

ANNUAL REPORT

on the work of the Supervisory
Board of

CC Granit AD Skopje in 2023



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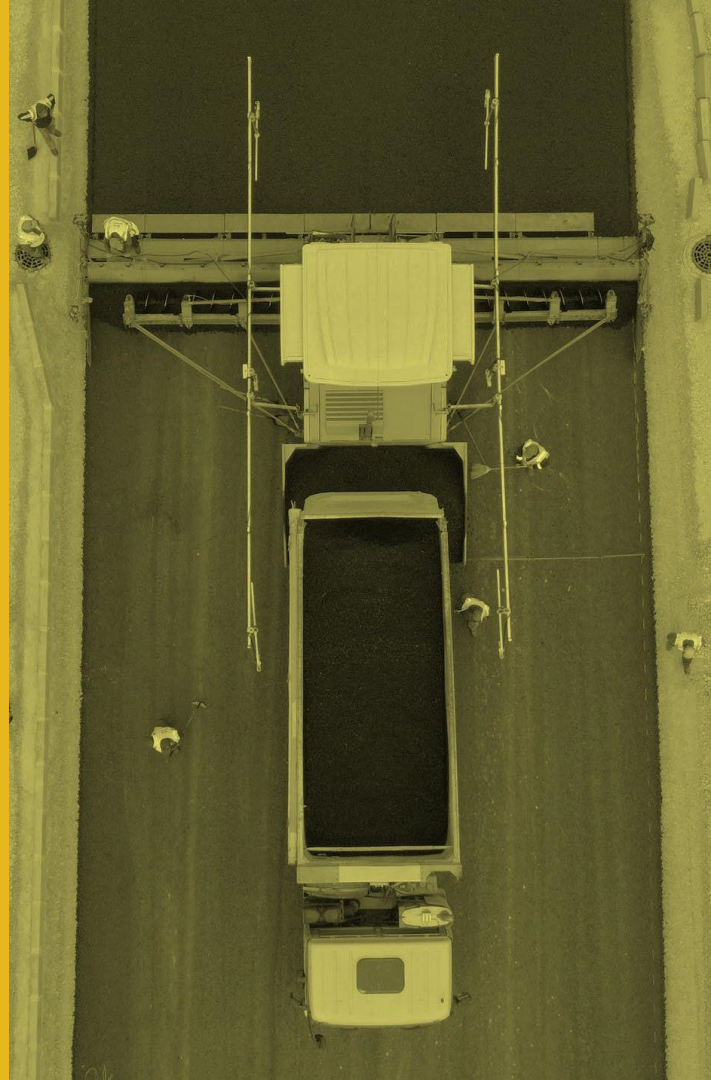
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01

COMPOSITION, WORK AND EVALUATION OF THE SUPERVISORY BOARD IN 2023



01.1 Composition of the Supervisory Board of CC Granit AD Skopje

The Supervisory Board of CC Granit AD Skopje is composed of 3 members appointed on 11.05.2020 as follows:

- Ivana Milkovska Simeva, Bachelor of Architectural Engineering – President of the Supervisory Board
- Violeta Bozhinoska, Bachelor of Law – Member of the Supervisory Board
- Goran Markovski, Master in Economy – Independent member and vice President of the Supervisory Board.

Their mandate lasts 6 years, that is till 11.05.2026.

All the members of the Supervisory Board of the Company meet the criteria for independence prescribed by the Code of Corporate Governance.

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The composition of the Supervisory Board enables also equal presentation of the women, that is 2/3 of the members of the Supervisory Board are women.

01.2. Work of the Supervisory Board in 2023

Based on the competencies prescribed by the Law on Trade Companies, the Code of Corporate Governance of the Companies listed on Macedonian Stock Exchange, the Statute of the Company, the Code of Corporate Governance, the Rulebook of the Supervisory Board of CC Granit AD Skopje and other internal acts of the Company, in 2023, the Supervisory Board of CC Granit AD Skopje performed continuous and professional surveillance of the work of the Company and gave strategic directions, monitored the work of the Management Board of the Company and checked the books and documents of the Company.

In performing the obligations, the Supervisory Board particularly paid attention to the financial indicators, profitability and liquidity of the Company, the condition of the property, the treasure house, the securities and the goods and took care of implementation of the business policy adopted by the Assembly of the Company, continuous risk management in the work of the Company taking into account the interests of the shareholders and other parties considered. the Supervisory Board has discussed the conditions in the construction, the general conditions in the economy and all the issues affecting the work of the Company.

In 2023, the Supervisory Board held 6 regular sessions setting and deciding in full composition and has adopted 25 Decisions.

01.2. Work of the Supervisory Board in 2023

The cooperation and the continuous communication between the Supervisory and the Management Board are of key importance for providing successful work of the Company, so the Management Board has regularly informed the Supervisory Board of the ongoing results from the work of the Company.

According to that, the Supervisory Board of CC Granit AD Skopje:

- monitored and performed surveillance over the work of the Company and the acts adopted by the Management Board of the Company;
- Made insight and check of the books of the Company;
- Performed assessment of the accuracy and compliance of the information and the financial reports;
- monitored the implementation of the strategic policies of the Company;



01.2. Work of the Supervisory Board in 2023

- followed the compliance of the work of the Company with the positive law of the Republic of North Macedonia;
- acted in the direction of protection of the interests of all the shareholders and other persons considered;
- brought decisions and gave recommendations and consents within the needs of the Company, and according to its competencies.

When the nature and emergency of the work of the Competence of the Supervisory Board required that, according to Article 80 of the Statute of the Company and Article 13 of the Rulebook on Work of the Supervisory Board, the Supervisory Board made decisions without holding a session and in 2023 has adopted 3 Decisions without holding a session.

The members of the Supervisory Board in 2023, collectively and individually, worked in the direction of meeting the legal obligations thus contributing to successful business continuity and stable corporate governance, through:

- Monitoring and considering the liquidity, economic and financial condition of the Company and adopting proper decisions on efficient use of the assets;
- Giving directions for the development and improvement of the work of the Company;

1.2. Work of the Supervisory Board in 2023

- Giving instructions for compliance with the amendments of the legal regulations in the field of the competencies of the Supervisory Board;
- Monitoring and giving instructions for compliance with the Code of Corporate Governance adopted by the Macedonian Stock Exchange of Securities;
- Considering information submitted to the Management Board of the Company.

In 2024, the Supervisory Board continued to implement the best international practices in the field of good corporate governance, for the protection of the interests and accomplishments of the rights of the shareholders, investors, clients, suppliers, employees and other parties considered.

Unchanged is the determination of the Supervisory Board of CC Granit AD Skopje for continuous upgrade of the strategic priorities of the Company and the Supervisory Board will continue to pay attention to the same.

1.3. Evaluation of the work of the Supervisory Board for 2023

The Supervisory Board of CC Granit AD Skopje in 2023 has successfully performed the legal obligations and competencies and in that direction, pursuant to provision 2.25 of the Code of Corporate Governance of the joint stock companies listed on the Macedonian Exchange Stock has performed an evaluation of its work.

The evaluation was aimed at assessment and evaluation of the engagement, composition, and conflict of interests of all the members individually where it has been assessed as follows:



1. Ivana Milkovska Simeva – President of the Supervisory Board

Ivana Milkovska Simeva is a Bachelor of Architectural Engineering and for one decade she successfully performed the function of Deputy General Manager of the Company.

Starting her experience in Granit in the commercial sector of the Company, and continuing as Advisor and Associate of the General managers, provides her with insight into the core of the financial and operative work of the work of Company. In 2008 she was elected as a member of the Supervisory Board, and from 2016 she is leading the Supervisory Board as President of the same.

As a proven expert and successful manager having a wide knowledge of corporate governance, upgrading and expanding it in continuity, following the latest corporate practices.

She performs the function of President of the Supervisory Board successfully and professionally, organizing the work of the Supervisory Board, she is responsible for leading and initiating discussions and within her authorizations acting in the best interest of the Company. The President has also monitored the work of the Supervisory Board and was the initiator for the procedure for assessment of the Supervisory Board.

With her devoted engagement, contribution and devotion, Ivana Milkovska Simeva, and in cooperation with the other members of the Supervisory Board provided adoption of the acts in the transparent and documented procedure, supported by proper information, reports and data properly and in detailed analyzed and discussed on the sessions in 2023.

2. Violeta Bozhinoska – Member of the Supervisory Board

Violeta Bozhinoska is a Bachelor of Law. Since 1997 she has performed the function of Director of the Sector for Legal, Staff and General Matters in CC Granit AD Skopje, and for more than 2 decades she was member of the Management Board of the Company.

Additionally, from 2005 she was also a member of the Supervisory Board of the Association of Lawyers of Macedonia.

Spending her entire working time in the legal sector in CC Granit AD Skopje, Violeta Bozhinoska holds experience and wisdom in the Supervisory Board. Experienced expert, proven and successful manager, involved in each segment of the work of the Company for almost half a century, as part of the team being the worthiest for maintenance of high position of Granit in the construction industry. As a lawyer with many decades experience, she has entrenched knowledge in corporate management and she continuously follows the compliance of the work both of the Supervisory Board and the Company with positive regulation.

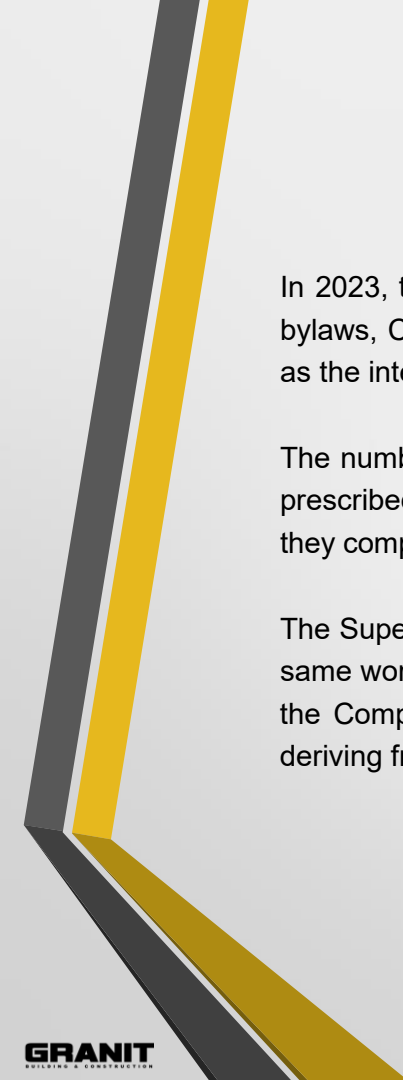
Violeta Bozhinoska has devoted enough time and with due attention has performed her obligations deriving from the competencies of the members of the Supervisory Board.

3. Goran Markovski – Independent member of the Supervisory Board

Goran Markovski is a Master in Economy, is for already 8 year' member of the Supervisory Board of CC Granit AD Skopje. According to item 2.8 of the Code of Corporate Governance, in 2021 he was appointed for Vice President of the Supervisory Board of the Company.

Expert in the field of investment funds, finances, and bank work, he is also engaged as a trainer for brokers and investment advisors and his knowledge and experience are of key importance for the surveillance of the financial work of the Company and Management of the property.

Goran Markovski attended all the sessions of the Supervisory Board held in 2023, actively participated and gave suggestions, opinions and proposals thus fulfilling the obligations and responding professionally to the tasks as a member of the Supervisory Board.



In 2023, the Supervisory Board has completely fulfilled the obligations and aims deriving from the applicable laws, bylaws, Code of Corporate Governance of listed joint stock companies of the Macedonian Stock Exchange, as well as the internal acts of the Company.

The number and the composition of the Supervisory Board have provided fulfillment of the criteria of independence prescribed by the Code of Corporate Governance and have put to the minimum the risk of 'group thinking'. In that way, they completely responded to the needs of the work of the Company and the challenges imposed by the work in 2023.

The Supervisory Board of CC Granit AD Skopje has assessed its work in 2023 as positive based on the fact that the same worked within the frames and competencies prescribed by the Law on Trade Companies, as well as Statute of the Company and the Rulebook of the Supervisory Board of the Company and has fully realized the obligations deriving from the stated.

02

**SURVEILLANCE OVER THE
MANAGEMENT OF THE
COMPANY**



2.1. Review on the quarterly reports on the work of the Company

The Supervisory Board has continuously and in detail analyzed the periodical reports on the work of the Organizational and Working Units functioning within the Company, as well as DOOELs established by the Companies in this way reviewing, analyzing and controlling the management of the Management Board. Depending on the established needs recognized by the analysis of the abovementioned Reports, the Supervisory Board has currently adopted Decisions and Conclusions.

In 2023, the world economy was affected by the existing crisis in Ukraine with Russia, an energy crisis with significant increases of the prices of the main energy agents and materials (energy, gas, oil, iron), instability of the prices as well as the inflation rate. The Macedonian economy was not deprived of such negative impacts, affecting the increase and instability of prices of certain raw and materials, energy, and by that the final prices of many products.

The Company has accomplished positive results in conditions of economic crisis and instability and continues to follow the movements and to adapt on the market conditions.

2.2. Control on the annual accounts, the financial reports and the Annual Report on the work of CC Granit AD Skopje

The control and the review on the Annual account and the consolidated annual count of the Company for 2023, the individual and the consolidated financial reports for 2023 and the Annual report on the work in 2023 have confirmed that the information given in the same are objective and expressed according to the legal regulations and the standards of the financial area.

Therefore, the Supervisory Board has given justified consent to the Decision on Distribution of Profit, which apart from its factual financial base, is legally based, that is made according to the criteria established in the Law on Trade Companies and the other positive legal regulations.

Regarding the suggested materials and Decision for adoption by the Assembly of the Shareholders of the Company, the Supervisory Board has accepted and approved the same.

2.3.

Audit on the financial reports and the annual account for 2023

By review on the financial reports from the audit performed, the Supervisory Board has reviewed the success of the entire work and management of the Company and has also identified the areas where the business policy and the strategic decision-making must be focused on.

The Independent auditor 'Moore Stephens' Skopje, upon realized audit, has found that the individual and consolidated financial reports present truthfully and objectively, from all the material aspects, the consolidated financial state of the Company 31 December 2023 inclusive, as well as its individual and consolidated success and its individual and consolidated cash flow for the financial year following the accounting standards accepted in the Republic of North Macedonia.

Therefore, taking into account the findings and the continuous surveillance made during the entire flow of the subject period, the Supervisory Board found that the results from the work comply with the data presented in the financial reports, and has assessed that the audit was successfully and comprehensively realized, according to the bookkeeping evidence for the Company.

2.3. Audit on the financial reports and the annual account for 2023

The Supervisory Board has also recognized the in time activities of the Management Board, in the direction of prompt identification and continuous monitoring of the possible risks in the work. It stated that the Management Board, and all the competent services have successfully dealt with all the problems and circumstances presenting risk management, which affects the assessment of the credit, market and liquidity risk, the changes of the prices and the interest rate risks and in that direction made prompt action for overpassing of the possible impacts on the work and profitability of the Company.

Additionally, the Management Board has made ongoing and close monitoring of the financial results of all the Organizational and Working Units and where the need was recognized, given and suggested proper measures for the purpose of accomplishment of positive results in the work of the Company.

2.4. Review on the transitional tasks for the work in 2024

By the Reports and Plans for the work of each of the Organizational and Working Units of the Company, the Supervisory Board has reviewed their transitional tasks for 2024.

The same envisages accomplishment of the plans and economic growth and conditions for future development of the Company, in parallel with the continuous following of the movements and adaptation to the market conditions.

Thus, taking into account the global economic crisis, caused by the war conflict in Ukraine, the consequences of which still have a strong influence and complicate the work of the Company.

In 2024 the Company will also take all the measures and necessary activities in the direction of optimization of the work and accomplishment of positive results.

03

WORK ON THE INTERNAL AUDIT SERVICE

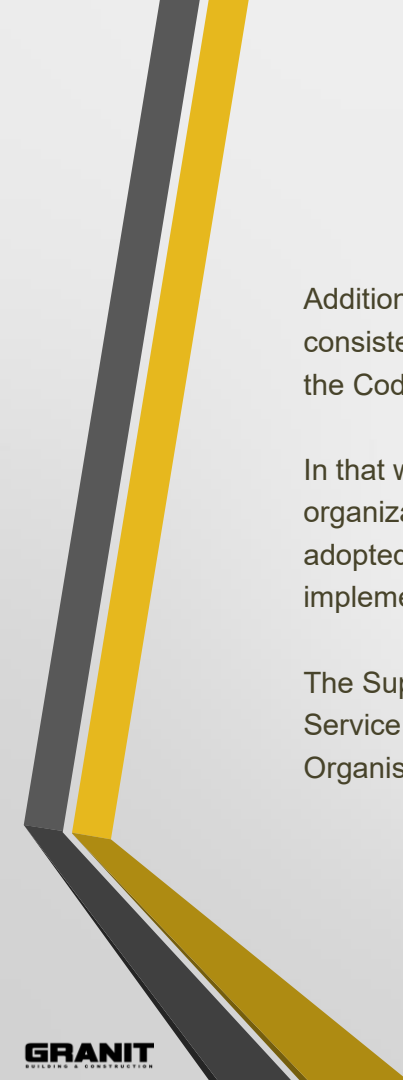


Based on the legal obligations deriving from the Law on Trade Companies of the Republic of North Macedonia, pursuant to Article 415a, 416b and 415c, the Supervisory Board has approved and adopted:

- Annual plan for work of the Internal Audit Service in 2024;
- Semi-annual report on the work of the Internal Audit Service for the period January – June 2023;
- Annual report on the work of the Internal Audit Service in 2023.

The insight in the above-stated documents has confirmed that the Service performs systematic presentation and assessment of the risk management in the current work of the Company and regularly prepared reviews of the measures and recommendations addressed to the Sectors, Organizational and Working Units in the direction of their implementation and increased effectiveness and efficiency.





Additionally, according to the amendments of the Law on Trade Companies, the Service has established that it consistently and in continuity applies and practices all the principles of corporate governance as established by the Code of Corporate Governance.

In that way, the Supervisory Board has identified the areas for improvement of the organizational process, as well as the process of control and management, based on which it adopted proper decisions and suggested taking proper measures and activities for their implementation.

The Supervisory Board of CC Granit AD Skopje appreciated the fact that the Internal Audit Service continuously performs successful cooperation with the Sectors, Services, Organisational and Working Units functioning within CC Granit AD Skopje.

04

EVALUATION OF THE WORK OF THE MANAGEMENT BOARD OF CC GRANIT AD SKOPJE



According to the recommendations of the Code of Corporate Governance of the Macedonian Stock Exchange of Securities, the Supervisory Board in 2023 performed continuous surveillance on the work of the members of the Management Board.

The Management Board of CC Granit has 5 members. They have been appointed on 12.05.2020, with mandate of 6 years, that is till 12.05.2026, as follows:

- **Strasho Milkovski**, Bachelor of Architectural Engineering – President of the Management Board,
- **Zoran Milkovski**, Master in Natural Sciences, Mathematics and Information Technologies – General Manager and Member of the Supervisory Board,
- **Andrea Serafimovski** Bachelor of Architectural Engineering – Director of OU Building Construction and Sector for Operations and Member of the Management Board,
- **Katerina Gjerdovska** Bachelor of Economy – Director of the Accounting and Financial Sector and Member of the Management Board,
- **Venko Zafirov** Bachelor of Electrical Engineering – Member of the Management Board.

The different educational profiles of the members of the Management Board, where each of the members possesses specific knowledge and expertise of different areas, different working positions, professional careers as well as age and gender, provide comprehensive access to the work of the Company.

1. Strasho Milkovski – President of the Management Board

Strasho Milkovski is a Bachelor of Architectural Engineering being for many years General Manager of the Company successfully leading it through years of growth and declines, maintaining it always at the top of the construction sector.

As a proven and recognized successful manager, he has knowledge and understanding of the established corporate governance and the role of the Management Board as well as he is devoted to continuous upgrades, following and taking into account all the novelties in the application of the corporate governance. Having many year of experience and wide knowledge in construction, as well as his rich life experience, Strasho Milkovski is a key figure in the creation of the strategies of the Company and the successful many-decade work.

The President of the Management Board takes care to inform the Supervisory Board on each held session of the Management Board, through the Corporate Secretary of the Management Board. In detail it informs the about the results of the work of the Company and on the adopted Decisions regarding the scope of the Supervisory Board.

2. Zoran Milkovski – General Manager and Member of the Management Board

Zoran Milkovski is a Master in Natural Sciences, Mathematics and Information Technologies and is already 10 year' member of the Management Board and he successfully performs the function of General Manager. Apart from that, from 2015 he is also a member of the Management Board of the Economic Chamber of Macedonia and member of the Assembly of the Economic Chamber of Macedonia, and from 2020 he is a non-executive member of the Supervisory Board of EuroIns. Such engagements add value to the education and professional experience in Granit and important factors contributing to the successful management of the Company.

Upgrading his career and experience, Zoran Milkovski has a key role in the creation of the strategies and policies of the Company and its efforts and successful management are confirmed by the positive financial results of the Company even in conditions of economic unfavorable climate, both in Macedonian and within world frames.

3. Andrea Serafimovski – Member of the Management Board

Andrea Serafimovski is a Bachelor of Construction Engineering, who for already one decade has been a member of the Management Board, providing his vicarious contribution to the successful management of the Company. As a member of the Management Board, he is devoted to the organization of the work of the construction operation, such as building construction as well as the building of high motorways, airports and other facilities from civil engineering, the service activities such as mechanization, quarries, concrete and asphalt bases.

In 2015 he was elected, and in 2020 re-elected president of the Association for Construction, Industry of construction materials and non-metals within the Economic Chamber of Macedonia. Representing the Association, he participates at many national and international events, conferences and expert debates, being a member in working groups for amending the legal frame in the field of construction and representing the interests of the companies-members in front of the institutions and the wider public. He also represents the interests and problems the Company is facing with while performing the activity.

So, Andrea Serafimovski, apart from being the man leading in close the operation of the biggest construction company, as a member of the Management Board is rooting the operational experience in tailoring the strategic determinations of the Company.

4. Katerina Gjerdovska – Director of the Financial Sector and Member of the Management Board

Katerina Gjerdovska is a Bachelor of Economy and member of the Management Board, fully responsible for the finances and the accountancy of the Company.

As a member of the Management Board she was elected in 2020, and following her professional experience and comprehensive knowledge of the regulations in the field of finances she has a key role in planning of investments, envisaging the risks and suggesting measures for overcoming and minimizing of the negative effects.

Katerina Gjerdovska also regularly attends the sessions of the Supervisory Board in detail elaborating the results of the Company and answering all the questions by the members of the Supervisory Board, enabling the Supervisory Board to continuously perform the legal obligations.

5. Venko Zafirov – a member of the Management Board

Venko Zafirov is a Bachelor of Electrical Engineering and member of the Management Board of the Company since 2008.

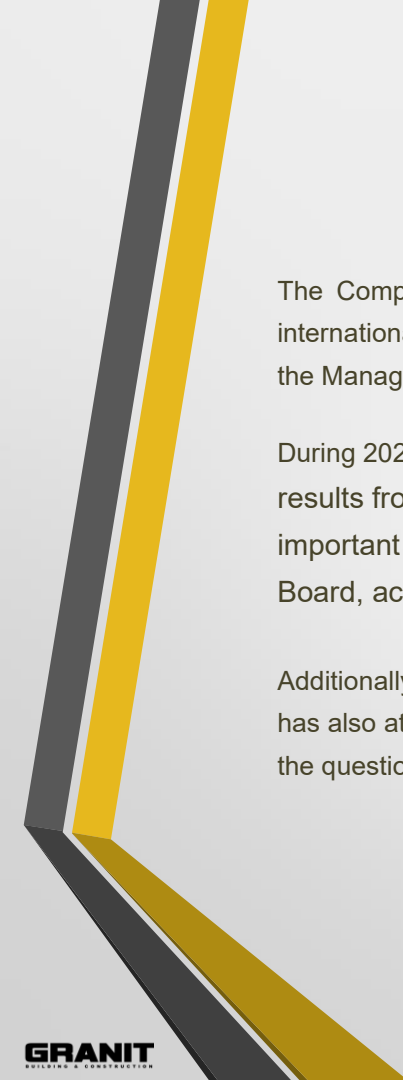
With his specific expert knowledge, he gives directions on promotion of the ICT security and continuous digital transformation of the business processes. As a member of the Management Board responsible for the promotion, monitoring and organization of information technology and the novelties in that field, contributed to the creation of the strategic directions the Company is to lead and develop on.

The Supervisory Board has appreciated the work of the Management Board in 2023, collectively and individually for each of the members and stated that the Management Board has successfully led the Company, the members worked professionally, honestly and devoted, thus resulting in positive financial results and successfully finished year, in conditions of world crisis and economic instability.

05

COOPERATION WITH THE MANAGEMENT BOARD OF CC GRANIT AD SKOPJE





The Company has established a system of corporate governance based both on legal regulations and the latest international practices, which is particularly evident in the continuous and close cooperation between the Supervisory and the Management Board of the Company.


During 2023, the Management Board has regularly and in time informed the Supervisory Board on the realized results from the work of the Company, as well as for all the circumstances and situations that may be important for its decisions. All the necessary documents and acts have been submitted to the Supervisory Board, according to the positive legal regulations and current established needs of the Company.

Additionally, upon invitation of the President of the Supervisory Board, members of the Management Boards has also attended the sessions, in detail informing for the results of the work of the Company and answering all the questions of the members of the Supervisory Board.

06

RECOMMENDATIONS BY THE SUPERVISORY BOARD TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

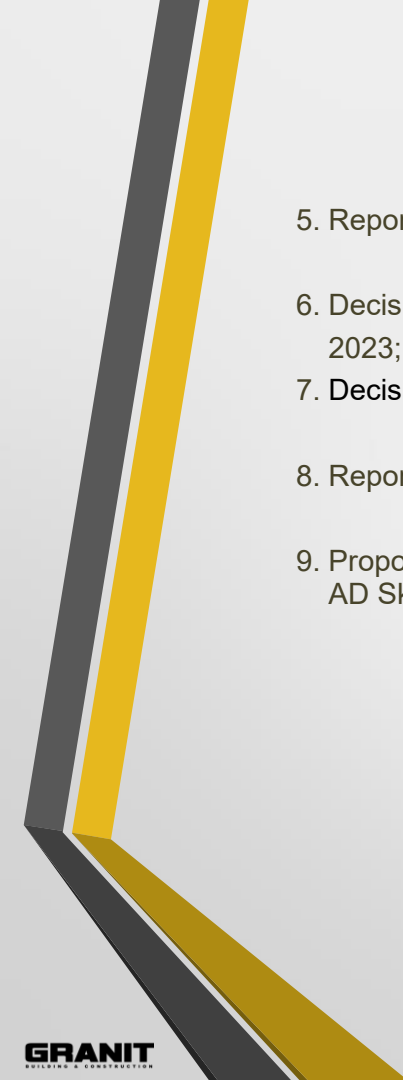




Continuous insight and surveillance over the work of the Company in 2023 provided the Supervisory Board to perform control and assessment of the same. the Supervisory Board has stated that the given indications, decisions and conclusions were in time implemented in the work of the Company by the Management Board of CC Granit Ad Skopje.

The Supervisory Board has considered and confirmed the decisions adopted by the Management Board for the Assembly of shareholders, and according to Article 480 (3) has adopted and suggested the Assembly to adopt the Decisions on:


1. Annual and consolidated annual account of Granit for 2023;
2. Individual and consolidated financial reports for the work of Granit in 2023;
3. Annual Report on the work of Granit in 2023;
4. The Report by the Independent Auditor and the Individual and Consolidated financial reports of Granit for 2023;

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5. Report on the work of the Supervisory Board for 2023;
 6. Decision on Distribution of the Profit of CC Granit AD Skopje accomplished in the Annual Account for 2023;
 7. Decision on payment of dividend for 2023;
 8. Report on the work of the Internal Audit Service in CC Granit AD Skopje in 2023
 9. Proposal on the selection of Auditor of the Annual Accounts and the Financial reports of CC Granit AD Skopje for 2024;

07

FINAL CONCLUSIONS





The Members of the Supervisory Board of CC Granit AD Skopje, within the frames of the established competencies deriving from the provisions of the Law on Trade Companies, the Statute of the Company, the Rulebook on the work and other general acts for the accomplishment of the regular business activity of CC Granit Ad Skopje have actively contributed and participated in the adoption of the decisions, transparently, through objective, competent and comprehensive analysis.

In 2023, the Supervisory Board of CC Granit AD Skopje stays devoted to the strategic priorities and the business policy for development set out by the Management Board of CC Granit AD Skopje, as well as other plans for further economic growth, successful realization of the undertaken projects in 2023 and overcoming of the crisis imposed by the war in Ukraine and the enormous growth of the prices of the basic materials in world frames.

Skopje, April 2024

President of the Supervisory Board of
CC Granit AD Skopje

Ivana Milkovska Simeva
/stamp and signature affixed/



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