of the young driving force, with different professions, namely the Chairman of the Management Board, Mr. Strasho Milkovski has many years of experience as a holder of a Bachelor of Science in Civil Engineering, Mr. Zoran Milkovski who holds a Master's Degree in Natural Sciences, Mathematics and Computer Sciences, Ms. Katerina Gjerdovska who holds a Bachelor of Science in Economics, Mr. Andrea Serafimovski who holds a Bachelor of Science in Civil Engineering and the external member, Mr. Venko Zafirov who holds a Bachelor of Science in Electrical Engineering. The Chairman of the Supervisory Board, Ivana Milkovska – Simeva attended all sessions of the Management Board. In 2021, 5 regular sessions were held at which 65 decisions were adopted, and following the epidemiological situation, 81 decisions were additionally adopted without holding a session. The Company decided on the decisions for review and approval of the annual accounts of the Company, individual and consolidated, as well as the annual accounts of the Companies established by GD Granit AD Skopje, up to the current organization affairs, the planning and directing of the procedures and the manner of execution of the undertaken construction works in the face of a pandemic, the monitoring of the work of each organizational unit, work unit separately and all together in order to ensure timely and positive completion of the works.

The member of the Management Board, Mr. Zoran Milkovski is a member of the Supervisory Board in the company Euroins Insurance AD Skopje.

Corporate governance and decision implementation

The Company continuously works on training the management staff in order to develop their managerial skills, especially of women employees for the purpose of establishing and developing gender equality. This goal is successfully achieved through the Supervisory Board, with the further goal of establishing the same gender equality in the Management Board of the Company as well.

The meetings of the Management and Supervisory Board are chaired and monitored by the Corporate Secretary for each board separately, who hold a Bachelor of Science in Law in order to properly monitor and apply the Good Corporate Practices.

In 2021, a gross amount of MKD 57,212,864.00 was paid to the management and supervisory bodies as salary allowances, remunerations and compensations for participation in the management bodies.

In 2021, no deals were made with the stakeholders, nor were major deals made.

The member of the Management Board – Venko Zafirov is employed in the company Koner Kompjuteri DOO Skopje, where based on his employment he earns allowances in the amount of 919.268,00 denars.

The member of the Supervisory Board – Goran Markovski is employed in KB Publikum Invest AD Skopje, where based on his employment he earns allowances in the gross amount of MKD 4,384,722.00.



Corporate Governance Code

GD Granit AD Skopje, as a listed company on the Macedonian Stock Exchange within its operations, has adopted its own Corporate Governance Code. In October 2021, the Macedonian Stock Exchange adopted a new Corporate Governance Code that will be applied as of 2022.

The provisions of the Code reflect the best international corporate governance practices that should be a roadmap for building a good corporate structure. In that regard, the Company made a modification and amendment to the existing Corporate Governance Code, and the Assembly will be proposed to make a decision in 2022 to amend the Statute of GD Granit AD Skopje in order to harmonize it in full.

It is publicly and physically available in the administrative building and the headquarters of the Company at “ul. Dimitrije Chupovski” Street no. 8, as well as on the website of the Company.

In any case, most of the good business practices have been applied by the Company thus far, and all decisions associated with price-related significant information and that are important for the work of the Company were duly published on the website of the Company and submitted to the Macedonian Stock Exchange.

In this way, the Company has identified the right values and steps towards ensuring a corporate governance that will contribute to good corporate practices and positive operation of the Company.

GD GRANIT AD SKOPJE IN THE ECONOMY AND THE ENVIRONMENT IN 2021

The Cost of Living Index in 2021, compared to 2020, has increased by 3.2%, and the Retail Price Index is 4.3%.

The average inflation rate, measured according to the Cost of Living Index for 2021/2020 is 3.2%.

The movement of the Cost of Living Index in 2021 was different for different groups of consumption. An increase of the indices was registered in the following groups: Transport by 9.9%, Restaurants and hotels by 5.9%, Alcoholic beverages, tobacco and narcotics by 3.8%, Food and non-alcoholic beverages by 3.1%, Health by 2.9%, Housing, water, electricity, gas and other fuels and Recreation and culture by 2.7%, Miscellaneous goods and services by 1.4%, Furniture, household goods and maintenance by 1.0%, Clothing and footwear by 0.2%. A decrease in the indices was registered in the group: Communications by 0.5%. The Education group is at the same level as the previous year.

According to the estimated data of the State Statistical Office, the growth rate of the Gross Domestic Product (GDP) for the fourth quarter of 2021 is 2.3%

The Industrial Production Index in the period from January – December 2021 compared to the period from January – December 2020 is 1.4 %

The economic indicators for the Gross Domestic Product show the unenviable position in which the construction sector found itself after the onset of the pandemic. According to the volume indices of the gross domestic product, in accordance with the production method, there was a decline in the construction sector by 3.8% in 2021 compared to 2020.

The value of the performed works in construction according to the current prices in 2021 is 35.92 billion denars, with a small increase compared to 2020. The share of construction in the total value of the GDP for 2021 is 4.96%, which is a decrease by 0.5 percentage points compared to 2020.

The nominal value of the contracted construction works has been continuously declining in the last three years. The nominal value of the total contracted construction works in 2021 is 50 billion denars, which is a decrease by 6.8% compared to 2020. The decline in building construction is 6.1%, while in civil engineering it is 7.5%.

The number of employees in the construction sector in 2021 is 54,378 people, which is a decrease by 1.4% compared to 2020, or 2.6% compared to 2019. The average net salary paid per employee in the sector in 2021 is MKD 27,038, which is an increase by 6.6% compared to 2020, or by 15.5% compared to 2019.

In such economic conditions, the management of GD Granit AD Skopje in 2021 pursued a business policy aimed at achieving a reasonable balance between the business activity of the Company, the pandemic and the macroeconomic operating conditions on the market in the Republic of Macedonia. The activities of GD Granit AD Skopje were aimed at full utilization of the resources, completion of the started projects and active implementation of the current obligations within the agreed deadlines, while minimizing the costs and reducing the intensive investment activities.

ACTIVITIES IN 2021

The operation in 2021 marked the conducting of the current projects, and due to the global pandemic, compared to 2020, there were no new significant investment projects, despite the aspirations for larger business ventures.

The more significant projects that were conducted during 2021 are as follows:

- Construction of Highway Kichevo – Ohrid, section Kichevo – Podvis;
- Construction of Expressway A2, LOT 2 – Section Kriva Palanka – Dlabochica;
- Highway A4 BCP Blace – Skopje;
- Reconstruction and rehabilitation of the national road A2, section Kriva Palanka – Deve Bair;
- Construction of ASNOM Blvd. second phase from “Vasko Karangelevski” Street to “Industriska Street “ no.1 from km 0+834.69 to km 1+233.94;
- Construction of an Antenna system for radiofrequency control and monitoring on the territory of the Republic of Macedonia, at a location near Skopje, on the Vodno mountain.

- **Construction of Highway Kichevo – Ohrid, section Kichevo – Podvis – Preseka;**

In 2021, the construction of the highway Kichevo – Ohrid, Section 1 and Section 2 is characterized by active excavation in the cut slopes of both sections, as well as installation of beam girders on the Viaducts 14+140 and 18+192, whose construction technology is a specific and complex construction feat. In 2021, almost 90% of the bridge was completed with console construction of km 6+860.



Projects 2021

- **Facility – Highway A4 BCP Blace – Skopje;**

In 2020, the construction of the Highway A4 BCP Blace – Skopje, which is an important project for the infrastructural connection of the Republic of North Macedonia with Kosovo began, which should provide easy and efficient flow of vehicles, thus developing a simple approach for easier development of the international exchanges.



- **Facility – Construction of Expressway A2, LOT 2 – Section Kriva Palanka – Dlabochica**

In 2021, GD Granit AD Skopje actively performed the works for the construction of the Expressway A2, LOT 2 – Section Kriva Palanka – Dlabochica, with a length of 9 km, which is an important infrastructure project and the first section for the construction of a modern and contemporary infrastructural connection of the Republic of Macedonia with the Republic of Bulgaria.



Projects 2021

- Facility – Reconstruction and rehabilitation of the national road A2, section Kriva Palanka – Deve Bair

In 2021, Granit continued with the construction works for the reconstruction and rehabilitation of the national road A2, section Kriva Palanka – Deve Bair, which is a key infrastructure project for construction of a modern and contemporary infrastructural connection of the Republic of Macedonia with the Republic of Bulgaria.



- Construction of ASNOM Blvd. second phase from “Vasko Karanjelevski” Street to “Industriska” Street no. 1 from km 0+834.69 to km 1+233.94

In 2021, most of the Contract for Construction of ASNOM Blvd. second phase from “Vasko Karanjelevski” Street to “Industriska” Street no. 1 from km 0+834.69 to km 1+233.94 was realized, which is characterized by the construction of a bridge by the cantilever construction method, which is quite specific and complex. The construction is done with the help of sliding scaffoldings owned by Granit and they are handled by specially trained engineers and carpenters. The construction of one tact is done with a bracket scaffolding, which in this case was done in 5 days, which is a record in terms of the recommendations of the manufacturer.



Project 2021

- **Construction of an Antenna system for radiofrequency control and monitoring on the territory of the Republic of Macedonia, at a location near Skopje, on the Vodno mountain**

The construction activities of the facility “Antenna system for radiofrequency control and monitoring on the territory of the Republic of Macedonia” continued in 2021. The year was marked by the beginning of the construction of Platforms 1, 2 and 3, while the serious approach in the development of the technical documentation and the construction of the most specific elements, “the horns” contributed for the complete construction of Horn 1, 70% of Horn 2, 50% of Horn 4 and 20% of Horn 3.

- **Other facilities;**

The application of the rules for efficient operation in all service organizational units and sectors ensured successful monitoring of the needs of the operational organizational units for timely performance of their contractual obligations.

In these conditions, where in addition to these facilities, GD Granit AD Skopje led the construction of a number of roads throughout the territory of the Republic of Macedonia, a need arose to regulate its business policy, in order to ensure the highest degree of efficiency and rationality in using the available resources and facilities. The timely completion of the undertaken construction activities with these policies was the basis for maintaining a high degree of liquidity in conditions of recovery of the economy and meant smooth performance of the legal obligations, the obligations to the suppliers and employees.

GD Granit AD Skopje, by fulfilling its obligations in the conducting of the projects in Macedonia and abroad, successfully manages:

- 9 concrete bases with a capacity of 30m³/h to 180m³/h and an annual concrete production of an average of 210.000 m³;
- 7 asphalt bases with a capacity of 40 t/h to 160 t/h and an annual asphalt production of an average of 270.000 tons;
- 9 concessions for exploitation (quarries) and one separation for river material throughout the territory of the Republic of Macedonia
- 3 reinforcing plants (Skopje, Kichevo and Mozhdvlnjak)



Financial data

This annual report and financial data cover the operation of GD Granit AD Skopje for the fiscal year 2021, starting from January 1, 2021 to December 31, 2021. All financial statements, individual and consolidated, are in accordance with the Law on Trade Companies, the accounting standards, as well as the International Financial Reporting Standards, which are accepted in the Republic of North Macedonia and published in the Official Gazette.

Key data

Total revenue generated – MKD 4,961,306,756.

Total expenditures generated – MKD 4,779,973,173.

Gross income for the period – MKD 181,333,584.

Total comprehensive income – MKD 667,936,355.

The performance structure compared to 2021 is as follows:

	2020	2021
Elements	amount	amount
Total revenue	4,422,116,048	4,961,306,756
Total expenditures	4,356,899,441	4,779,973,173
Gross income	65,216,607	181,333,584
Income tax	0	2,420,929
Net income	65,216,607	178,912,655
Net remaining comprehensive income	74,018,700	489,023,700
Total comprehensive income	139,235,307	667,936,355

Financial data

The income structure for 2021 is as follows:

	2020	2021
Operating income	-554,000	107,921,583
Financial income	65,769,607	73,412,000
Gross income	65,215,607	181,333,584
Income tax	0	2,420,929
Net income = 3-4	65,215,607	178,912,655
Net remaining comprehensive income	74,018,700	489,023,700
Total comprehensive income	139,234,307	667,936,355

Total revenue

The total revenue generated amounts to MKD 4,961,306,756, namely: operating revenue in the amount of MKD 4,883,724,756 and financial revenue in the amount of MKD 77,582,000. The operating revenue generated in 2021 increased by 12.46%, while the financial revenue decreased by 2.36% compared to 2020.

The structure of the revenue generated is as follows:

O. no.	revenue	2020	2021
1	Sales revenue	4,032,931,206	4,655,977,756
1.1	Revenue from sales on the domestic market	4,021,619,833	4,652,722,756
1.2	Revenue from sales on foreign markets	11,311,373	3,255,000
2	Own production	113,209,603	90,427,000
3	Other operating revenue	196,518,768	137,320,000
4	Operating revenue=1+2+3	4,342,659,577	4,883,724,756
5	Financial revenue	79,456,471	77,582,000
6	Total revenue=4+5	4,422,116,048	4,961,306,756

Financial data

Total expenditures

The total expenditures generated for the period 01.01-31.12.2021 follow the trend of the total revenue, i.e., they increased by 9.71% and amount to MKD 4,779,973,173. They participate with 96.35% in the total revenue, contain the material costs, gross wages, depreciation, other costs, financial expenditures and purchase value of goods sold, reduced by the expenditures contained in market facilities.



Consolidated financial results

GD Granit AD Skopje prepares a consolidated financial calculation that includes the following subsidiaries:

O. no.	subsidiaries	% of share
1	Hotel Granit DOOEL Ohrid	100
2	Car Wash DOOEL Skopje	100
3	Granmak, Austria	100
4	Granmak, Germany	100
5	GD Granit DOO, Banja Luka	100
6	Subsidiary Granit, Banja Luka	100

The realized indicators from the consolidated annual calculation of GD Granit AD Skopje for the operation in 2021 are as follows:

the data are expressed in MKD 000

elements	2020	2021
Total revenue	4,459,045	4,973,730
Total expenditures	4,395,991	4,832,116
Gross income	63,054	141,614
Income tax	6,127	5,807
Net income	56,927	135,807
Net remaining comprehensive income	78,495	488,664
Total comprehensive income	135,422	624,471

Capital structure sources of funds of the Company

The capital structure of the Company is as follows:

Shareholders 31.12.2021	Number of shares	%	Number of shareholders
Domestic natural persons	2,077,658	67.6458	4,014
Domestic legal entities	589,236	19.1848	66
Foreign natural persons	44,579	1.4514	151
Foreign legal entities	47,318	1.5406	5
Foreign entities (aggregate account)	1,593	0.0519	-
Unidentified shareholders – natural persons	9,820	0.3197	-
Own shares	301,173	9.8058	1
Total	3,071,377	100	4,237

In the course of 2021, the Company has not acquired new own shares.

Sources of funds of the Company are its own capital in the amount of MKD 5,740,038,238 or 71% of the total assets of the Company, while the remaining 29% are liabilities to creditors (27%) and banks (2%).

There are no assets of the Company whose value is not reflected in the balance sheet.



Business policies

Investment policy of the Company

The Company continuously invests in material and financial resources that provide support for the maintenance and success in the operation of the Company. In 2021, the Company invested 176,199 million denars or 2.9 million euros in new fixed assets.

Dividend policy

The Company has a history of dividend payment in each of the previous years and it depends on the financial results achieved in the previous year, as well as the financial stability and liquidity of the Company. On 21.05.2021, at the Annual General Meeting of Shareholders, a gross dividend for 2020 in the amount of 46,179 thousand denars, i.e., 16,67 denars gross per share was determined and paid. The dividend for 2021 will be determined by a decision of the Shareholders' Assembly.

Risk management policy of the Company

The Company enters into various transactions arising from its day-to-day operations, and which relate to buyers, suppliers and creditors.

The main risks to which the Company is exposed and their management policies are as follows:

- Foreign Exchange Risk

The Company enters into foreign currency transactions arising from the sales and purchases on foreign markets, whereby it is exposed to daily changes in the foreign exchange rates. The foreign exchange exposure as of 31.12.2021 is as follows:

	elements	Total	Foreign exchange exposure in MKD		
			EUR	USD	other
1	Bank accounts and cash	1,472,353	524,720	947,633	0
2	Customer receivables	318,657,866	2,989,039	315,668,827	0
3	Given advance payments	56,049,336	56,049,336	0	0
	Total	376,179,555	59,563,095	316,616,460	0
4	Liabilities to suppliers	26,416,585	26,416,585	0	0
5	Received advance payments	0	0	0	0
6	Loans and leasing	12,052,522	12,052,522	0	0
	Total	38,469,107	38,469,107	0	0
	Net exposure	337,710,448	21,093,988	316,616,460	
	% of asset exposure	4%	0.26%	4%	

Business policies

- **Price Risk**

The Company is exposed to the risk of changes in the prices of available-for-sale investments and it is beyond the control of the Company. The risk exposure to stock price changes is represented by the ownership of GD Granit AD in:

	elements	2020	2021	index
1	Shares in CB	829,896,300	1,318,920,000	159
2	Shares in CB's monetary fund	128,176,268	28,598,150	22
3	Shares in CB's balanced fund	6,336,933	7,067,722	111
	Total	964,411,521	1,354,587,893	140
	Total assets	8,089,569,000	8,089,569,000	
	% of asset exposure	12%	17%	

- **Credit Risk**

The Company is exposed to credit risk in the event that its customers are not be able to meet their payment obligations. The credit risk exposure, i.e., the receivables from customers according to their maturity as of 31.12.2021 are as follows:

	elements	Maturity			
		Total	Unmatured	Matured in 2021	Matured before 2021
1	Customer receivables for situations	956,972,734	653,836,895	291,891,400	11,244,439
2	Customer receivables for invoices	131,724,116	16,755,247	70,648,258	44,320,612
3	Customer receivables for fixed assets	8,506,350	0	1,107,821	7,398,529
4	Receivables from foreign customers	2,989,039	0	80,955	2,908,084
	Total	1,100,192,239	670,592,142	363,728,434	65,871,664
	% of total receivable exposure		61%	33%	6%

- **Liquidity Risk;**

A liquidity risk exists when the Company is not able to pay its liabilities to creditors on a regular basis. This risk is overcome by constantly providing the necessary cash to service its liabilities and the Company has no such problems in its operations. In the course of 2021, GD Granit AD Skopje regularly serviced its liabilities depending on the inflow of funds from investors.

Business policies

- Financing Risk

The Company finances its operations through the use of short-term and long-term loans in order to ensure adequate return on investment. The Company continuously monitors its indebtedness through appropriate analysis in the Finance Department. The financing risk exposure, i.e., the status and maturity of the credit liabilities towards banks and leasing companies as of 31.12.2021 are as follows:

O. no.	elements	According to maturity for payment		
		Total	Matures in 2022	Matures after 2022
1	Loan from CB	60,000,000	60,000,000	0
2	Loan from Sparkasse Bank	69,322,288	31,529,265	37,793,023
3	Leasing from S-Leasing	12,052,522	7,757,431	4,295,091
	Total	141,374,810	99,286,696	42,088,114
	Total capital	5,740,038,000		
	% of total capital exposure	2.4%	1.7%	0.7%

- Change in accounting policies and corrections of errors

The accounting policies are applied consistently throughout the year presented, in the same way as for the previous year.

All of these policies were controlled and determined by the External Auditor Moore Stephens DOO Skopje for 2021, who were exclusively hired to perform an external audit.

WE RESEARCH, DEVELOP, APPLY, IMPROVE

With the adaptation to the new way of working in the face of a pandemic in 2021, GD Granit AD Skopje developed and applied a system of work through which the best protection of the health of the workers was provided. Digital support was provided for work from home, as well as rotation systems in the sectors in order to reduce the staff exposure to infection. The regular and additional trainings were organized through electronic platforms. In 2021, a visit to the Peljeshac Bridge was organized, which gave the young future construction managers the opportunity to get acquainted with the methodology of constructing a cantilever bridge with steel segments in order to develop their skills and qualifications.

The need to renew the construction machinery this year was also one of the investment plans that were realized in order to ensure competitiveness and sustainable growth and development, which is achieved every year based on the plan for renewing the existing machinery. In the upcoming year, we will continue with the investments in fixed assets, as well as in the employees in order for them to get acquainted with and apply the new technology at work.

The total investments in fixed assets in 2020 amounted to MKD 176,200.00:

- | | |
|--------------------------|----------------------------|
| ➤ tangible investments | 168,203.00 thousand denars |
| ➤ intangible investments | 7,997.00 thousand denars |



CORPORATE SOCIAL RESPONSIBILITY



The transparent and ethical behavior in accordance with the national legislation and international norms contributes to the sustainable development and care for the expectations of the stakeholders and is fully integrated in all segments of the Company. Above all, the social responsibility is integrated in the business policy of the Company and as such is accepted as an extremely important corporate value. By practicing corporate social responsibility, the Company is fully committed and focused on the positive impact on all aspects of society, including the economic, social and environmental aspect.

The successfully implemented and maintained ISO Management System Standards is an indicator of the commitment of the Company, above all, to ensuring the safety of the employees and stakeholders through the implemented standard for occupational safety and health ISO 45001, continuous monitoring and implementation of the requirements of the ISO 14001 environmental management standard related to the social aspects of project implementation, such as improving the quality of the services and products through continuous monitoring of ISO 9001.

Donation as a vital part of the social responsibility continued in 2021 as well through the realization of significant program content and activities. The Company continuously strives to meet the demands of the employees and the wider community, and thus maintain and improve its reputation.

In the course of 2021, GD Granit as a corporate donor, continued to support the mission of the SOS Children's Villages, whereby it donated funds in three occasions during the year for the needs of their project activities.

Appeal and grievance mechanisms were continuously implemented for stakeholder and employee involvement, in order to take into account the concerns and expectations of all participants, whose daily lives may depend on the activities of the Company. This system maintains close interaction with the local community, successfully implements and monitors the mechanisms for improving the performance from a social aspect.

In 2021, the activities to prevent the spread of the Covid 19 virus continued. The Company, by complying with its commitment to social responsibility, continuously supplied the workplaces (offices and field facilities) with all kinds of protective equipment (protective masks, gloves and disinfectants). At the same time, oxygen support devices were provided for the possible needs of the employees and their families.

STRATEGIC GOALS FOR 2022

In order to ensure the successful achievement of its strategic goals for 2022, GD Granit AD Skopje has determined the following measures and activities:

- ✓ Higher profitability in performing the works within the activity of the Company;
- ✓ Constant monitoring of the quality in the performance of the construction works;
- ✓ Increase of the level of equipping with fixed assets;
- ✓ Increase of the level of investments in intangible assets;
- ✓ Human resource management that ensures higher quality of work;
- ✓ Ensuring a cost-efficient and effective performance of the works;
- ✓ Undertaking measures to overcome the consequences of the Covid-19 virus crisis;
- ✓ Undertaking measures to address the economic crisis and inflation in the upcoming period;
- ✓ Improvement of the software solutions for rational performance of tasks and provision of control over the operation.

The projects that the Company aspires to carry out are socially significant and financed to a large extent by the investment policies of state entities, as the largest investments in infrastructure. Thus, the measures and activities in 2022 will largely successively follow the upward trend of investments in infrastructure, in order to ensure the stable liquidity of the Company.

The operations will be based on continuous planning, organization of the labour force and construction machinery, vehicles and plants in order to achieve a high level balance of the utilization of the fixed assets for work and the labour force and minimize the costs, taking into account the financial crisis that will follow in the period of 2022, with the purpose of overcoming and recovering the economy from the social developments worldwide. The Company will monitor the development of the markets in Europe in order to detect opportunities for its capacity utilization on the foreign markets.



