

# Annual report 2023

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 ГРАНИТ



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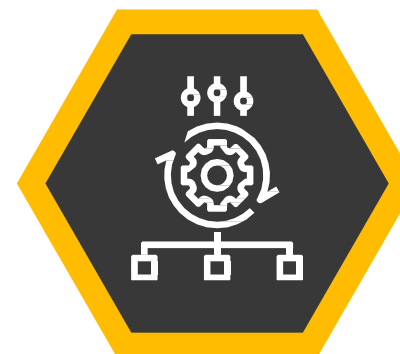


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## ADDRESSING THE SHAREHOLDERS

We continue with continuous progress!

2023, a year of hopes, a year of returning the works to the normal flow, has met in certain measures the expectances for stabilization of the market, but the inflation and high-interest rates stayed accompanying challenges that dictated the investments. Aware of the risks and maintenance of stable financial liquidity, the management has organized and implemented adaptation to the market circumstances.

The management decisions we have adopted in the past have shown as tool for the provision of continuous development, positive financial results and surpassing of the challenges imposed by external factors, in particular the existing inflation in global frames and problems with proper evaluation of the works. Therefore, the engagement of the managerial and head team will further be based on the principles of care and attention in the selection of proper measures and activities for the ongoing management and work with special devotion to the management and uncompromising effort for finding solutions to find, at real position and time, the real people, materials and mechanization for in time realization of the obligations, with the best quality.

The challenge of the special outflow of the labor force and restricted resources in this sector was a reason to leave the comfort of engaging the national labor force and to focus on alternative ways of importing the labour force. Therefore, we are proud to the fact that we may support the differences in cultures and nations to be built in professionals in our Company, where the protection of the job posts, the proper value of the labor and the person of the employer are the pillar that maintains and differentiates the Company on the market as one of the biggest employees from the construction sector.

In 2023 we have mainly worked on already concluded contracts because in civil engineering the announced investments were made by way of direct negotiations of the country with foreign investors where the competition will be realized within an already concluded Contract the realisation of which is announced for this year. Therefore, it is expected that 2024 will be a year of accomplishment, of these investments, as well as others where the Company will apply at the announcements to increase its reference list in different specialties in the construction industry. In such a business climate in 2023, we stayed focused on rationalization and increase of the efficiency in the work.

# Vision for 2024



Through such activity, in 2024, we are aimed to keep the synonym of successful and construction leader in civil engineering, with special experience in complex construction challenges. In 2024 by the expectances for further reduction of the inflation and the interest rates, we will additionally focus on the investments in building construction where we will meet the requests and expectances of our clients for return on the market of building construction in particular in the part of residential-business facilities. The requests are supported by the expectances for the construction of objects with special quality, and energy efficient, under the highest standards of residence and eco materials, thus making us an example and meeting the confirmation of the expectances for the clients to have safety investment with proper evaluation of the same expresses in special quality. We will invest in further modernization, digitalization of the work, investment in the promotion of the labor force, the primary assets as well as improvement of the work in the sector of ESG thus justifying our mark as a unique construction company listed on the Macedonian Stock Exchange and we will maintain the confidence of the shareholders meeting the significant criteria, requirements and standards as listing company.

While realizing the aims for 2024, we will particularly take care and develop sustainable eco-development in performing the construction works, and provision of safe and secure working positions for each employee, having regard to the future of our successors, we will also continue to work on maintenance and improvement of the practices for a good environment, by devotion to the regulations and recommendations of its maintenance on the sites.

In any case, having regard to the current events and marking 2024 as a year of political turbulences and changes, this year we also expect big challenges in the realization of our aims. In that direction, we have identified several key elements that should be reorganized due to their development and growth, the political actions will inevitably affect the announced investments which are the source of the work of the Company, but led by our enthusiasm, the own investments and the devotion to the work as driver for better results, we believe that the Company will adapt to all the circumstances and will achieve success in 2024 too.





**On behalf of all the members of the Management Board, I would like to thank to all the key participants that contributed to our success in the work such as over 1000 employees, our investors and partners.**

**The Annual report presents the annual work of the Company by the management based on the requirements of the Law on Trade Companies and it presents an assessment of the information of the presented positions and results in the financial reports.**

**Strasho Milkovski**

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**OUR MISSION IS NOT ONLY TO BUILD OBJECTS BUT TO LEAVE VALUES AS PERMANENT RELATIONS WITH OUR INVESTORS**

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# Who we are

CC Granit AD Skopje is the biggest construction company in the Republic of North Macedonia with a long tradition and experience in the construction industry. For more than 70 years, Granit is a synonym for quality and responsibility in the Republic of North Macedonia, building its image both on national and foreign markets.

The primary activities of CC Granit AD Skopje are construction activities in civil engineering, building construction, and hydro building. Apart from its primary activity, CC Granit AD Skopje has established Companies in full ownership of the Company at the territory of the Republic of North Macedonia working with the trade of construction mechanization and construction materials and other services.

The primary activity of CC Granit AD Skopje is civil engineering.

The quality offered by CC Granit AD Skopje is a tradition and direct result of successful leadership and uncompromising respect for our values – safety, quality, ethics, integrity and long-term sustainability and development. Therefore, CC Granit AD Skopje is continuously focused on establishing a sustainable system of values, innovation and improvement of the life quality, because the reputation of our company depends on the value it has in the eyes of those we are constructing for.

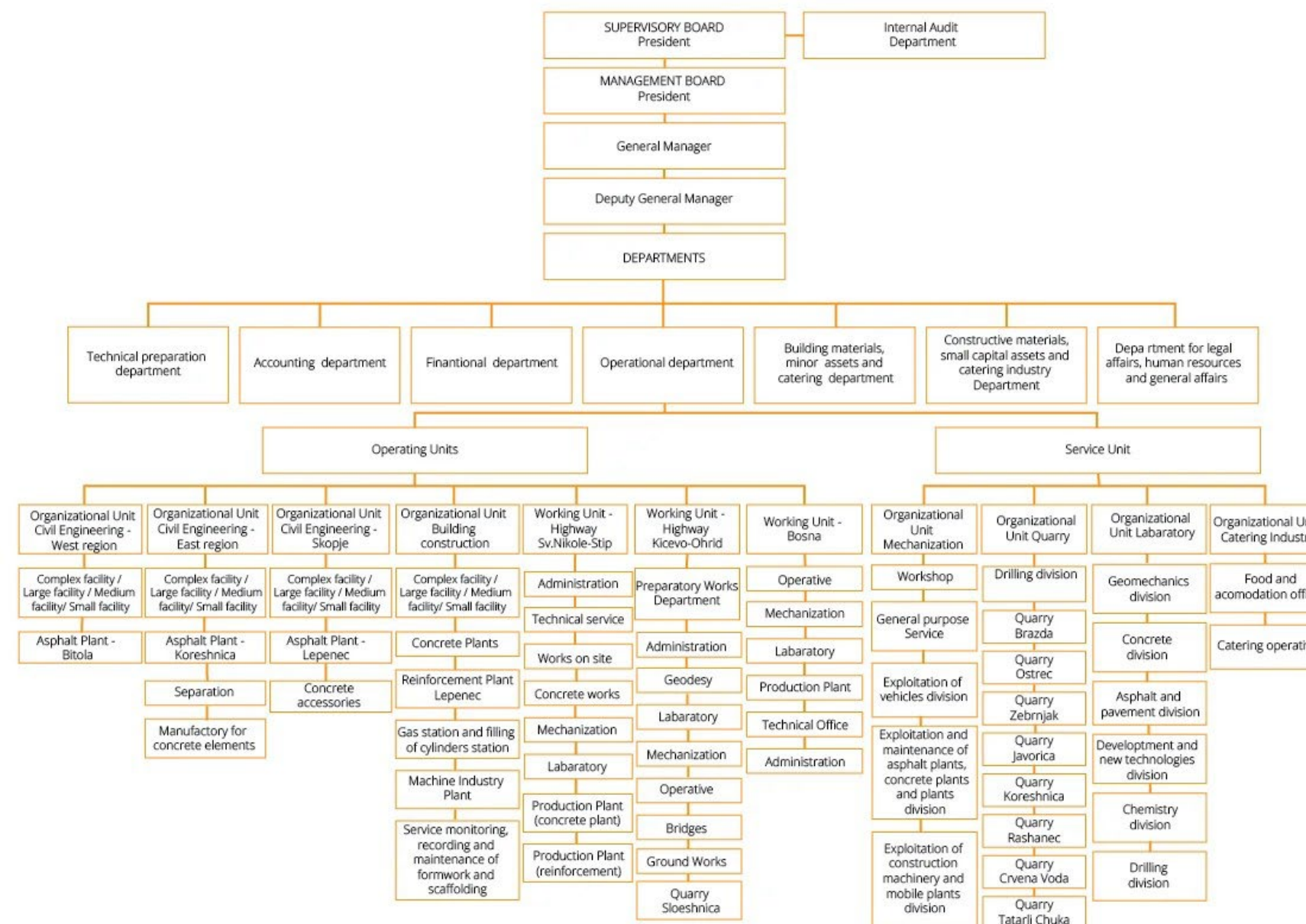
The shares of CC Granit AD Skopje are listed at the official market of the Macedonian Stock Exchange as of 22.01.2003.

# Organisational setup

The system for corporate management is based on the legal regulations and the Statute of CC Granit AD Skopje and as such it provides efficient and transparent management of the Company through an established two-level system of management – Supervisory Board and Management Board.

The Assembly of the shareholders, as the highest body, decides upon issues regulated by law and prescribed by the Statute of CC Granit AD Skopje.

The internal organizational setup of the Company is based on the division of the works per organizational units, working units, services and sectors acting within the frames of the Company, while part of the other activities not belonging to it primary business activity, is performed through companies formed in entire ownership of CC Granit AD Skopje.



# Corporate Governance

The business policy of management and implementation of the decisions is based on the application of the best practices of good corporate governance, and according to the laws of the Republic of North Macedonia. Decision-making and management excerpt the basis through analysis of the current economic market indicator, possibilities and available resources, as well as analysis of the price-sensitive information important for the work of the company with proper planning of the activities, decision making and following the implementation of the decisions, according to the authorizations provided by the Law and the Statute of the Company containing the highest norm of ethical work.





# ASSEMBLY OF SHAREHOLDERS

The Assembly as the highest body of the Company brings the key decisions for the Company and its shareholders. The Supervisory Board is a holder of the control of the financial work and management of the Company by the Management Board. The Management Board, within its authorizations, rights and obligations, brings and implements its decisions and follows the management of the working process and its compliance with the legal, corporate provisions and ethical norms.

The Annual Assembly of the shareholders in 2023 was held on 30.05.2023 where, according to the Statute of the Company, a decision was made on the issues of its competence. The organization, implementation and decision-making of the Annual assembly has fully complied with the legal requirements and the Code of Corporate Governance of the companies listed on the Macedonian Stock Exchange thus resulting in 11 decisions officially published according to the legal regulation. In accordance with the Law on Trade Companies, each shareholder registered in the book of shareholders on the day of registration has the right on participate in the work of the assembly and the right to vote.



# Supervisory Board



The Supervisory Board consists of two women and one man as exclusive experts each in their field.

The President of the Supervisory Board Mrs. Ivana Milkovska Simeva is a Bachelor of Architecture, and the other members Mr. Goran Markovski is Bachelor of Economy and Mrs. Violeta Bozhinoska Bachelor of Law, thus covering all the fields important for functioning, control and understanding of the work of the Company in each aspect. The Internal Audit Service has performed current controls and the Service has delivered in time reports to the Supervisory Board. Having regard to the engagement and the professional knowledge of the members of the Supervisory Board, the need of forming an additional special Commission for the work was not set out.

The Corporate Secretary of the Supervisory Board is Marina Atanasova, Master in Law who is a member of many working groups of the chambers in the Company, she is a member and she participates and contribute in the establishment of the new legal solutions in the field of whistleblowers and corporate work, personal data protection and takes care for proper implementation and internal compliance of the Company in cooperation with the Corporate Secretary of the Management Board.



In 2023 the Supervisory Board has continuously monitored and controlled the work of the Company and its financial state, management and results.

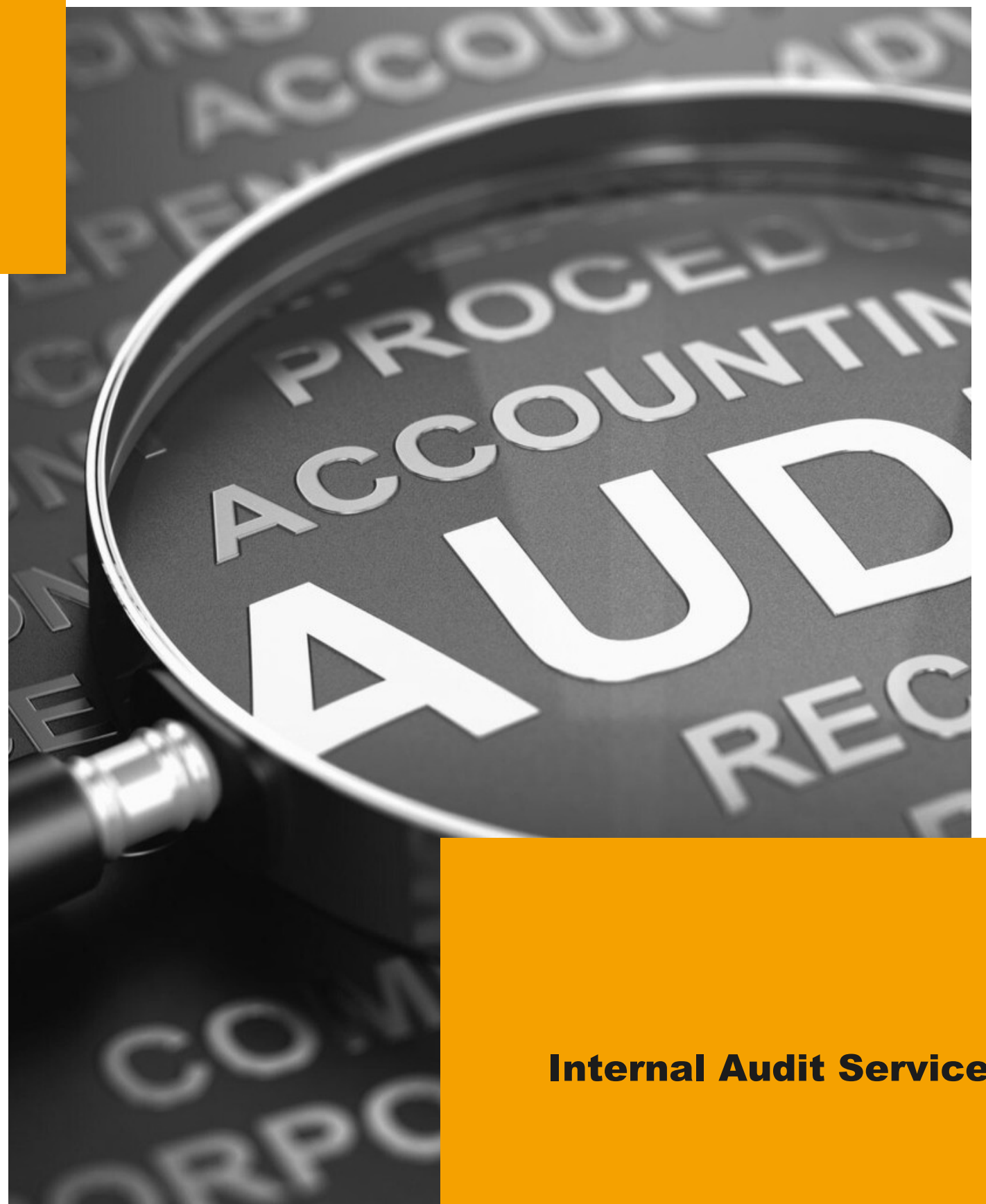
In the period from January to December 2023, 6 regular sessions in total have been held. Special accent was put on the financial work of the company by reviewing the non-audited and audited individual and consolidated financial reports for the previous year, each three months' special session was held to monitor of the movement of the results from the work based on the Report submitted by the Management Board and the relevant financial indicators. For that purpose, the member of the Management Board Katerina Gjerdovska has regularly attended the meetings of the Supervisory Board. In that way, cooperation was also made between these two highest management bodies of the Company where the Supervisory Board, according to the results, has accepted the management as positive taking into account the results from the work.

The sessions were in time called by the President of the Supervisory Board and all the members attended all the sessions adopting 25 decisions in total, and an additional 3 Decisions without holding a session for issues in competence of the Supervisory Board. In 2023, the Supervisory Board also adopted the Succession plan enclosed in this Report.

The Internal Audit Service has in time prepared its semi-annual and annual reports and plans of work, according to the Law on Trade Companies and they were adopted by the Supervisory Board.

The Internal Audit Service helps the Company in accomplishing its rights and obligations within the legal provisions and the best corporate practices.

The Director of the Internal Audit Service maintained regular contacts and notifications to the Supervisory Board for the flow, findings and recommendations issued within the performing of its legal activity and setup in the Company.



**Internal Audit Service**

# Management Board



The Management Board is composed of 5 (five) members being a composition of experience and energy of the young driving power, in different professions as follows: the President of the Management Board Mr. Strasho Milkovski with many years of experience as Bachelor of Architectural Engineering, Mr. Zoran Milkovski Master in Natural Sciences, Mathematics and Information Technology, Mrs. Katerina Gjerdovska Bachelor of Economy, Mr. Andrea Serafimovski, Bachelor of Architectural Engineering and the external member Mr. Venko Zafirov, Bachelor of Electrical Engineering.

The member of the Management Board Mr. Zoran Milkovski is a member of the Management Board of the Company Evroins Osiguruvanje AD Skopje and a member of the Management Board of the Economic Chamber of the Republic of North Macedonia.

The Secretary of the Management Board is Marija Shekjeroska, Bachelor of Law who actively participates in several working groups through the Economic Chamber of the Republic of North Macedonia, Association of Corporate Lawyers and Organization of Employers, in the field of trade companies, corporate work, Law on Obligations and realization, Labour Law thus contributing to the adoption of new legal solutions applicable for the Company and in direction of improvement of the same. She regularly informs the Management Board for the same for in time compliance of the internal acts and working of the company according to the legal regulations.



In 2023 8 regular sessions were held adopting decisions and conclusions according to the discussion on the sessions, and for part of the current work, to provide efficient management, decisions were adopted without holding of session. The Company made decisions on review and approval of the annual accounts of the Company, individual and consolidated, as well as the annual accounts of the Companies formed by CC Granit AD Skopje to the current works for the organization, planning and instructing the procedures and the manner of realization of the undertaken construction works in conditions and regular direction of the resources of the company and their rational use.

For improvement of the system of work between the sectors, organizational and working units, the Management Board adopted a procedure on conclusion of contracts providing proper prescription of the rights and obligations of the employees, where the system of control can be applied as well as application of the ethical principles in acting of the employees while making contracts for the needs of the Company. The Management Board also has made decisions on several donations and sponsorships in the direction of promotion of the social responsibility of the Company.

The President of the Management Board Ivana Milkovska – Simena attended all the sessions of the Management Board.

## CORPORATE GOVERNANCE

The members of the Management Board, each authorized in their field and profession, maintained sessions and accomplished written communications with the parties considered as clients, suppliers, investors, and employees where the members of the Management Board have directly monitored and informed for the condition of the undertaken obligations and rights of the Company. The member of the Management Board Zoran Milkovski and General Manager of the Company is also a member of the Management Board of the Economic Chamber of the Republic of North Macedonia where he directly participates and is involved in the general directions and decision-makings presents and represented by the chamber with the relevant representatives of the Government, Ministries, State public companies occurring as the biggest investors of the Company. The member of the Management Board Andrea Serafimovski is a President of the Association of Construction Industry within the Economic Chamber of the Republic of North Macedonia which holds current sessions and shares information with the other companies in the business appearing as business partners, suppliers and/or users of the services of the Company in accomplishment of the mutual aims. As part of their mutual action, the first road conference was held presenting the challenges of the construction and it was aimed at future activities that should influence on the improvement of the results in this sector

The Company continuously works on training the management staff, to develop the managerial skills in particularly of the employed women for the establishment and development of gender equity. The Company successfully implements this aim in the Supervisory Board, with further aim of establishing of the same gender equity in the Management Board of the Company. The Corporate Secretary guides and monitors the meetings of the Supervisory and Management Board for each board in particular, both women bachelors of law for proper monitoring and application of good corporate practices.

In 2023, the bodies for management and surveillance have been paid the gross amount of 66.842.460 MKD on behalf of compensations for salaries, rewards and compensation for participation in the management bodies. In 2023 there were no deals adopted with interested parties, nor big deals.

According to the Law on Trade Companies one member of the Supervisory Board is a non-executive member, Mr. Goran Markovski, employed in KB Publikun Invest AD Skopje where, from his employment, he realized gross amount of 4.839.899 MKD. The member of the Management Board – Venko Zafirov is employed in the company Koner Kompjuteri DOO Skopje where, from his employment, he realizes compensations in the gross amount of 802.262 MKD.



# Code of Corporate Governance

CC Granit AD Skopje a company listed on the Macedonian Stock Exchange within its functioning, has adopted its Code of Corporate Governance. CC Granit AD Skopje has made appropriate responses to the Questionnaire and provided information on its corporate governance respecting the principles of transparency in work.

In 2023, the Company aimed at improve of the processes and procedures of work through the application of the Code as well as the internal acts of ethic code, procedures and rulebooks based on the rules of transparent, proper and legal implementation of the processes of work. In 2022 has been adopted and it is still in force Succession Plan (enclosed to the Annual Report) which should provide continuity and quality in the functioning of the Supervisory Board.

The Code as well as other important rules of management and adoption of decisions are publicly available in the management board and the seat of the Company at str. Dimitrie Chupovski No. 8, as well as on the website of the Company for insight by all the interested investors and shareholders.

The Company has continued its current practice of applying good practices of business work where all the decisions regarding the price important information and information important for the work of the Company were properly published on the website of the Company and submitted to the Macedonian Stock Exchange.

In this way, the Company has identified the correct values and steps towards the provision of one corporate governance which will contribute to good corporate practices and positive work of the Company. In 2022, the Management Board has adopted the Policy on Relations with the parties considered which established the basic mechanisms for their identification and the basic principles for cooperation with the same. The Company has realized the implementation of this Policy by action at the mutual meetings, publishing of the information, the quarterly controls of the work of the Organizational units, Working units and Sectors and the Management Board, through the reports, has informed the Supervisory Board about the undertaken activities

Изјава во согласност со член 348-а од Законот за трговските Друштва

Членовите на Управниот одбор на ГД Гранит АД Скопје согласно член 348-а од Законот за трговски Друштва ја дава следнава изјава со која потврдува дека:

- Во работењето на ГД Гранит АД Скопје се применува Кодекс за корпоративно управување заведен под бр.12-9534/1 од 09.11.2021 година, II издание објавен на интернет страницата на Друштвото [granit@granit.com.mk](mailto:granit@granit.com.mk);
- Друштвото го применува и Кодексот за корпоративно управување на акционерските друштва на Македонската берза, кое друштвото го применува по принципот на примени или појасни зашто не си применил преку прашалници чија форма и содржина е задолжителна и истите се објавени соодветно на барањата на Кодексот;
- Овие два кодекси Друштвото ги применува во рамките на своето организациско управување и уредување, со интенција на целосна имплементација и развивање, особено на ESG принципите со донесувањето на новата законска регулатива и усогласување на Друштвото со истата, кога тие обврски ќе бидат дефинирани во законска рамка, како и известувањата за наградување во рамките на достапните информации кои не се квалификувани како деловна тајна.

Претседател на Управен Одбор

Страшо Милковски

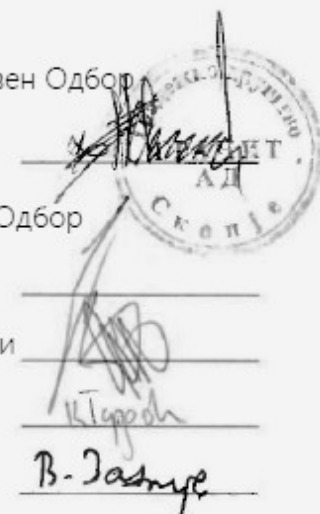
Членови на Управен Одбор

Зоран Милковски

Андреа Серафимовски

Катерина Гердовска

Венко Зафиров



**Announcement of material and data for the Annual Assembly and website of the Company**



**Completed questionnaires for corporate governance**



**Publication of price sensitive information on Seinet**

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## GRANIT AND CONDITIONS OF WORK IN 2023

The inflation as the main characteristic of the last year affecting the economic growth and development did not miss its dominant influence in 2023. Even though at the global level the same started to slow down, however, in 2023 again it maintained a level higher than planned. In our country, apart from the high inflation, the economy has faced with the challenge of accomplishing of economic growth which in conditions of such inflation rate and conditions of slowed growth of the countries being the main supporters of our economy showed slowing down and recession.

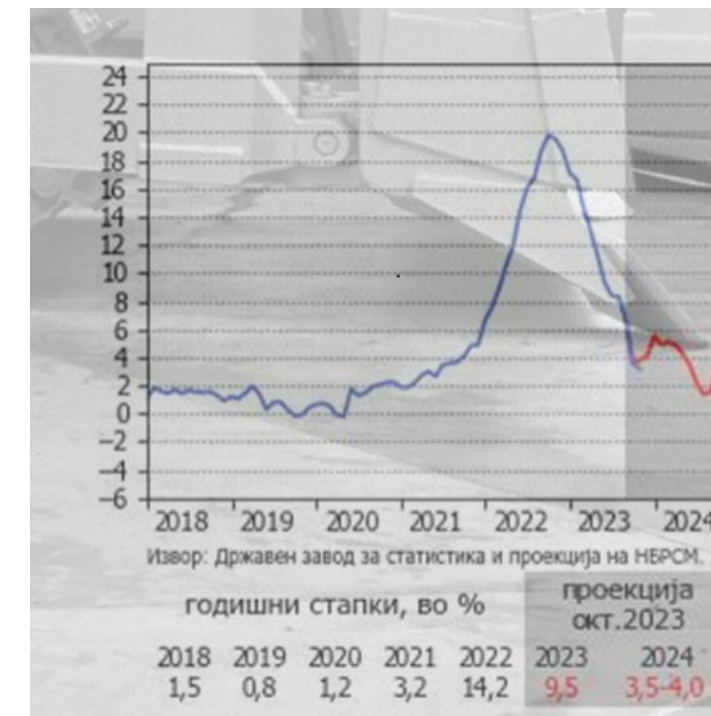
According to the data by the State Statistical Office, the inflation rate followed by the index of costs for 2023/2022 is in growth of 9.4%. By that, the monetary policy was under strong control and strict measures aimed at slowing such increase.

According to the volume indexes of the production method, the gross domestic product in the construction in the first quarter was promising with an increase of 18.9% while a drastic drop was felt in the second quarter of the year with 14.8%, the third quarter was finished with a drastic drop in minus od 13%. The number of employees in the sector of construction this year stayed also under 50.000.

The drop was registered also through the value of the performed construction works for 19.4 thousand million MKD according to the data of State Statistical Office. The performed work in building construction is 7.9 thousand million MKD, and for civil engineering 11.4 thousand million MKD. Compared with 2022, in 2023 there is a drop of 2% in the value of the realized construction works. Separately, in building construction, the drop in 2023 is 11% compared with 2022, while in the part of civil engineering, there is a noted increase of the realized construction works by 5.2%.

The biggest investment project was given with immediate agreement of the Government of the Republic of North Macedonia by foreign investors, and the other investments being announced for a long time were delayed or the tenders were canceled thus making the Company work in 2023 mainly on already concluded agreements. In one such work, CC Granit AD Skopje was focused on the use of the resources with the active realization of the ongoing activities in the agreed deadlines, thus minimizing the costs.

In that sense, the Company started analysis and plans for the realization of its own investments in the field of building construction in 2024. In such circumstances of economy, the management of CC Granit AD Skopje in 2023 led business policy focused on the achievement of a conscious balance between the business activity of the Company and the macroeconomic conditions for the work on the market of the Republic of North Macedonia marked by fast increase of the prices. The positive results for 2023 show the success in the implementation of these activities and management of the management team of the Company.



## Our projects

The work in 2023 has been marked by the work on the current projects of which we differentiate the following as more significant



### **Motorway A4 Blace**

In 2023, construction activities of this project have been performed, and the construction activities of the finishing of the project will provide one modern infrastructural connection of the Republic of North Macedonia with Kosovo thus providing an easy and efficient flow of vehicles leading to developing simple access for easier development of the international exchanges.



### **Motorway Kichevo Ohrid**

In 2023, the construction of the motorway Kichevo Ohrid Section 1 and Section 2 marks the realization of all the viaducts of the two subsections and the biggest part of the cut slopes. This year there was active work on the upper plant in the part of preparation of asphalt and drainages.

### **Reconstruction and rehabilitation of state road A2, section Kriva Palanka – Deve Bair**

2023 was the final phase of the performance of this project which was handed over in February 2023. A special part of this project was the reconstruction of the viaducts requiring expertise, efficiency, organization and equipment as per world standards for the purpose of finishing performance in continuity and safety during the traffic flow.



## Our projects



**Bridge Karposh of the River Vardar**

In 2023 there were final construction activities of this Project which finished in December 2023 and this is the first extra-dosed bridge performed in our country whose construction is made of combined preloading of the main girders of the bridge and the external ropes.



**Express road A2, LOT 2 – Section Kriva Palanka - Dlabochica**

Within this Project, the active work was focused on the stabilization of the slopes and preparation of the performance of the driving lane in the length of 9 km, which presents an important infrastructural project and the first section for the construction of modern infrastructural connection of the Republic of North Macedonia with the Republic of Bulgaria.



**Antenna system for control and monitoring of radio-frequencies at the territory of the Republic of Macedonia**

The object entered its final phase in 2023 and the handover is expected for 2024 as a specially imposing and complex object of building construction a significant mark for the city of Skopje due to its position on the top of Vodno Mountain.



## Service Organizational Units

The application of the rules of efficient work in all the service organizational units and sectors provided successful monitoring of the needs of the operational organization units for in time realization of its contracting obligations.

In these conditions, apart from these objects, CC Granit AD Skopje performed a series of roads through the Republic of North Macedonia, where the need occurred for setting out the business policy for providing the highest level of efficiency and rationality in the use of available resources and capacities. The in time realization of the construction activities with these policies was the basis for maintaining the high level of liquidity in conditions of recovery of the economy and it meant continuous realization of the legal obligations and obligations towards the suppliers and employees.



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### QUARRIES

The Company has at disposal concession for exploitation of materials of quarries of limestone (Brazda, Sloshtica, Rashanec and Ostres) and of eruptive origin (Javorica and Zebrnjak)



### Concrete and asphalt bases

The Company governs with 7 (seven) concrete basis with capacity of from 30m<sup>3</sup>/h to 180m<sup>3</sup>/h and 5 (five) asphalt basis with capacity of 40 t/h до 160 t/h



### Laboratory

The Company has its own laboratory which in 2024 will start the process of accreditation.



### Reinforcement plants

In active production the Company has 2 (two) reinforcement plants in Kichevo and Skopje serving the needs of the Company for all the Projects through the country.



# RESULTS

This Annual Report and the financial data cover the work of CC Granit for the fiscal 2023. All the reports individual and consolidated are in accordance with the Law of Trade Companies and the international standards for financial reporting

## KEY DATA

PROFITS MADE	GROSS PROFIT
5.264.381.386 MKD	152.525.752 MKD
TOTAL EXPENDITURES	PROFIT AFTER TAXATION
5.111.855.634 MKD	152.525.752 MKD.

STRUCTURE OF THE ACCOMPLISHMENTS COMPARED TO 2022

		2022		2023		
	elements	amount	%	amount	%	index
1	Total income	5.025.625.271	100.00	5.264.381.386	100.00	104.75
2	Total expenditures	4.892.737.506	97.36	5.111.855.634	97.10	104.48
3	Gross profit = 1-2	132.887.765	2.64	152.525.752	2.90	114.78
4	Profit tax	0	0.00	0	0.00	0
5	Net profit = 4-5	132.887.765	2.64	152.525.752	2.90	114.78
6	Net other entire profit	11.370.000	0.23	284.250.000	5.40	2.500
7	Total entire profit = 6+7	144.257.765	2.87	436.775.752	8.30	302.77

STRUCTURE OF THE PROFIT IN 2023

	Profit	2022	2023	index
1	Profit from operations work	65.197.765	106.751.752	163.74
2	Profit from financial work	67.690.000	45.774.000	67.62
3	Gross profit = 1+2	132.887.765	152.525.752	114.78
4	Profit tax	0	0	/
5	Net profit = 3-4	132.887.765	152.525.752	114.78

## TOTAL INCOME

The accomplished total incomes for the period 01.01.–31.12.20223 are in an amount of 5.264.381.386 MKD, containing operational incomes (incomes from sale, incomes from own production and other operational incomes) increased for 5.1% in an amount of 5.199.820.386 MKD and financial incomes (incomes from investments – dividend and incomes from interests) reduced for 17.44% and are 64.561.000 MKD.



## TOTAL EXPENDITURES

The accomplished total expenditures for the period 01.01.–31.12.2023 follows the trend of the total incomes, marking an increase of 4.48% and are 5.111.855.634 MKD. The same participate with 97.10 % in the total income, containing the tangible costs, gross salaries, amortization, other costs, financial expenditures and supplied value of the sold goods reduced for the costs in the objects for the market.



elements	2022	2023
Total income	5.026.630.943	5.326.260.281
Total expenditures	5.026.630.943	5.326.260.281
Gross profit	46.249.197	128.465.460
Profit tax	263.169	1.348.034
Net profit	45.986.028	127.117.426



Net other entire profit	10.634.000	284.259.000
Total entire profit	56.620.028	411.376.426

## CONSOLIDATED FINANCIAL RESULTS

CC Granit AD Skopje prepares consolidated financial calculations including also the following dependent companies:

- Hotel Granit DOOEL Ohrid;
- Kar Vash DOOEL – Skopje,
- Granmak Germany,
- Granmak Austria,
- CC Granit DOO Banja Luka,
- Branch Office CC Granit Banja Luka

The realized indications from the consolidated annual account of CC Granit AD Skopje for the work in 2023 are as follows

:

The structure of the equity of the Company is presented in the table

shareholders 31.12.2023	number of shares	%	number of shareholders
National natural persons	2.197.153	71.5364	3.760

Natural legal entities	316.536	10.3060	49
Foreign natural persons	47.562	1.5486	149
Foreign legal entities	197.776	6.4393	6
Foreign persons - total income	1.357	0.0442	-
Unidentified shareholders - natural persons	9.820	0.3197	-
hares	301.173	9.8058	1
Total	3.071.377	100.00	3.965

## STRUCTURE OF THE EQUITY AND SOURCES OF ASSETS OF THE COMPANY

During 2023, the Company has not acquired new own shares.

The sources of assets of the Company are its equity in an amount of 6.121.617.068 MKD or 75% of the total assets of the Company, while the remaining 25% are for the obligations towards the creditors (21.4%) and the banks (3.6%).

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



# POLICIES IN THE BUSINESS WORK

## **POLICY OF INVESTMENT OF THE COMPANY**

The Company continuously invests in material and financial assets as support of the maintenance and success of the work of the Company. Namely, in 2023, the Company has invested new 470.401 thousand MKD in equipment and mechanization – in new primary assets.

## **SOURCES OF ASSETS OF THE COMPANY**

The Company continuously monitors its indebtedness through proper analysis, so for 2023 the percentage of indebtedness is 5% of the total equity of the Company. The Company funds its work in the biggest part from its own sources of assets.

## **POLICY OF LONG-TERM DEBT TOWARDS THE BASIC PRINCIPLE OF THE COMPANY**

The Policy of the Company is to less debt by credits at banks and to fund its work by itself. The Bank the Company is working with mainly serves to provide guarantees necessary for the current work of the company, as well as financing of the investments in primary assets.

## **POLICY OF DIVIDENDS**

This year as well the Company will continue with regular payment of dividends.

## **POLICY OF RISK MANAGEMENT OF THE COMPANY**

The Company enters into different transactions deriving from its everyday work, and referring to the buyers, suppliers and creditors. The main risks the Company is exposed to and the policies of management of the same are as follows:



## MARKET RISKS

### **RISK FROM THE CHANGE OF THE EXCHANGE RATES;**

The Company enters transactions in foreign currency thus deriving from sales and purchases on foreign markets and it is exposed to everyday changes of the exchange rate of the foreign currencies. The Company has no particular policy for management of this risk, having regard to the fact that in the Republic of Macedonia, there are no special financial instruments for avoiding this type of risk. Therefore, the Company is exposed to possible fluctuations of the foreign currencies. The Company is mainly exposed to EUR and Dollars.

### **RISK FROM THE PRICE CHANGE;**

The Company is exposed to the risk of change of the price of the investments available for sale and the same is out of the control of the Company.



## OTHER RISKS

### ·CREDIT RISK;

The Company is exposed to credit risk in the case when the buyers will not be able to fulfill their payment obligations. The Company has no significant concentration of credit risk having regard to the fact that the buyers are a large number of companies in the country and abroad, as well as state institutions (ministries, agencies and public companies). The biggest buyers are the Sinohidro Branch Office Skopje and Public Enterprise for State Roads.

### LIQUIDITY RISK;

Liquidity risk is when the Company will not be able to regularly pay the obligations towards its creditors from its own assets. This risk is overcome by the constant provision of the necessary cash for serving the obligations and the Company has no such problems within its work.

All these policies were controlled and set out by the External auditor Moore Stephens DOO Skopje for 2023 who were engaged only for the need of performing external audit.



## WE RESEARCH, DEVELOP, APPLY, IMPROVE

The competition is a challenge that only wins and in which CC Granit AD Skopje distinguishes itself on the market via continuous investment of the primary assets following the trends of the modern complex technology of construction and performing of the services. In that sense, in 2023, investments have been made in construction mechanization and plants as well as parts of transport means.

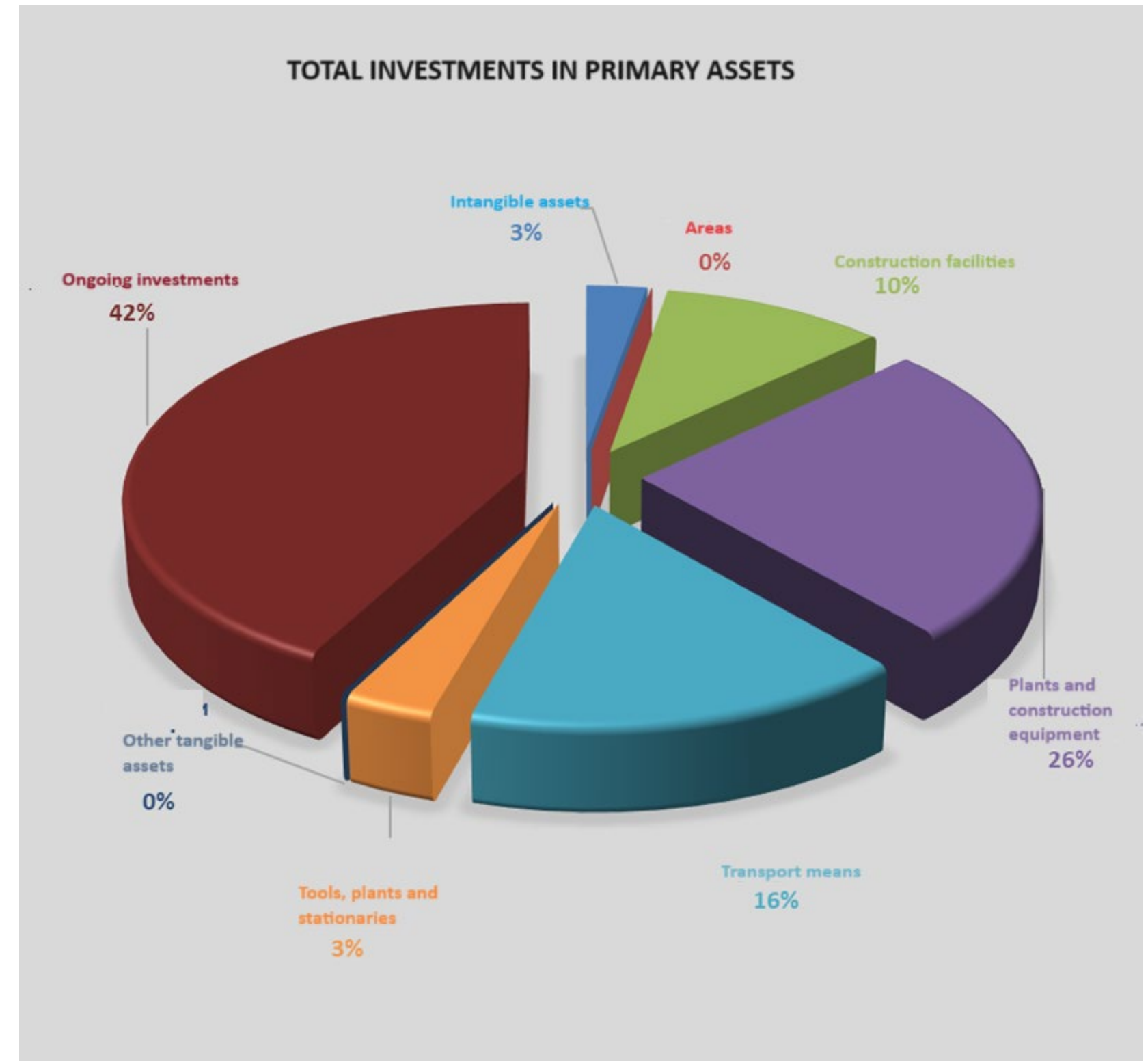


# INVESTMENTS

The total investment in primary assets in the period January - December is 470.401 thousand MKD in equipment and mechanization

The total investments in primary assets in 2023 are 470.401.641 MKD, as follows:

Ø intangible investments 12.982.915 MKD;  
Ø tangible investments 457.418.726 MKD;





## STRATEGIC AIMS FOR 2024

For the successful realisation of its strategic aims for 2024, CC Granit AD Skopje has established the following measures and activities:

- ♦ Higher rentability in performing the works within the business activity of the Company;
- ♦ Continuous monitoring of the quality in performance of the construction works;
- ♦ Increase of the level of equipment with primary assets;
- ♦ Management with human resources for the provision of higher quality of work;
- ♦ Provision of economic and efficient implementation of the works;
- ♦ Promotion of the software solutions for rational realization of the tasks and provision of control over the work

The size of the facilities for the realization the Company focused on are socially significant and specific and they mean the incorporation of innovations and new methods of work. For that reason, in 2024, the Company will make investments in new technical solutions and further modernization of the construction mechanization, to provide competition and increase of the capacities of the Company, both on national and foreign market



The transparent and ethical behavior according to the national legislation and international norms, contributes to sustainable development and cares about the expectations of the parties considered, is fully integrated into all the segments of acting of the Company. First of all, social responsibility is integrated into the business policy of the Company and as such accepted as significantly important corporate value. Practicing corporate social responsibility, the Company is fully devoted and directed towards positive influence in all aspects of society, including economic, social and environment.

Successfully implemented and maintaining an Integrated system for management with ISO standards is an indicator of the devotion of the Company, first of all, towards provision of safety of the employees and parties considered through the implemented Occupational Health and Safety ISO 45001, continuous monitoring and realization of the requirements of the standard for Environmental Management ISO 14001, related to the part of the social aspects in the process of realization of the projects, such as promotion of the service and product quality through continuous following of ISO 9001.

## CARE FOR THE EMPLOYEES, THE ENVIRONMENT AND THE QUALITY OF THE SERVICES AND PRODUCTS

# 1

**СЕРТИФИКАТ**

за систем за управување согласно  
**ISO 9001 : 2015**

Со ова телото за сертификација TÜV NORD CERT GmbH го потврдува резултатот на ревизијата, проценката и одлуката за сертификација согласно ISO/IEC 17021-1:2015, дека организацијата

**Г.Д. ГРАНИТ А.Д. Скопје**  
Ул. Димитрие Чуповски бр.8  
1000 Скопје  
Република Северна Македонија

Зоди систем за управување согласно барањата на ISO 9001 : 2015 и за време на траењето на сертификатот од 3 години ќе биде надгледувана за конформност.

Област на важење

**Изведба на градежни објекти од нискоградба, високоградба и хидроградба, производство на градежни материјали и полуфабрикати за сопствени потреби и за пазар, контрола на квалитетот на производите**

Адентификациски бр. на сертификат 44 100 16 43 0011  
Зр. на ревизорски извештај 35923 1308

Важечки од 2023-08-15  
Важечки до 2026-08-14  
Прво сертификаирање 2014

*Место на сертификаирање*  
ТÜV NORD CERT GmbH

Пловдив, 2023-08-14

TÜV NORD CERT GmbH    Am TÜV 1    45307 Essen    www.tuev-nord-cert.com

# 2.

**СЕРТИФИКАТ**

за систем за управување согласно  
**ISO 14001 : 2015**

Со ова телото за сертификација TÜV NORD CERT GmbH го потврдува резултатот на ревизијата, проценката и одлуката за сертификација согласно ISO/IEC 17021-1:2015, дека организацијата

**Г.Д. ГРАНИТ А.Д. Скопје**  
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Република Северна Македонија

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Област на важење

**Изведба на градежни објекти од нискоградба, високоградба и хидроградба, производство на градежни материјали и полуфабрикати за сопствени потреби и за пазар, контрола на квалитетот на производите**

Адентификациски бр. на сертификат 44 104 16 43 0011  
Зр. на ревизорски извештај 35923 1309

Важечки од 2023-08-15  
Важечки до 2026-08-14  
Прво сертификаирање 2014

*Место на сертификаирање*  
ТÜV NORD CERT GmbH

Пловдив, 2023-08-14

TÜV NORD CERT GmbH    Am TÜV 1    45307 Essen    www.tuev-nord-cert.com

# 3.

**СЕРТИФИКАТ**

за систем за управување согласно  
**ISO 45001 : 2018**

Со ова телото за сертификација TÜV NORD CERT GmbH го потврдува резултатот на ревизијата, проценката и одлуката за сертификација согласно ISO/IEC 17021-1:2015, дека организацијата

**Г.Д. ГРАНИТ А.Д. Скопје**  
Ул. Димитрие Чуповски бр.8  
1000 Скопје  
Република Северна Македонија

Зоди систем за управување согласно барањата на ISO 45001 : 2018 и за време на траењето на сертификатот од 3 години ќе биде надгледувана за конформност.

Област на важење

**Изведба на градежни објекти од нискоградба, високоградба и хидроградба, производство на градежни материјали и полуфабрикати за сопствени потреби и за пазар, контрола на квалитетот на производите**

Адентификациски бр. на сертификат 44 126 20 32 0153  
Зр. на ревизорски извештај 35923 1310

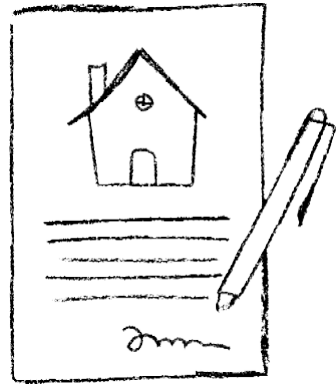
Важечки од 2023-08-15  
Важечки до 2026-08-14  
Прво сертификаирање 2014 (BS OHSAS 18001)

*Место на сертификаирање*  
ТÜV NORD CERT GmbH

Пловдив, 2023-08-14

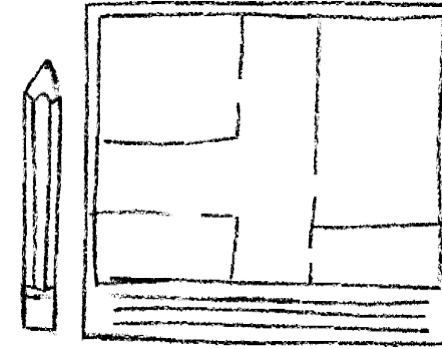
TÜV NORD CERT GmbH    Am TÜV 1    45307 Essen    www.tuev-nord-cert.com

# WE WORK AS PER THE HIGHEST STANDARDS TO PROTECT THE ENVIRONMENT, PLANT AND ANIMAL BIODIVERSITY AND THE HEALTH AND SAFETY OF THE EMPLOYEES



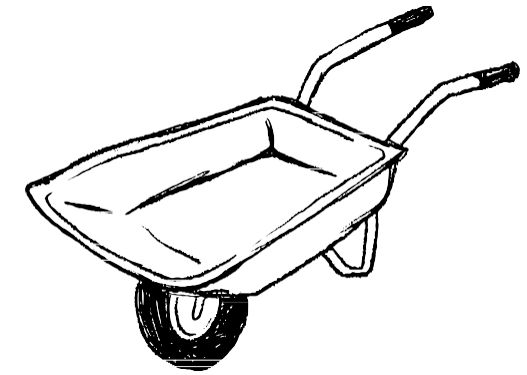
## ECO LICENCES HAVE BEEN PROVIDED

All the installations (asphalt and concrete bases and quarries) according to the Law on Environment have A and B Integrated eco licenses based on which continuous monitoring and measurement is done by accredited laboratories for measurements in the environment. By this mechanism, the Company proves that it does not have a negative impact on the environment, that is there is no overcoming of the prescribed maximally allowed concentrations.



## PLANS FOR BIODIVERSITY

In the process of construction of the projects, depending on the agreed requests, the Company engages a team for monitoring of the biodiversity from the Macedonian Biological Society composed of experts to minimize and mitigate the influence of the construction activities on the local biologic diversity and ecosystems. During the construction activities, the team for biodiversity in continuity implements previously defined plans and measures for the reduction of the damage on the habitats of wildlife, endangered species and sensitive ecosystems. At the same time, continuous monitoring is made at weekly, monthly and annual levels as well as seasonal monitoring of the condition of the site.



## PERFORMANCE

In the process of construction activities, a team of experts for safety and health at work, engineers for the environment and waste managers everyday monitor all the aspects related to the safety of the parties considered, the management of the environment and the social aspects related to the community. This confirms the main strategic policy of the Company – healthy employees and a healthy environment.

## WE ARE PART OF THE COMMUNITY OF SOCIAL RESPONSIBLE COMPANIES



Donations as vital part of the social responsibility, in 2023 continued through the realisation of significant program contents and activities. The Company continuously is focused on meeting the requests of the employees and the wider social community thus maintaining its reputation and promoting its reputation.

The development and the research were supported by the Company where the Company participated and contributed to the research work of the Association of Geotechniques of Macedonia and the Association of Construction Workers of Macedonia. In 2023, Granit was co-organizer of the First Road Conference in the Republic of North Macedonia which should provide directions and development of the construction. At the 20<sup>th</sup> International Symposium of the Association of Construction Workers of Macedonia, CC Granit was awarded acknowledgment for special achievements in the construction industry in 2022.

Special pride is the fact that we have continued the mission as a significant corporate donor in SOS Detsko Selo where during the year, the Company donated financial assets for the needs of their project activities and also provided vacation for the youth from SOS Detsko Selo and their mentors as well as for the children from the Children's Embassy of all the children in the world.

The continuity of the work of the Company is implemented based on mechanisms of complaints and claims for inclusion of the parties and employees considered, to take into account the care and expectances of all the participants and parties considered by the work of the Company. This system maintains close interaction with the local community, successfully implementing and following the mechanisms for improvement of the performance from the social aspect.

The Annual Report represents the annual work of the Company by the management and it is based on the requirements of the Law on Trade Companies, and it presents an assessment of the information of the presented positions and results in the financial reports.

Enclosed to the Report is the Succession Plan of the Supervisory Board as of May 2023.

**THANK YOU!**  
**MANAGEMENT BOARD OF CC GRANIT AD**  
**SKOPJE**

**'WE WORK TOGETHER  
TO BUILD  
STABLE  
FUTURE IN  
HEALTHY  
SOCIAL SETTLEMENT'**



+389-3218-700

Dimitrie Chupovski No.8  
Skopje



# SUCCESSION PLAN OF THE SUPERVISORY BOARD

## INTRODUCTION

CC Granit AD Skopje, as a joint stock company has formed a two-level management system, composed of a Supervisory and Management Board.

- ♦ The Supervisory Board of the Company accomplishes the competencies defined by law, bylaws, the Statute, and other acts of the Company.
- ♦ According to that, the members of the Supervisory Board have a key role in the surveillance of the management of the Company, appointment and dismissal of members of the Management Board, approval of the strategy, the business plan and the budget of the Company, organization of the Internal Audit Service, appointment and dismissal of its members and approval of the policies and procedures for performing internal audit, as well as other works in accordance with the laws and bylaws, the Statute and other acts of the Company.
- ♦ The members of the Supervisory Board have been elected for 6 (six) years. This Plan is aimed to support the existing criteria regarding the engagement and performance of the members of the Supervisory Board, in case of election of new members, for continuous functioning of the Company.



# SUCCESSION PLAN OF THE SUPERVISORY BOARD

## 1. AIMS OF THE PLAN FOR SUCCESSION

This Plan is aimed to provide continuity in the work of the Supervisory Board, through the identification and selection of potential candidates in case of full, planned, or not envisaged exclusion of any of its members.

The Plan aims to:

- give directions to provide readiness for the replacement of any of the members of the Supervisory Board, where special attention is to be made to the principle of good work;
- provide that it has proper and proactive procedures for recruiting proper candidates that comply with the laws, bylaws, Statute and other acts of the Company;
- provide that there is a frame identifying the required knowledge, skills and experience that will contribute to the general knowledge, skills and experience of the Supervisory Board for the same to be capable of performing the obligations deriving from the law, bylaws, the Statute of the Company, the Rulebook of the Supervisory Board and the other acts of the Company;
- provide continuity through a continuous succession of any of the members of the Supervisory Boards providing a balance between the fresh perspective and independence and the experience and the institutional memory of the Board;
- provide compliance with the best corporate practices, and legal frames, in particular the Law on Trade Companies, the Statute of the Company, the Code of Corporate Governance and the Rulebook of the Supervisory Board.



# SUCCESSION PLAN OF THE SUPERVISORY BOARD

## 2. MANAGEMENT FRAME AND RESPONSIBILITIES

The members of the Supervisory Board are elected and dismissed by the Assembly of the Shareholders. The Assembly elects the members of the Supervisory Board. During the election, it is appointed which member is elected as an independent member. The Assembly elects the members of the Supervisory Board by public voting. A member of the Supervisory Board may be elected if the member is a natural person capable of work and against whom there is no penalty announced that is sanction prohibition of performing duty, which is partially or fully covered in the subject of the work of the Company, till the prohibition is active. The members of the Supervisory Board are elected for six years. The members of the Supervisory Board may be re-elected.

Shareholders who possess at least 25% of the total number of shares with the right to vote may give a proposal list for the election of members of the Supervisory Board. It should be marked in the proposal list which member is proposed as an independent member. The proposal is given in written form not later than 10 days before holding of the Assembly and it must be signed by the proposers. The proposal is submitted to the body which calls for the Assembly. For the proposed candidate, the body that calls the Assembly, in written form, published the data for the age, gender, education and other professional qualifications and skills, the working experience and the way of acquiring of the same, in which companies the candidate is or was a member of the management body, that is Supervisory Board and other more significant functions the candidate has performed, the social status, the number of shares the candidate owns in the Company and in other companies as well as the loans and other obligations the candidate has towards the Company. Such data must be available to the shareholders 7 (seven) days before the Assembly starts the selection.

The voting is performed by the Commission for implementation of secret voting, elected from the line of shareholders of the same Assembly. For the results from the voting, the Commission submits a report in front of the Assembly. The candidates from the list which obtained more than half of the present votes are elected as members of the Supervisory Board. If none of the proposal lists for members of the Supervisory Board obtained the necessary majority of votes, the voting is repeated. During the repeated voting for elected is the list with the most of the votes.

In the process of proposal and voting for the new members of the Supervisory Board, among others, the following criteria are particularly taken into account:

- Competences which are necessary for the member of the Supervisory Board, according to the dynamics and the challenges of the work of the Company the member may face during the work;
- The independence and objectivity as determined and required by the law, bylaws, the Statute of the Company and the Rulebook of the Supervisory Board, as well as other acts of the Company;
- Analytical capacities, capacity for decision making, knowledge in the construction and financial work as well as the applicable legislation and good corporate practices.





# SUCCESSION PLAN OF THE SUPERVISORY BOARD

## 3. LEADING PRINCIPLES

1. Proper diploma of university education, to set out that the member of the Supervisory Board possesses the required skills and knowledge to be able to perform the duties required by such function. Additionally, it is expected the members of the Supervisory Board to have at their disposal enough level of expertise thus contributing to better and more efficient work of the Board.
2. Apart from the already stated, the Supervisory Board aims to provide diversity thus providing balanced gender equality in the direction of provision of experts no matter their ethnicity, race, religion, sexual orientation, political attitudes and other determinations.

## 4. UPGRADE OF THE PLAN

The Supervisory Board will revise and upgrade this Plan, always and as often as it is necessary.

## 5. PUBLISHING AND ENTERING INTO FORCE

This Succession Plan of the members of the Supervisory Board of the Company is published on the website of the Company, for availability to all interested parties.

The provisions from this Plan shall enter into force on the day of adoption of the Decision on Adoption of the Plan by the Supervisory Board of CC Granit AD Skopje.

President of the Supervisory Board  
Ivana Milkovska Simeva

