

**Construction Company
GRANIT AD Skopje**

**INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2022**

Skopje, April 2023

These reports are translation from the official ones issued in Macedonian language

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**INDEPENDENT AUDITOR'S REPORT
TO THE
SHAREHOLDERS ASSEMBLY OF
Construction Company GRANIT AD - Skopje**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Construction Company GRANIT AD - Skopje ("the Company"), which comprise Consolidated Statement of Financial Position as at 31 December 2022, and the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of changes in equity and Consolidated Cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards which are accepted in the Republic of North Macedonia and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing which are accepted and published in the Official gazette of the Republic of North Macedonia (79/2010). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE
SHAREHOLDERS ASSEMBLY OF
Construction Company GRANIT AD - Skopje

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Construction Company GRANIT AD - Skopje as of 31 December 2022, and of its financial performance and its cash flows for the period then ended in accordance with the accounting standards which are accepted in the Republic of North Macedonia.

Report on Other Legal or Regulatory Requirements

The management of the Company is also responsible for preparation of the annual business report according to the article 384 from the Law on trade companies. Our responsibility, according to the Audit Law, is to report whether the annual business report is consistent with the consolidated annual accounts and the consolidated financial statements for the year ended 31 December 2022. Our job regarding the annual business report is conducted according to the ISA 720 and is restricted to reporting whether the historical financial information presented in the annual business report are consistent to the annual accounts and the audited consolidated financial statements.

The annual business report is consistent, in all material aspects, with the consolidated annual account and the audited consolidated financial statements of the Construction Company GRANIT AD - Skopje as of 31 December 2022.

Skopje, 28 April 2023

Certified Auditor

Milena Jovanova Dimoska

Manager and Certified Auditor

Antonio Veljanov

Construction Company GRANIT AD - Skopje
CONSOLIDATED INCOME STATEMENT for the year ended at 31 December

| | Note | 2022 (000) MKD | 2021 (000) MKD |
|---|-------------|---------------------------|---------------------------|
| Revenues from construction works | 8 | 4,635,034 | 4,605,985 |
| Other operating income | 9 | 301,680 | 290,463 |
| Changes in inventories of finished goods and work in progress | | (298,334) | 44,766 |
| Raw materials used | 10 | (1,077,196) | (1,005,912) |
| Employees expenses | 11 | (858,289) | (847,636) |
| Depreciation | | (282,376) | (277,023) |
| Expenses for sub-contractors | | (2,001,976) | (2,201,119) |
| Other operating expenses | 12 | (451,517) | (540,916) |
| OPERATING PROFIT (LOSS) | | (32,974) | 68,608 |
| Financing income | 13 | 7,367 | 7,632 |
| Income (loss) from investments | 13a | 70,634 | 69,650 |
| Profit share from investments in associates | 24 | 11,915 | - |
| Financing expenses | 14 | (10,693) | (4,275) |
| PROFIT BEFORE TAXATION | | 46,249 | 141,615 |
| Income tax expense | 17 | (263) | (5,808) |
| NET PROFIT FOR THE PERIOD | | 45,986 | 135,807 |
| Net profit (loss) for: | | | |
| Shareholders of the Parent Company | | 45,986 | 135,807 |
| Minority shareholders in the subsidiaries | | - | - |
| | | 45,986 | 135,807 |
| Basic earnings per share (In MKD) | 15 | 17 | 49 |

Construction Company GRANIT AD - Skopje
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended at 31 December

| | Note | 2022 (000) MKD | 2021 (000) MKD |
|---|-------------|---------------------------|---------------------------|
| Net profit for the period | | 45,986 | 135,807 |
| Other comprehensive income: | | | |
| PPE revaluation | | - | - |
| Revaluation of investments available for sale to their fair value | | 11,370 | 489,024 |
| Foreign exchange differences from foreign currencies translations | | (736) | (360) |
| Total other comprehensive income | | 10,634 | 488,664 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 56,620 | 624,471 |

Construction Company GRANIT AD - Skopje
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December

| | Note | 2022 (000) MKD | 2021 (000) MKD |
|---|-------------|---------------------------|---------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 18 | 45,656 | 84,482 |
| Investments at fair value through profit and loss | 25 | 66,806 | 35,666 |
| Trade receivables | 19 | 2,138,225 | 2,329,904 |
| Receivables for advances | 20 | 613,858 | 155,600 |
| Short-term loans | 21 | 6,918 | 8,149 |
| Other short term assets and prepayments | 22 | 54,489 | 18,966 |
| Inventories | 23 | 1,160,168 | 1,485,764 |
| Total current assets | | 4,086,120 | 4,118,531 |
| Investments in associates | 24 | 15,149 | 14,042 |
| Investments available for sale | 25 | 1,330,290 | 1,318,920 |
| Long-term loans | 26 | 224,400 | 226,765 |
| Intangible assets | 27 | 24,564 | 20,576 |
| Property, plant and equipment | 28 | 2,249,027 | 2,326,379 |
| Total non-current assets | | 3,843,430 | 3,906,682 |
| TOTAL ASSETS | | 7,929,550 | 8,025,213 |
| LIABILITIES AND EQUITY | | | |
| Trade payables | 29 | 837,388 | 1,155,798 |
| Payables for advances and deposits | 30 | 456,509 | 393,530 |
| Short-term borrowings | 31 | 98,699 | 60,000 |
| Current portion of long-term borrowings | 32 | 106,799 | 38,445 |
| Other short-term liabilities and accruals | 33 | 259,594 | 237,767 |
| Total current liabilities | | 1,758,989 | 1,885,540 |
| Long-term borrowings | 34 | 116,861 | 42,930 |
| Provision for litigation claims | 35c | - | - |
| Total non current liabilities | | 116,861 | 42,930 |
| Shareholders capital | | 932,367 | 932,367 |
| Treasury shares | | (148,097) | (148,097) |
| Share premium | | 51,895 | 51,895 |
| Legal reserves | | 1,638,822 | 1,459,909 |
| Revaluation and other reserves | | 917,250 | 906,552 |
| Retained earnings | | 2,661,463 | 2,894,117 |
| Total | | 6,053,700 | 6,096,743 |
| Non-controlling interest | | - | - |
| Total equity | | 6,053,700 | 6,096,743 |
| TOTAL LIABILITIES AND EQUITY | | 7,929,550 | 8,025,213 |

Skopje, 31 March 2023

**For the Steering Committee
President**

Straso Milkovski

| | Note | 2022 (000) MKD | 2021 (000) MKD |
|---|-----------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| PROFIT (LOSS) BEFORE TAXATION | | 46,249 | 141,615 |
| Adjusted for: | | | |
| Depreciation of PPE | 28 | 273,318 | 268,098 |
| Amortization of intangible assets | 27 | 9,058 | 8,925 |
| Provision of receivables and write off investments in associate | 12 | 16,141 | 10,057 |
| Interest income (expenses), net | 13;15 | 596 | (5,131) |
| Dividend income | 13a | (70,494) | (68,220) |
| Income from reconciliation of shares in investment funds | 13a | (140) | - |
| Share in profit of associates | 24 | (11,915) | - |
| Provision for reconciliation of inventories | 12 | 4,250 | 27,855 |
| Income from write-off payables | 9 | - | (1,226) |
| Carrying amount of disposed fixed assets | 28 | 92 | 86 |
| Gain/loss from disposal of PPE | 9;12 | (27,756) | (8,484) |
| Profit (loss) before changes in current assets | | 239,399 | 373,575 |
| Trade receivables | | 185,610 | (756,777) |
| Receivables for advances | | (458,258) | 19,393 |
| Other short term assets and prepayments | | (37,391) | 33,138 |
| Inventories | | 321,346 | (9,673) |
| Trade payables | | (318,410) | 377,241 |
| Payables for advances | | 62,979 | (161,994) |
| Other short-term liabilities and accruals | | 81,084 | (45,993) |
| Net cash used in operations | | 76,359 | (171,090) |
| Interest paid | | (7,495) | (2,307) |
| Income tax paid | | (3,516) | 12,675 |
| Net cash flows from operating activities | | 65,348 | (160,722) |
| Cash flows from investment activities | | | |
| Cash inflows (outflows) from investments, net | 25 | (31,000) | 100,957 |
| Received interest | 13 | 6,899 | 7,438 |
| Received dividends | 13a | 70,494 | 68,220 |
| Collected (given) loans | 26 | 3,596 | 50,359 |
| Acquisition of intangible assets | 27 | (13,046) | (7,952) |
| Acquisition of PPE | 28 | (201,777) | (168,439) |
| Proceeds from disposed PPE | 28 | 33,475 | 47,215 |
| Net cash flows from investment activities | | (131,359) | 97,798 |
| Cash flows from financing activities | | | |
| Proceeds (repayment) of long-term borrowings | | 142,285 | 81,344 |
| Proceeds (repayment) of short-term borrowings | | 38,699 | 60,000 |
| Dividends paid | | (96,063) | (45,852) |
| Rewards paid | | (57,736) | (26,004) |
| Net cash flows from financing activities | | 27,185 | 69,488 |
| Net increase (decrease) of cash and cash equivalents | | (38,826) | 6,564 |
| Cash and cash equivalents at the beginning of the year | 18 | 84,482 | 77,918 |
| Cash and cash equivalents at the end of the year | 18 | 45,656 | 84,482 |

Construction Company GRANIT AD - Skopje
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended at 31 December

| | Ordinary shares | | Treasury shares | | Share premium | Reserves (legal and from reinvested income) | Reserves for treasury shares | Revaluation and other reserves | Retained earnings | Non-controlling interest | Total equity |
|---|------------------|----------------|------------------|------------------|---------------|---|------------------------------|--------------------------------|-------------------|--------------------------|------------------|
| | Number of shares | Amount | Number of shares | Amount | | | | | | | |
| In (000) MKD | | | | | | | | | | | |
| a) Changes in 2021 | | | | | | | | | | | |
| Balance as at 01.01.2021 | 3,071,377 | 932,367 | (301,173) | (148,097) | 51,895 | 1,360,529 | 62,164 | 417,827 | 2,869,706 | - | 5,546,391 |
| Comprehensive income: | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | 135,807 | - | 135,807 |
| Revaluation of investments available for sale to their fair value | - | - | - | - | - | - | - | 489,024 | - | - | 489,024 |
| Foreign exchange differences from foreign currencies translations | - | - | - | - | - | - | - | (360) | - | - | (360) |
| Total comprehensive income | - | - | - | - | - | - | - | 488,664 | 135,807 | - | 624,471 |
| Transactions with owners: | | | | | | | | | | | |
| Shares issued | - | - | - | - | - | - | - | - | - | - | - |
| Distribution for reserves | - | - | - | - | - | 37,216 | - | - | (37,216) | - | - |
| Distribution for dividends | - | - | - | - | - | - | - | - | (46,180) | - | (46,180) |
| Distribution for rewards | - | - | - | - | - | - | - | - | (28,000) | - | (28,000) |
| Other | - | - | - | - | - | - | - | 61 | - | - | 61 |
| Balance as at 31.12.2021 | 3,071,377 | 932,367 | (301,173) | (148,097) | 51,895 | 1,397,745 | 62,164 | 906,491 | 2,894,117 | - | 6,096,743 |

(Continued)

Construction Company GRANIT AD - Skopje

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended at 31 December (Continued)

| | Ordinary shares | | Treasury shares | | Share premium | Reserves (legal and from reinvested income) | Reserves for treasury shares | Revaluation and other reserves | Retained earnings | Retained earnings | Total equity |
|---|------------------|---------|------------------|-----------|---------------|---|------------------------------|--------------------------------|-------------------|-------------------|--------------|
| | Number of shares | Amount | Number of shares | Amount | | | | | | | |
| In (000) MKD | | | | | | | | | | | |
| b) Changes in 2022 | | | | | | | | | | | |
| Balance as at 01.01.2022 | 3,071,377 | 932,367 | (301,173) | (148,097) | 51,895 | 1,397,745 | 62,164 | 906,552 | 2,894,117 | - | 6,096,743 |
| Comprehensive income: | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | 45,986 | - | 45,986 |
| Revaluation of investments available for sale to their fair value | - | - | - | - | - | - | - | 11,370 | - | - | 11,370 |
| Foreign exchange differences from foreign currencies translations | - | - | - | - | - | - | - | (736) | - | - | (736) |
| Total comprehensive income | - | - | - | - | - | - | - | 10,634 | 45,986 | - | 56,620 |
| Transactions with owners: | | | | | | | | | | | |
| Shares issued | - | - | - | - | - | - | - | - | - | - | - |
| Distribution for reserves | - | - | - | - | - | 178,913 | - | - | (178,913) | - | - |
| Distribution for dividends | - | - | - | - | - | - | - | - | (99,727) | - | (99,727) |
| Distribution for rewards | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | 64 | - | - | 64 |
| Balance as at 31.12.2022 | 3,071,377 | 932,367 | (301,173) | (148,097) | 51,895 | 1,576,658 | 62,164 | 917,250 | 2,661,462 | - | 6,053,699 |

Notes comprise an integral part of the Consolidated Financial Statements
Auditors report is on pages 1 and 2