

**CEMENTARNICA “USJE” AD - SKOPJE**

Annual Report  
Separate Financial Statements  
Separate Annual Accounts

For the year ended 31 December 2022

**CEMENTARNICA "USJE" AD - SKOPJE**

Annual Report

For the year ended 31 December 2022



**CEMENTARNICA USJE AD SKOPJE**

**ANNUAL REPORT 2022**



**Skopje, February 2023**

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## **1. GENERAL**

Cementarnica USJE AD Skopje (the "Company" or "USJE") is a joint stock company, incorporated under North Macedonian law. The Company's shares are listed on the Official market of the Macedonian Stock Exchange. The registered seat of the Company is in Republic of North Macedonia at Boris Trajkovski 94 str., 1000 Skopje.

The Company's business activities cover the production and trade of cement, concrete, aggregates, mortars and other building materials.

## **2. SALES PERFORMANCE**

### **CEMENT**

The year 2022 was the most challenging and uncertain year in the last decades. The market was already hit by the global energy crisis and sky-high prices of fuels and electricity, and afterwards, the Russia - Ukraine war caused additional uncertainty, price increase and inflation in the range of 14%. Under such circumstances, the construction business faced instability, where private investments significantly prevailed over the public ones. The total domestic market share of cement dropped for 9.6% vs. 2021, however, our sales volume reached 79.9% of market share compared to the previous years' 77.3%. The sales on Kosovo market recorded a slight decline compared to last year, as a result of market's drop in the range of 15%.

In addition to dropping market, our biggest challenge was the pricing policy to secure the market share, but also to maintain the profitability at the highest possible level in the environment where the prices of energy were raising day by day, while the competitors were having subsidised prices in their domicile countries. With frequent elevation of our prices, we managed to secure the EBITDA for 8.6% lower than last year, although our sales have dropped for 10.4%.

### **VERTICAL INTEGRATION**

In a year of extremely large energy crisis and reduced demand for concrete on the market, we managed to achieve a solid EBITDA of 221K Eur or 15% above the budget. The quantities of ready-mixed concrete that were produced in the current year are 36,153 m<sup>3</sup> or 90% of the budgeted quantities for 2022. Compared to the previous year, we have a growth in quantities of 4.5% and a growth of EBITDA of 41%. Our concrete base continued along the same planned route to take care of reducing the impact on the environment. Namely, the permanent use of cement with a more acceptable CO<sub>2</sub> load on the environment is also in that direction, which is the use of CEM II/B V-L 42.5.

We continue to remain in the market as a producer of exceptionally high-performance concrete that has adopted the best practices in this field, well recognized by our traditional customers.

### **3. OPERATIONS**

The production process was focused on meeting the needs of the market, both domestic and export, with special reference to the optimization of operations, material stocks and assets. To reduce fuel costs in 2022, USJE managed to replace ca. 3.1% of fuel with alternative fuel for kilns. Specific fuel heat consumption (SFHC) is similar compared to the previous year. Natural gas as an energy source for kilns preheating, which was practically unavailable and extremely expensive in 2022, was almost replaced by other more competitive fuels which were available on the market. Electricity consumption for cement grinding (kWh per ton cement) was reduced by 4% compared to the forecast, which was the result of the continuous optimization of the process parameters and the start of use of the new RTO optimization software developed by TITAN Group. Also, the consumption of electricity to produce clinker is at a stable level as in the previous year. All this contributed to the reduction of CO2 emission per ton of cement. The ratio of clinker to cement remained at a stable level with a slight decreasing trend.

### **4. HEALTH & SAFETY**

As part of TITAN Group, we apply best practices in the field of health and safety. By applying the latest practices in all our activities, we create high standards in this area for our employees, suppliers, contractors and all our associates. We urge our collaborators to adopt our health and safety practices in their daily activities. The ultimate goal of all of USJE's efforts is to achieve a safe and healthy work environment and performance with zero accidents in our overall work.

We are working to develop self-awareness among the employees and promote a health and safety culture. We provide induction health and safety training to all new employees, associates, contractors and visitors, and our employees go through training on various aspects of health and safety at workplace. In 2022, 3.755 training hours to our employees and 2.132 training hours to our contractors were recorded. With this we outreached the KPI of >15 training hours of training to employees and/or contractors accordingly. In 2022 we realized 122 safety walks, and 42 safety audits, achieving the planned targets for 2022.

Another important milestone was accomplished in 2022, 2 years with no LTI which is of great importance to all USJE employees since it is the first time of achieving such a long period without LTI.

### **5. HUMAN RESOURCES & ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (ESG)**

#### **Creating value for all**

In Cementarnica USJE we use our unique strengths, resources, and relationships to create value at every stage of our operations. We focus not just on what we do, but also on how we do it, ensuring that we make a meaningful and sustainable contribution to all our stakeholders.

#### **GOOD GOVERNANCE**

##### **Human Rights, Diversity, and Inclusion**

Diversity, equity, and inclusion are core to our culture, strategy and every-day working practices. We are committed to creating an environment where all differences are valued and where everyone could flourish and experience a sense of belonging. Participation of women in management team is 27%, while 12% of our new hires in 2022 are women.

The Company intends to fulfil the gender diversity objective, achieving 30% female participation in the Board of Directors.

Cementarnica USJE through independent Ethics Point system ensures whistleblowers protection according to the Group procedure for protected reporting and in accordance to the local regulations.

Aiming to highlight the importance of protection against harassment at workplace, in 2022 refreshment training sessions on this topic were organized for all employees. Moreover, aiming to demonstrate that we are expected to always follow the highest standards of professional behavior, trainings on Fraud Policy and Sanctions Policy were organized by the Group.

#### **Freedom of association**

In 2022 Cementarnica USJE signed a new Collective Agreement with the Company's Union Organization for the next two years. At the same time we recognize and adhere to the General collective agreement for the private sector in the commercial field.

#### **Compliance**

Cementarnica USJE has adopted and applies the Code of Conduct and TITAN Group policies in its daily operations, among which the Anti-bribery and Corruption Policy, The Competition Law Compliance policy and guidelines, the Sanctions Policy, the Human Rights Policy, the Corporate Social Responsibility (CSR) policy, the Environmental Policy and the Occupational Health & Safety policy. These policies are publicly available on our web site at the following link: <https://www.USJE.mk/en/about-us/corporate-governance/group-policies/>.

### **STAKEHOLDER ENGAGEMENT AND COMMUNICATION**

#### *Materiality assessment process*

Aiming to address the expectations of our stakeholders and pursue sustainable development, USJE has established a materiality assessment process. Through this process, we aim to build further on our trusted relationships and create shared value. USJE revisited and prioritized materiality issues relevant to our business with respect to their impact on the Group and their significance for our main stakeholders. The process confirmed that issues such as health and safety, environmental management, employee development, sustainable supply chain, customer satisfaction, climate and energy, and good governance remain at the top of the list of material issues. We use the resulting prioritization of material issues at local level as input for the materiality assessment at Group level and vice versa. In 2022 we conducted a validation process of our materiality issues with selected key stakeholders through communication of e-Questionnaire shared to each key stakeholder. The process was fully guided by the Group.

The Annual Sustainability Report 2021 has been prepared in accordance with TITAN Cement International S.A. sustainability reporting standards as defined in reference to the implementation of the principles of the United Nations Conference on Trade and Development (UNCTAD), the UN Global Compact Communication on Progress Guidelines, the Global Cement and Concrete Association Guidelines (GCCA), the UN Sustainable Development Goals (SDGs) 2030 and the Sustainability Accounting Standards Board (SASB) for specific KPIs as well. The Report was communicated to all employees, published on our web site, and sent via mail to more than 150 external stakeholders.

For Cementarnica USJE, ensuring our business has a positive impact on society and the local communities around our facilities is of great importance.

In 2022 USJE continued with Partnering with project, providing energy- efficient facade and improving the health and safety conditions in local primary school in neighboring Aerodrom Municipality. Additionally, one kindergarten was equipped with inventory for the youngest visitors.

USJE employees voluntarily participated in planting trees action contributed to the afforestation and greening a part of the USJE neighborhood and planted more than 2000 trees.

## **EMPLOYEE ENGAGEMENT**

### **Employee Survey**

In 2022 USJE ran an employee survey to measure our people's engagement and enablement and at the same time to give people a voice and get feedback on what works & what could we do better, making our Company and TITAN Group an even better place to work.

Our employees were willing to share their opinion and views thus leading to response rate as high as 90%. Survey results were presented by the Management to all employees. Based on the in-depth analysis of the results and the feedback, priorities were identified by each department teams and Company Action Plan was designed.

### **People development**

The continuous development of our people's skillsets and knowledge is one of our company's highest priorities. Training topics were mainly focused on developing leadership skills, technical know-how, induction training for smooth onboarding for the new employees and H&S as well. More than 50 training hours per employee were achieved in 2022.

Committed to the development of skills leaders need to have at all levels of our organization, we organized a one-year Leadership Development Program for all Heads, Supervisors and other key people with more than 640 training hours.

### **Employee well-being**

Following company commitment of care for the health and wellbeing of our people, we introduced several different programs to support our people and their families in times of crisis. USJE provided additional support through Employee assistance program, Mental health campaign, as well as additional financial support to employees to alleviate the effect of the economic crisis on our people.

### **Awards and recognitions**

USJE received an accolade for the projects in Employees Wellbeing, in the category Employees, by the National CSR Coordinative Body.

## **6. ENVIRONMENTAL**

As a part of TITAN Group, USJE is committed to continuous sustainable development and improvement in the Environment. Cementarnica USJE AD Skopje has A-IPPC Permit since 2011, which was later upgraded in A-Integrated Environmental Permit issued from the Ministry of Environment and Physical Planning in March 2020. The company has established, documented, implemented, and maintaining an Environmental Management System and Energy Management System, with constantly improving their efficiency in accordance with the requirements of the ISO 14001:2015 and ISO 50001:2018 standards. Both systems are part of the Integrated Management System in USJE. The scope of the Environmental System is to cover all the environmental issues related to the production and mines exploitation as well. The systems are maintained and audited on an annual basis. The last recertification of EMS and EnMS was made in September 2022 by external auditors. Activities related to environmental protection are incorporated in all our activities. In this context, some of the projects realized in the course of 2022 are listed below:

### **Green Belt**

Increasing of the green areas, positively contributes for reducing of the fugitive dust and minimizing visual impacts to neighbouring residential buildings. Within the project Green Belt in 2022 a total of 38798 plants were planted, out of which 14319 trees were planted on the final benches of the marl quarry, 18436 trees were planted at the limestone quarry in Govrlevo, 4600 trees were planted in the sand quarry in Vrlovica, and 1443 plants (trees, flowers, and bushes) were planted at the factory green areas.

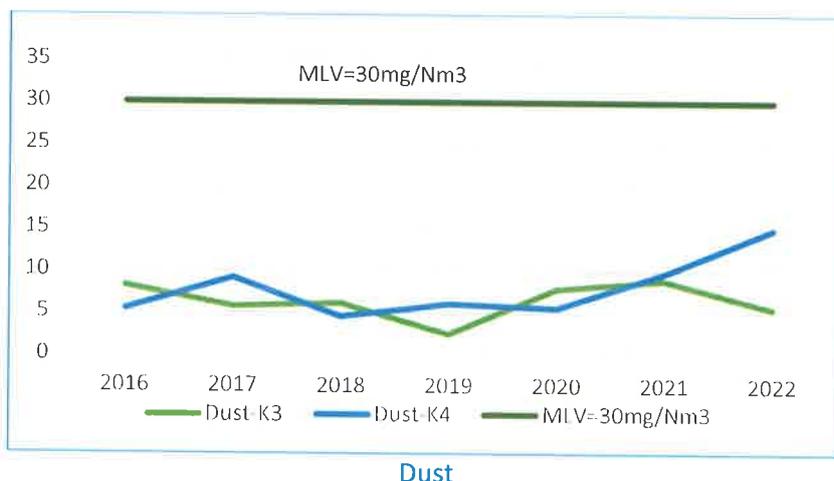
**Noise minimization**

The measured noise level at the monitoring points in the perimeter of the factory and quarries does not exceed the stipulated permissible limits. Following our report to doing better and to minimize our footprint beside the fact that the noise generated from our work is below legal requirements, in 2022 USJE continue to implement activities for noise minimization in accordance with the Action plan from the Study of noise minimization developed from Faculty of Technical and Natural Sciences in Shtip.

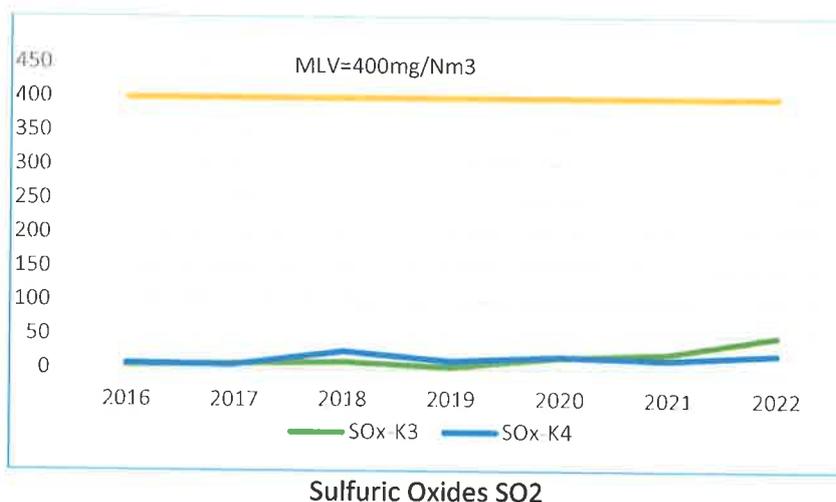
**Air Emissions**

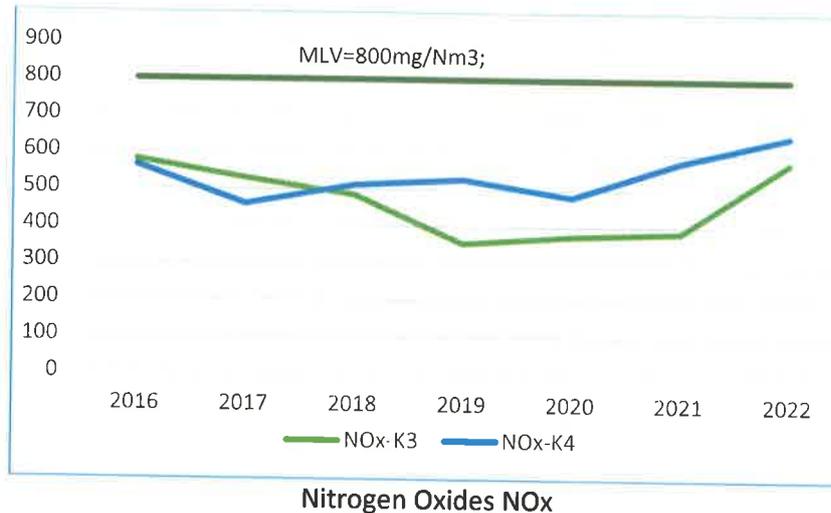
The monitoring of air emissions is a precondition for control and mitigation of the impacts from cement production on the environment. USJE employs an independent 24-hour-system for continuous monitoring of emissions, which enables it to closely monitor the emissions in real time and undertaking timely corrective measures. As a corporate socially responsible company, USJE regularly publishes the monthly air emissions reports on its webpage. Starting from year 2020, we are publishing air emission reports on a weekly basis. The same reports we are sending to the media, as well.

Annual average of air emissions from the main emission sources for year 2022, are presented in the following graphs:



\*MLV=50 mg/Nm<sup>3</sup> – Maximum limit value according to national law for emissions  
 \*MLV=30 mg/Nm<sup>3</sup> – Maximum limit value accepted from USJE in the A-IPPC





### Reduction of Fugitive Dust Emissions

Following the Action Plan for minimization of fugitive dust emissions in USJE's Plant and quarries, separated and combined measures were implemented. Part of the activities implemented in 2022 are:

- Continuous monitoring and change of the auxiliary de-dusting filters,
- Renewal of access roads within the factory - continuous activity,
- Creating a green belt around the plant and quarries - continuous activity.

Based on measurements of PM10 particles performed by an independent accredited laboratory on the factory perimeter and in accordance with A-IPPC license, State Environmental Inspectorate confirms that there is no direct correlation between the operations of USJE's plant and measured values of PM10 in the ambient air. These values mainly depend on weather conditions and city pollution.

### Usage of Alternative Fuels

Due to the ban on the import of RDF, USJE was limited to merely use alternative fuels available from domestic sources. Unfortunately, such quantities were not sufficient to utilize the capacities of the installed equipment in USJE. Alternative fuels used in 2022 were biomass of agricultural waste (rice husk and coffee hask), selected waste of textile industry, waste from packaging that can't be recycled, as well as waste plastics that can be reused or recycled. The used types of alternative fuel are categorized as non-hazardous waste and are approved for usage in accordance with the A-IPPC.

### Production and Utilization of Electrical Energy form Renewable Energy Sources

One of the materiality issues in the field of the decarbonization and digitalization is reduction of usage of non-renewable (fossil) fuels, as well as reduction of carbon emissions (direct and indirect). In 2022 USJE started with realization of the project of installation of photovoltaics powerplant for production and utilization of electrical energy from the sun. The project started with realization in the end of 2022, and it is planned to be finished in the first half in 2023. With this project it is planned to install photovoltaic powerplant on the roof constructions of the buildings in the factory yard on a total surface of ~15.000 m<sup>2</sup>, with install capacity of ~3MWp. It is expected the powerplant to produce electrical energy that can be substitute approximately 3,4% of the total consumption of the plant. Produced electrical energy will be used entirely for factory needs. With this project USJE cement plant can save approximately 3.200 tons CO<sub>2</sub>/year.

## 7. OTHER INFORMATION

USJE's Management is firmly committed to the continuing integration of the rules and practices into the Company's operations, which promote transparency, responsibility, reliability, sustainable development and corporate social responsibility in every aspect and field of activity of the Company and its entire network of relationships with shareholders, employees, customers, suppliers, contractors and the society. Respectively, USJE discloses the following information:

### 1. *Dividend Policy*

Based on the Company's dividend policy, dividend is distributed every year, according to proposal of the Board of Directors and after approval of the Annual Shareholder's Assembly.

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

On 20 May 2022, the General Assembly adopted a Decision for distribution of the remaining dividend for the year ended 2021 after the payment of the advanced dividend for the period 1 January - 30 September 2021 in accordance with the Trade Companies Law. The dividend declared was in amount of MKD 708,020 thousand which consists of MKD 41,327 thousand profit from 2021 and MKD 216,886 thousand reinvested profit from 2016. The remaining profit from 2021 in amount of MKD 449,807 thousand was reinvested to benefit from the new tax incentives available for such activities.

Declared remaining dividend for the year ended 2021 paid in 2022 was MKD 458 per share.

2. The sources of the Company's assets are its operating cash flow. Nevertheless, on 23 December 2021, Cementarnica USJE AD Skopje ("the Borrower") concluded a Loan Facility Agreement with Titan Global Finance TLC (TGF) representing an unsecured euro term loan facility of a total principal amount not exceeded EUR 7,000 thousand. The Borrower may utilize the Facility during availability period in not more than 10 Loans and will use all money borrowed under this agreement for general corporate purposes. The termination date is twelve months after the signing date of the Agreement and the interest rate is 2% above the EURIBOR as a reference interest rate for the relevant period, as varied from time to time. On 23 September 2022 the Agreement has been amended. A total principal amount was increased not exceeding EUR 8,000 thousand. On 23 November 2022 it has been second amendment. The termination date, 17 months after the signing date of the second amendment unsecured euro term loan facility. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement for at least 12 months after the balance sheet date. As of 31 December 2022, the outstanding balance was EUR 4,500 thousand.

On 03 November 2022, a short-term Loan Agreement has been concluded between Millko Dooel Skopje and Cementarnica USJE AD Skopje ("the Borrower"). Millko Dooel Skopje provided the borrower with a loan in the amount of 61,500 thousand denars. The borrower is using the borrowed money for corporate purposes. The loan will be repaid no later than May 10, 2023, together with the interest. The interest on the loan is calculated at the rate of 2% above 3-month Euribor as a reference interest rate.

3. The financial results for 2022 are an integral part of the Financial Statements of the Company and the Group as of 31 December 2022.
4. Consequently, to the previous, a financial risk management policy was explained in detail in the Note 21 to the Financial Statements of the Company and the Group as of 31 December 2022.

5. *Risk management and compliance*

Effective risk management is essential for the achievement of the company's strategic goals and long-term sustainable development. The company has developed agile systems for monitoring, eliminating, or minimizing various potential and significant risks. The Central Management Committee is generally responsible for the Company's risk management plans, implementation and evaluating their effectiveness each year through management systems. The Board of Directors confirms that the Company has internal control systems and risk management policies in place and that it has been informed by the CED and the competent Group executives about their effectiveness. The assurance mechanism regarding the integrity of the Company's financial statements consists of a combination of the embedded risk management processes, the applied financial control activities, the relevant information technology utilized, and the financial information prepared, communicated, and monitored. The monthly monitoring of the financial statements is the key element of the controlling mechanism regarding the quality and integrity of financial results. External auditors review the semi-annual financial statements and the annual financial statements of the Company.

Our business practices based on compliance are guided by and based on the TITAN Cement Group values and Code of Conduct. According to the TITAN Group's Anti Bribery and Corruption policy, we have principles for working with suppliers, contractors, or other related parties. They comply with all applicable laws and willingly make a contractual commitment, where it is feasible, to represent that they abide by the relevant anti-bribery and anti-corruption rules.

6. During 2022, all transactions with the interested parties are realized in the ordinary course of the business of the Company (Note 19 to the Financial Statements of the Company and the Group as of 31 December 2022).
7. USJE shares the Titan Group's CSR Vision and CSR Policy, to "conduct its business in an ethical and socially responsible manner doing less harm and endeavouring to do more good."

## 8. CORPORATE GOVERNANCE STATEMENT

Good corporate governance principles, as system of rules, practices and processes, supported by comprehensive risk management, are essential to building effective external relationships, and thus to the company's stability.

As a listed company in the sub-segment Mandatory listing with the Macedonian Stock Exchange, Cementarnica USJE AD Skopje applies the principles of good corporate governance in accordance with the standards and principles as set out by the legislation. The Company applies the principles of the Corporate Governance Code for Companies listed on the Macedonian Stock Exchange (the 2021 CGC or the Code), which is publicly available on the website: <https://www.mse.mk/Repository/%D0%9A%D0%BE%D0%B4%D0%B5%D0%BA%D1%81/KKU%20na%20an%20gliski%20final.pdf>.

The Code applies the approach "comply or explain", hence any deviation from the Code's principles shall be explained in the Comply-or-Explain Questionnaire, published in accordance with Article 40 paragraph 1 from the Listing Rules.

The share capital of the Company amounts to 1.747.730 thousand denars and was represented by 563.784 ordinary shares, with nominal value of 3.100,00 denars per share.

The shareholder structure of the Company as of 31 December 2022 is the following:

- TITAN CEMENT Netherlands B.V. holds 535.596 shares corresponding to 95% of the Company's voting rights
- Others: 28.188 shares corresponding to 5% of the Company's voting rights.

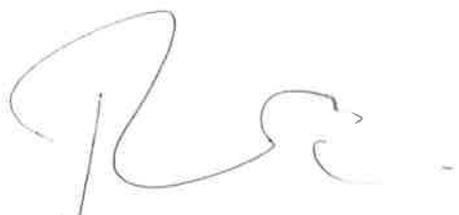
The management of the Company is organized as one-tier system, consisting of the Board of Directors (the Board). The Board has the widest powers to carry out all necessary or useful actions for achieving the Company's purpose, except for those which are granted solely to the Shareholders Assembly as prescribed with the Law on Trade Companies.

As at 31st December 2022, the Board was composed of six (6) members as follows: one (1) executive member i.e. the Chief Executive Director (CED) and five (5) non-executive members, of which two (2) are independent. None of the non-executive members have earnings based on their membership in the Board. The CED is not receiving any earnings based on his membership in the BoD. The total income (salaries, other contributions, bonuses, insurance, and other receipts) of the executive member of the Board and of the other members of the key personnel of the Company in 2022 is in amount of 117,125 thousand denars.

In order to achieve efficiency and effectiveness in the daily operations, during 2022 the Board adopted various decisions without holding sessions on multiple occasions i.e. 28.02.2022, 19.04.2022, 06.06.2022, 14.06.2022, 20.09.2022 and 29.09.2022. At the same time, all legal deadlines and obligations regarding the correct, timely and accurate informing of the Board members were met, while the interests of the Company and the Shareholders were especially taken into account. All the decisions from the aforementioned dates were adopted with the consent of all Board's members.

During 2022, the Annual Shareholders' Assembly was held on 20<sup>th</sup> May 2022 and an Extraordinary Shareholders' Meeting was held on 31<sup>st</sup> October 2022.

Cementarnica USJE AD Skopje, as part of TITAN Group, remains committed to the highest governance principles, striving for consistent enhancement of its performance as well as promoting transparency, sustainability and long-term value creation.



**Ioannis Paniaras**

**President of the Board of Directors**

**CEMENTARNICA “USJE” AD - SKOPJE**

**Separate Financial Statements for  
31 December 2022  
with Independent Auditor’s Report**

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## **GENERAL INFORMATION**

### **Chief Executive Director**

Boris Hrisafov

### **Registered office**

Boris Trajkovski 94  
1000 Skopje  
Republic of North Macedonia

### **Solicitors**

Lawyer Office Polenak - external lawyer  
Natasia Filipovska - external lawyer  
Advocates partnership Cakmakova Advocates- external lawyers

### **Bankers**

Komercijalna Banka AD - Skopje  
Stopanska Banka AD - Skopje  
NLB Banka AD - Skopje  
ProCredit Banka AD - Skopje  
Sparkasse Banka Makedonija AD - Skopje  
Halkbanka AD - Skopje

### **Auditors**

PricewaterhouseCoopers Revizija DOO - Skopje  
Bul. 8 September 16, Hyperium Business Center, 2<sup>nd</sup> floor,  
1000 Skopje  
Republic of North Macedonia

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## Independent auditor's report

To the Board of Directors and Shareholders of Cementarnica Usje AD Skopje

### **Report on the separate financial statements**

We have audited the accompanying separate financial statements of Cementarnica Usje AD Skopje, which comprise the separate statement of financial position as of 31 December 2022, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the separate financial statements**

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Accounting Standards applicable in the Republic of North Macedonia and for such internal control as management determines is necessary to enable the preparation of separate 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 separate financial statements based on our audit. We conducted our audit in accordance with Standards on auditing applicable in the Republic of North Macedonia (the "Standards"). The Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Cementarnica Usje AD Skopje as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Accounting standards applicable in the Republic of North Macedonia.

## Report on other legal and regulatory requirements

Annual report prepared by the Management in accordance with the requirement of the article 384 of the Company Law.

Management is also responsible for the preparation of the Separate Annual accounts and Annual Report of Cementarnica Usje AD Skopje, which were approved by the Board of Directors.

As required by the Audit Law, we report that the historical information presented in the Annual Report prepared by Management of Cementarnica Usje AD Skopje in accordance with article 384 of the Company Law is consistent in all material respects with the financial information presented in the Separate Annual Accounts and audited Separate Financial Statements of Cementarnica Usje AD Skopje, as of 31 December 2022 and for the year then ended.

  
Dragan Davitkov  
General Manager



  
Dragan Davitkov  
Certified Auditor

PricewaterhouseCoopers Revizija DOO Skopje

7 April 2023  
Skopje, Republic of North Macedonia

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2022**

	Notes	2022 MKD '000	2021 MKD '000
Sales	3a	6,124,359	4,876,144
Other revenue	3b	126,356	107,244
Cost of sales	3c	<u>(4,831,536)</u>	<u>(3,427,101)</u>
<b>Gross profit</b>		<b>1,419,179</b>	<b>1,556,287</b>
Other operating income	3d	205,767	158,232
Other operating expenses	3e	(189,985)	(184,782)
Selling and marketing expenses		(41,313)	(36,300)
Administrative expenses	3f	<u>(239,771)</u>	<u>(209,664)</u>
<b>Operating profit</b>		<b>1,153,877</b>	<b>1,283,773</b>
Finance income		1,321	2,660
Foreign exchange gains/(losses) net		(27,958)	(587)
Finance costs		<u>(22,683)</u>	<u>(6,764)</u>
<b>Net finance expense</b>	3g	<b>(49,320)</b>	<b>(4,691)</b>
<b>Profit before tax</b>		<b>1,104,557</b>	<b>1,279,082</b>
Income tax expense	4	(75,225)	(101,654)
<b>Profit for the year</b>		<u><b>1,029,332</b></u>	<u><b>1,177,428</b></u>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Investment Property revaluation surplus	8	<u>-</u>	<u>14,932</u>
<b>Total comprehensive income for the year</b>		<u><b>1,029,332</b></u>	<u><b>1,192,360</b></u>
<b>Net profit for the period attributable to:</b>			
Equity holder of the parent company		977,865	1,118,557
Non- controlling interest		<u>51,467</u>	<u>58,871</u>
		<u><b>1,029,332</b></u>	<u><b>1,177,428</b></u>
<b>Earnings per share information:</b>			
Basic, profit for the period attributable to ordinary equity holders of the parent company	5	1.83	2.09
<b>Total Comprehensive income for the period attributable to:</b>			
Equity holder of the parent company		977,865	1,132,742
Non - controlling interest		<u>51,467</u>	<u>59,618</u>
		<u><b>1,029,332</b></u>	<u><b>1,192,360</b></u>

**SEPARATE STATEMENT OF FINANCIAL POSITION  
at 31 December 2022**

	Notes	2022 MKD'000	2021 MKD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2,782,745	2,638,302
Intangible assets	7	32,594	14,001
Investment properties	8	276,172	250,812
Investment in subsidiaries		24,061	38,722
Exploration and evaluation assets	9	1,220	1,220
		<b>3,116,792</b>	<b>2,943,057</b>
<b>Current assets</b>			
Inventories	10	1,771,655	1,243,716
Trade and other receivables	11	623,590	487,072
Income tax receivable		12,465	18,809
Cash and short term deposits	12	155,711	354,646
		<b>2,563,421</b>	<b>2,104,243</b>
<b>TOTAL ASSETS</b>		<b>5,680,213</b>	<b>5,047,300</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	1,747,730	1,747,730
Share premium		2,322	1,122
Retained earnings		1,029,332	491,134
Other reserves	14	319,796	319,796
Reinvested profit		1,338,700	1,105,778
		<b>4,437,880</b>	<b>3,665,560</b>
<b>Non-current liabilities</b>			
Provision for retirement benefits	15	54,055	55,543
Provision for rehabilitation of quarries		7,642	1,493
		<b>61,697</b>	<b>57,036</b>
<b>Current liabilities</b>			
Trade and other payables	16	819,490	1,307,746
Provision for unused holidays		6,233	4,003
Current portion of retirement benefit obligations	15	3,174	3,040
Income tax payable		7,879	9,474
Short term borrowings	17	343,630	-
Dividend payable		230	441
		<b>1,180,636</b>	<b>1,324,704</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,680,213</b>	<b>5,047,300</b>

Authorized on behalf of the Board of Directors on 28 February 2023:

Hrisafov Boris  
Chief Executive Director



Baflakoska Gabriela  
Acting Finance Manager and authorized accountant

Prepared by authorised accountant with certificate number 102613

**SEPARATE STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2022**

	<i>Notes</i>	<i>2022</i> <i>MKD'000</i>	<i>2021</i> <i>MKD'000</i>
<b>Cash flows from operating activities</b>			
Profit before income taxes		<b>1,104,557</b>	<b>1,279,082</b>
<i>Adjustments for:</i>			
Gain, net on disposal of property, plant and equipment		-	(801)
Depreciation and amortization of PPE and Intangible assets		210,983	205,442
Actuarial losses, net		24	7,387
Interest cost, accretion on provision for retirement benefit obligations		1,704	1,535
Interest income		(1,321)	(2,660)
Correction of inventory stocks and Provision for obsolete inventory		5,903	19,225
Provision for unused holidays (net)		2,230	493
Fair value (gain)/losses, net		(25,360)	(11,111)
Interest expense and bank charges		13,747	5,231
Write off and provision for trade receivables		6,520	400
NBV of disposed and written off PPE		345	3,141
<b>Operating profit before working capital changes</b>		<b>1,319,332</b>	<b>1,507,364</b>
Increase in trade and other receivables		(143,039)	(64,214)
Increase in inventories		(533,843)	(405,522)
Decrease/ (Increase) in trade and other payables		(484,330)	336,815
<b>Cash generated from operations</b>		<b>158,120</b>	<b>1,374,443</b>
Interest expense and bank charges paid		(13,747)	(5,231)
Income tax paid		(70,475)	(168,731)
<b>Net cash flows generated from operations</b>		<b>73,898</b>	<b>1,200,481</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(374,365)	(355,592)
Increase/(decrease) of participation in subsidiaries		14,660	(2,468)
Proceeds from sale of property, plant and equipment		345	973
Interest income received		1,321	2,660
<b>Net cash flows used in investing activities</b>		<b>(358,039)</b>	<b>(354,427)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to group shareholders		(245,303)	(1,094,487)
Dividends paid to minority shareholders		(13,122)	(59,692)
Received borrowings		1,148,840	-
Repayment of borrowings		(805,209)	-
<b>Net cash flows (used) in financing activities</b>		<b>85,206</b>	<b>(1,154,179)</b>
Net increase in cash and cash equivalents		<b>(198,935)</b>	<b>(308,125)</b>
Cash and cash equivalents at 1 January		354,646	662,771
<b>Cash and cash equivalents at 31 December</b>	12	<b>155,711</b>	<b>354,646</b>

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Other Reserves (Note 14)</i>	<i>Reinvested profit</i>	<i>Total</i>
	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>
<b>At 1 January 2022</b>	<b>1,747,730</b>	<b>1,122</b>	<b>491,134</b>	<b>319,796</b>	<b>1,105,778</b>	<b>3,665,560</b>
Profit for the year	-	-	1,029,332	-	-	1,029,332
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,029,332</b>	<b>-</b>	<b>-</b>	<b>1,029,332</b>
Dividends, net	-	-	(258,213)	-	-	(258,213)
Transfer to retained earnings	-	-	216,886	-	(216,886)	-
Reinvested profit	-	-	(449,807)	-	449,807	-
Share options	-	1,201	-	-	-	1,201
<b>At 31 December 2022</b>	<b>1,747,730</b>	<b>2,322</b>	<b>1,029,332</b>	<b>319,796</b>	<b>1,338,700</b>	<b>4,437,880</b>

On 20 May 2022, the General Assembly brought a Decision for distribution of the remaining dividend for the year ended 2021 after the payment of the advanced dividend for the period 1 January - 30 June 2021 in accordance with the Company Law. The dividend declared was in amount of MKD 708,020 thousand which consists of MKD 41,327 thousand profit from 2021, MKD 216,886 thousand reinvested profit from 2016. The remaining profit from 2021 in amount of MKD 449,807 thousand was reinvested to benefit from the new tax incentives available for such activities.

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Other Reserves (Note 14)</i>	<i>Reinvested profit</i>	<i>Total</i>
	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>
<b>At 1 January 2021</b>	<b>1,747,730</b>	<b>307</b>	<b>387,743</b>	<b>573,413</b>	<b>940,166</b>	<b>3,649,359</b>
Profit for the year	-	-	1,177,428	-	-	1,177,428
Other comprehensive income (See note 8)	-	-	-	14,932	-	14,932
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,177,428</b>	<b>14,932</b>	<b>-</b>	<b>1,192,360</b>
Dividends, net	-	-	(222,131)	-	-	(222,131)
Advanced dividend	-	-	(927,988)	-	-	(927,988)
Transfer to retained earnings	-	-	382,056	(268,549)	(140,362)	(26,855)
Reinvested profit	-	-	(305,974)	-	305,974	-
Share options	-	815	-	-	-	815
<b>At 31 December 2021</b>	<b><u>1,747,730</u></b>	<b><u>1,122</u></b>	<b><u>491,134</u></b>	<b><u>319,796</u></b>	<b><u>1,105,778</u></b>	<b><u>3,665,560</u></b>

On 25 May 2021, the General Assembly brought a Decision for distribution of the remaining dividend for the year ended 2020 after the payment of the advanced dividend for the period 1 January - 30 September 2020 in accordance with the Company Law. The dividend declared was in amount of MKD 528,105 thousand which consists of MKD 81,769 thousand profit from 2020, MKD 140,362 thousand reinvested profit from 2015 and the remaining profit from 2020 in amount of MKD 305,974 thousand was reinvested to benefit from the new tax incentives available for such activities.

On 22 September 2021, the Bord of Directors brought a Decision for distribution of advanced dividend for the period January - June 2021 in accordance with the Company Law. The dividend declared was in amount of MKD 927,988 thousand based on the approved statutory separate financial statements as of 30 June 2021 and for the six - month period then ended and transferred revaluation surplus included in the Equity in relation to the item Property, Plant and Equipment directly to Retained Earnings, as net amount of MKD 241,694 thousand and at the same time creating an obligation to pay the profit tax on revaluation reserves when transferred to accumulated profit in amount of MKD 26,854 thousand.

Transfers from Revaluation Surpluses to Retained Earnings are not made through the Profit or Loss.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 1. Corporate information

Cementarnica “Usje” A.D. - Skopje (“the Company”) is incorporated in the Republic of North Macedonia with the registered address at Boris Trajkovski 94, Skopje.

The Company’s main activity is production and trade with cement, masonry cement, ready mix concrete, clinker and other related products. The main activity of the subsidiary in Bulgaria Trojan Cem is support services for sale of cement on Bulgarian market. The main activity of the domestic subsidiary ID Kompani is production of mill products. The domestic subsidiary owns the Opalit DOOEL Cesinovo which main activity is other mining activities and exploration of stones.

The Company is controlled by Titan Cement Netherlands B.V. registered in Netherlands, which has 95% shareholding in the Company. As of 31 December 2022 Company’s ultimate parent is Titan Cement International S.A. Belgium.

Officially starting from 1 July 2013, Cementarnica “Usje” A.D. - Skopje has become a listed company on the Macedonian Stock Exchange (under the sub-segment for mandatory listing). The listed companies has continuing obligations to publish all price sensitive information, information necessary for evaluating the current company’s condition.

The number of employees as of 31 December 2022 was 234 (31 December 2021: 244).

The Company financial statements for the year ended 31 December 2022 have been approved for issue by the Board of Directors on 28 February 2023. These financial statements are subject to approval from the Company’s Shareholders Assembly.

### 2.1 Basis of preparation

The Financial statements of the Company have been prepared in accordance with the Company Law (Official Gazette of Republic of Macedonia 28/04 with amendments 84/05, 25/07, 87/08, 42/10, 48/10, 24/11, 166/12, 70/2013, 119/2013, 187/2013, 38/2014, 41/2014, 138/2014, 88/2015, 192/2015, 6/2016, 30/2016, 61/2016, 64/18, 120/18, 239/18 and 290/20 and the Official Gazette of Republic of North Macedonia no. 215/2021 and 99/2022) and Accounting Principles applicable in the Republic of Macedonia (“Macedonian GAAP”), which are in accordance to the new Rulebook of Accounting published on 29 December 2009 (Official Gazette of Republic of Macedonia 159/09, 164/10 and 107/11) effective from 1 January 2010. This Rulebook comprise the basic text of IFRS's including SIC's and IFRIC's as issued by IASB at 1 January 2009.

In the period as of 31 December 2009 applicable standards were the International Accounting Standards published in Official Gazette of Republic of North Macedonia which comprise the following:

- The revisions of International Accounting Standards, IAS 1 to IAS 39 were published on 30 December 2004, previously effective as of 5 November 1999. The effective date for all revised standards is January 1, 2005. In addition, International Accounting Standards, IAS 40 and IAS 41 were published with the effective date 1 January 2005.
- On 10 February 2005 International Financial Reporting Standard 1 was published. The effective date was set to 17 February 2005.
- On 29 December 2005 International Financial Reporting Standards, IFRS 2 to IFRS 7 were published. The effective date was set to 30 December 2005.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.1 Basis of preparation (continued)

IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRS 14, IFRS 15, IFRS 16, IFRS 17, IFRS 18, IFRS 19, IFRS 20, IFRS 21, IFRS 22 and IFRS 23 are not included in the Rule Book for Accounting and are not applied by the Company.

The Company’s financial statements have been prepared on a historical cost basis, except for the investment property that have been measured at fair value. The Company’s financial statements are presented in Macedonian Denars (“MKD”) which is the Company’s functional and presentation currency and all values are rounded to the nearest thousands (‘000) except when otherwise indicated.

The Company as of 31 December 2022 has one domestic subsidiary ID Kompani Dooel import export Kocani with 100% holding which has one subsidiary in its full ownership, OPALIT DOOEL v. Cheshinovo - Obleshevo. As of 29 November 2022 one foreign subsidiary, TROJAN CEM EOOD, Bulgaria with 100% holding has been liquidated.

On 18 December 2017 the Company received Electricity trading license which raise certain responsibilities towards the State Regulatory Committee. In 2019 only one transaction related to trading of electricity and further no activities related to the license raised up.

The financial statements are prepared on accruals and going concern basis.

These are Separate Financial statements of the Company in which subsidiary is accounted at cost less any impairment in value.

The Company has also prepared consolidated financial statements in accordance with Accounting Principles applicable in the Republic of Macedonia for the company and its subsidiary (the 'Group'). In the consolidated financial statements, subsidiary have been fully consolidated. The consolidated financial statements can be obtained from Company or website of the Macedonian stock exchange.

Users of these separate financial statements should read them together with the group's consolidated financial statements as at and for the year ended 31 December 2022 in order to obtain full information on the financial position, results of operations and changes in financial position of the group as a whole.

### 2.2 Summary of significant accounting policies

#### a. Investment in subsidiary

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. In the standalone financial statements of the Company, investment in subsidiaries is presented at cost less any impairment in value. Distributions received in excess of accumulated profits from the investor are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### b. Operating segments

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Management and for which discrete financial information is available. The Management is the person or group of persons who allocates resources and assesses the performance for the entity.

In the Company, the above described functions of the Management are performed by Board of the Directors of the Company. The internal reporting within the Company presented to the Board of Directors is on a Company level and as one operating segment. The decisions brought by the Board of Directors are based on received reports presented as one operating segment.

#### c. Comparatives

In order to maintain consistency with the current year presentation, certain items may have been reclassified for comparative purposes. Material changes in disclosures, if any, are described in detail in the relevant notes.

#### d. Foreign currency translation

Transactions denominated in foreign currencies are recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Monetary items of assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences arising on the settlement of monetary items at rates different from those at which they were initially recorded in the period are recognised as income or expense for the period in which they arise.

The exchange rates used for translation at 31st December 2022 and 31st December 2021 were as follows:

Exchange rate:	31 December 2022 MKD	31 December 2021 MKD
EUR	61.49	61.63
USD	57.65	54.37

**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2022

**2.2 Summary of significant accounting policies (continued)**

**e. Property, plant and equipment**

Property, plant and equipment are stated as follows:

- those assets acquired up to 31 December 1998, the revaluation under the previous GAAP at the date of transition of the Company to IFRS (1 January 2004) was accepted as deemed cost since the revaluation was broadly comparable to depreciated cost under IFRS adjusted to reflect changes in general price index.
- those assets acquired after 31 December 1998 are stated at historical cost, net of accumulated depreciation and / or accumulated impairment loss, if any.

Additions are recorded at cost. Cost represents the prices by suppliers together with all costs incurred in bringing new property, plant and equipment into use.

Items of property, plant and equipment that are retired or otherwise disposed of are eliminated from the statement of financial position, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit or Loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment, with exception of quarries, is designed to write off the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives. The principal depreciation rates in use are:

Buildings	2.5 -10%
Equipment	5 - 25%

Land is stated in the statement of financial position at cost less impairment and is not depreciated as it is deemed to have an infinite life, except quarries which are depreciated on a depletion basis.

This depletion is recorded as the material extraction process advances based on the unit of production method. The asset's methods of depreciation, useful lives and residual values are reviewed at each financial year end.

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**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2022

**2.2 Summary of significant accounting policies (continued)**

**f. Investment property**

Investment property, comprising of land, production premises with business offices and construction object - restaurant and cafeteria room, is held for long-term rental yields and is not occupied by the Company. The investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on valuation performed by independent valuer using the income method and the market comparison method as primary valuation methods which are generally accepted in European valuation practice.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the cost for subsequent accounting is the fair value at the date of change in use.

If owner-occupied property becomes an investment property, the Company's accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16.

**g. Exploration and evaluation assets**

Exploration and evaluation expenditure for each area of interest (geographically specific to the concession, permit or mining license granted) is carried forward as an asset if a decision has been made that a mining operation is economically feasible and can be developed for commercial production. At the end of the reporting period, these costs include costs of acquisition of rights to explore. All other exploration and evaluation expenditures are charged to the profit or loss as incurred.

Administrative and general expenses relating to exploration and evaluation activities are expensed as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### h. Financial instruments - initial recognition and subsequent measurement

##### (i) Financial assets

###### *Initial recognition*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits and trade and other receivables.

###### *Subsequent measurement - Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are measured at amortized cost using the effective interest rate method (EIR). The gains and losses are recognized in the income statement in the moment when the loans and receivables are reversed or when the value is decreased due to impairment, and through the amortization process.

###### *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### h. Financial instruments - initial recognition and subsequent measurement (continued)

##### **(i) Financial assets (continued)**

###### *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

##### **(ii) Financial liabilities**

###### *Initial recognition*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

###### *Subsequent measurement- Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the amortization process.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### **h. Financial instruments - initial recognition and subsequent measurement (continued)**

##### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### **i. Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, excluding distribution costs and administrative expenses. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Tools and consumable stores are written-off 100% when consumed.

#### **j. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, the giro account and deposits held at call with banks with original maturities of up to three months or less.

#### **k. Share capital**

Ordinary shares are classified as equity.

#### **l. Share-based, long-term, incentive plan**

Share-based compensation benefits are provided to members of senior management via Titan Group share schemes that cover several subsidiaries. Currently, Titan Group has the following schemes: 1) the share options plans (2014 and 2017) and 2) the long-term incentive plan introduced in 2020, which concerns share awards.

A Titan Group share-based payment transaction is classified from the perspective of each reporting Company, rather than by making a single classification determination that is applicable to all Titan Group Companies.

**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2022

**2.2 Summary of significant accounting policies (continued)****l. Share-based, long-term, incentive plan (continued)**

The Company participates in the 2020 long-term incentive plan, which is classified as cash-settled in the financial statements of the Titan Group, but it is classified as equity-settled in the Company's separate financial statements, as the Company has no obligation to settle the award. Consequently, it recognises the fair value of the awards as an employee benefits expense in profit or loss, with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the awards granted, which is based on the parent's share price on grant date. The total expense is recognised over the vesting period, which is the period over which the specified service conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of awards that are expected to vest based on the specified vesting conditions and forfeiture rate. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**m. Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

*Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred income tax*

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### n. Employee benefits

##### *Pension obligations*

The Company, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax which are calculated according to the statutory rates in force during the year, based on gross salaries and wages. Food allowances travel expenses and holiday allowances are also calculated according to the local legislation. The Company makes these contributions to the Government’s health and retirement funds. The cost of these payments is charged to the profit or loss in the same period as the related salary cost.

The Company does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

##### *Termination and retirement benefits*

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Pursuant to the Company’s signed collective bargaining agreements the Company is obligated to pay retirement benefits in an amount equal to six average republic salaries and between one and three average republic salaries to be paid out as a jubilee anniversary award. The number of average republic salaries for jubilee anniversary awards corresponds to the total number of years of service of the employee as presented in the table below:

Total number of Service Years	Number of Wages
10	1
20	3
30	3
35 (women)	3
40 (men)	3

The defined benefit obligation is calculated annually by independent actuaries using the Project Unit Credit Method. According to the model, the probability of the cash outflow is estimated by calculating probabilities of three decrements: death, invalidity and turnover rate. The probability table is constructed by using assumptions about the probability of death of the employee up to the date when he/she should retire, the probability that the employee will retire earlier due to invalidity and the probability that the employee will terminate the service in the Company before the date when he/she should retire. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the discount rate from the yields on the government bonds issued in North Macedonia in 2022 and classified by maturity.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### n. Employee benefits (continued)

##### *Employee's children scholarships*

Starting from 31 December 2009, included in the actuarial calculation of defined benefits are allowances for scholarships of Company employees children attending graduate or post graduate studies and for diseased employee children that are attending secondary school.

##### *Additional benefits at retirement*

Starting from 31 December 2013, the actuarial calculation of defined benefits has been supplement with calculation of the present value of the newly introduced long term benefit for certain category of employees - additional benefits at retirement. The calculation is made on the basis of the average parameters of the mentioned population and total expected amount for payment, delivered by the enterprise.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the period in which they arise.

#### o. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions comprise of provision for retirement benefits, jubilee awards, scholarships and provision for rehabilitation of quarries. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to time values is recognized as interest expense.

#### p. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific criteria must also be met before revenue is recognized:

##### *Sales of goods*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2022

**2.2 Summary of significant accounting policies (continued)**

**p. Revenue recognition (continued)**

*Rendering of services*

Fees from services provided are recognized over the period in which the services are rendered and accepted by the buyer.

*Interest income*

The interest relates to time deposit are accounted for at the expired date of time deposit.

*Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

**q. Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

**r. Dividends distribution**

Dividend distribution to the Company’s shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company’s shareholders.

**s. Events after the reporting period**

Events after the reporting period, which provide evidence of conditions that exist as of the reporting date, are treated as adjustable events in these financial statements. Those that are indicative of conditions that arose after the reporting date have been treated as non-adjustable events.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### t. Financial risk management

##### *Accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *Provisions for environmental restoration*

Companies that operate quarries and processing sites are required to restore these quarries and processing sites at the end of their producing lives to a condition that is in line with the prevailing environmental legislation of the country in which the Company operates (to restore the land within 3 years after the closure of the mine site), to the level acceptable to the relevant authorities and to the level that is consistent with the Company's environmental policies and practices.

The provision for environmental restoration reflects the present value of the expected future restoration costs that are expected to be incurred for the areas that have been disturbed at the reporting date. The provision is determined as present value of expected future cash outflows to be incurred for sites rehabilitation. This includes determination of the amount based on rehabilitation project, discount rate and expected inflation rates. The provision is re-measured at every reporting date and is adjusted to reflect the present value of the future expenses required to fulfil the obligation.

The present value of estimated restoration costs (that is, original estimation as well as changes in the accounting estimates) are charged to the profit or loss unless they relate to property, plant and equipment that is on the site, in which case the costs are included within property, plant and equipment and depreciated over the useful life of the related item of property, plant and equipment.

Any change in the net present value of the environmental provision due to the passing of time is included in finance costs in the profit or loss.

##### *Pension benefits*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the discount rate of the Central Bank of Republic of North Macedonia due to the absence of the market of high quality corporate bond or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 2.2 Summary of significant accounting policies (continued)

#### t. Financial risk management (continued)

##### *Fair value of financial instruments*

Cash and cash equivalents, trade receivables and other current financial assets mainly have short term maturity. The nominal value less estimated loss due to impairment of assets and payables with maturity less than one year approximates their fair value. Financial liabilities included in the category Trade and other payables mainly have short term maturity. For this reason, their carrying amounts at the reporting date approximate their fair values. The fair value of the long-term financial liabilities is determined by using discounted cash-flow valuation technique.

#### u. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### 2.3 Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most critical estimates and assumptions are discussed below.

#### a. Critical accounting estimates and assumptions

##### (i) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions.

Further, due to the significant weight of depreciable assets in Company's total assets, the impact of any changes in these assumptions could be material to Company's financial position, and results of operations. If depreciation cost is decreased/increased by 1%, this would result in change of annual depreciation expense of approximately 2,110 thousand denars (2021: 2,054 thousand denars).

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**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2022

**2.3 Critical accounting estimates and judgments (continued)**

**a. Critical accounting estimates and assumptions (continued)**

(ii) Potential impairment of property, plant and equipment and intangibles

The Company is assessing the impairment of identifiable property, plant, equipment and intangibles whenever there is a reason to believe that the carrying value may materially exceed the recoverable amount and where impairment in value is anticipated. The recoverable amounts are determined by value in use calculations, which use a broad range of estimates and factors affecting those.

Among others, the Company typically considers future revenues and expenses, macroeconomic indicators, technological obsolescence, discontinuance of operations and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, the Company also determines the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged (if any). As this exercise is highly judgmental, the amount of potential impairment may be significantly different from that of the result of these calculations.

(iii) Impairment of trade and other receivables

The Company calculates impairment for doubtful accounts based on estimated losses resulting from the inability of its customers to make required payments as explained in section for financial assets.

(iv) Provisions

Provisions in general are highly judgmental, especially in the cases of legal disputes. The Company assesses the probability of an adverse event as a result of a past event to happen and if the probability is evaluated to be more than fifty percent, the Company fully provides for the total amount of the liability. The Company is rather prudent in these assessments, but due to the high level of uncertainty, in some cases the evaluation may not prove to be in line with the eventual outcome of the case.

(v) Fair value of investment property

The investment properties are stated at fair value, which reflects the market conditions at the reporting date. Fair values are determined based on annual valuation performed by independent value using the income method and the market comparison method as primary valuation methods which are generally accepted in European valuation practice.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 3. Revenue and expenses

## a. Sales

	2022	2021
	MKD '000	MKD '000
<i>Gross sales</i>		
Domestic market	4,013,915	3,162,487
Foreign market	2,110,444	1,713,657
	<u><b>6,124,359</b></u>	<u><b>4,876,144</b></u>
<i>Domestic market</i>		
Sales of cement	3,773,858	2,903,943
Sales of other products	240,057	258,544
	<u><b>4,013,915</b></u>	<u><b>3,162,487</b></u>
<i>Foreign market</i>		
Sales of cement	1,593,320	1,224,770
Sales of other products	517,124	488,887
	<u><b>2,110,444</b></u>	<u><b>1,713,657</b></u>

Sales of other products consist of revenues from the sale of petroleum coke and coal, limestone, RMC, clinker and bauxite.

## b. Other revenues

	2022	2021
	MKD '000	MKD '000
Freight	123,429	101,817
Others	2,927	5,427
	<u><b>126,356</b></u>	<u><b>107,244</b></u>

## c. Cost of sales

	2022	2021
	MKD '000	MKD '000
Production costs	4,115,766	2,608,961
Cost of traded goods	557,228	465,203
Depreciation	194,100	190,485
Distribution expenses	203,556	169,671
Inventory change	(239,114)	(7,219)
	<u><b>4,831,536</b></u>	<u><b>3,427,101</b></u>

Production cost consist of kiln fuel, electricity, raw materials, concession fee and other variable cost. Fixed costs which consist of cost of salaries and other benefits, contract labors, security services, cost for quality test and other fixed cost such as cost for calibration, intellectual services etc are also included in production costs.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**3. Revenue and expenses (continued)****d. Other operating income**

	2022 MKD '000	2021 MKD '000
Revenues from sold materials	64,694	63,645
Rent income	20,919	20,081
Others	120,154	74,506
	<u><b>205,767</b></u>	<u><b>158,232</b></u>

Others in amount of 120,154 thousand denars (2021: 74,506 thousand denars) includes mainly gains from fair valuations, disbalance of electricity and re-invoicing of cost for business premises.

**e. Other operating expenses**

	2022 MKD '000	2021 MKD '000
Cost of sold materials	61,979	59,528
Sales support fee	47,773	57,176
Others	80,233	68,078
	<u><b>189,985</b></u>	<u><b>184,782</b></u>

Other expenses consist mainly of restructuring, expatriate cost and business premisses costs.

**f. Administrative expenses**

	2022 MKD '000	2021 MKD '000
Technical support and know-how services	110,540	101,335
Promotion and advertisement	23,404	17,907
Depreciation	12,912	12,069
Other expenses	92,915	78,353
	<u><b>239,771</b></u>	<u><b>209,664</b></u>

Technical support and know-how services consist of provided technical support and know-how services as well as audit and legal fees. More specifically, technical support and know-how services refers to engineering & technology services, procurement, finance services, information technology, legal services, human resources, corporate and social responsibility, corporate communications services etc. Other administrative expenses consist of salaries and related expenses, accommodation, IT and telecoms, car expenses, provision for staff leaving indemnities and retirement benefit obligation etc.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 3. Revenue and expenses (continued)

## g. Net Finance expense

	2022	2021
	MKD '000	MKD '000
Interest income	1,321	2,660
Bank charges	(2,376)	(1,619)
Interest cost, accretion on provision for retirement	(1,704)	(1,535)
Interest expense	(11,371)	(3,610)
Other finance expense	(7,232)	-
Net foreign exchange gains/(losses)	(27,958)	(587)
	<u><b>(49,320)</b></u>	<u><b>(4,691)</b></u>

## 4. Income tax expense

The income tax expense comprises of:

	2022	2021
	MKD '000	MKD '000
Current Income tax	<u>75,225</u>	<u>101,654</u>
	<u><b>75,225</b></u>	<u><b>101,654</b></u>

As of 31 December 2021, the tax on non-deductible expenses is as follows:

	2021
	MKD '000
Net profit before income tax	<u>1,279,082</u>
At statutory income tax rate of 10%	127,908
Tax on non-deductible expenses:	5,394
Other compensations to the employees	1,542
Depletion of quarry	1,054
Entertainment	1,228
Scholarship	525
Sponsorship and donations	136
Write-offs and provision for bad and doubtful debts	40
Penalties and Withholding tax	611
Expenses not related to the main activities	145
Not collectable loans	100
Other	13
Less:	
Tax credit for collected loans	(231)
Withholding tax paid in abroad	(820)
Reinvested profit	(30,597)
	<u><b>101,654</b></u>
Effective tax rate	8%

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**4. Income tax expense (continued)**

As of 31 December 2022, the tax on non-deductible expenses is as follows:

	2022 MKD'000
Net profit before income tax	<u>1,104,557</u>
At statutory income tax rate of 10%	110,456
<i>Tax on non-deductible expenses:</i>	7,626
Other compensations to the employees	2,710
Depletion of quarry	685
Entertainment	1,429
Scholarship	530
Sponsorship and donations	895
Write-offs and provision for bad and doubtful debts	652
Penalties and Withholding tax	12
Expenses not related to the main activities	439
Not collectable loans	64
Other	210
Less:	
Tax credit for collected loans	(130)
Donations in sport	(6,570)
Reinvested profit	<u>(36,157)</u>
	<u><b>75,225</b></u>
Effective tax rate	7%

The periods that remain open to review by the tax authorities with respect to tax liabilities is 5 to 10 years, starting from the date of the submitted tax report. The taxation system is undergoing continual revision and amendment. However, there are still difference interpretation of the fiscal legislation. The tax authorities may have different approaches to certain issues in different circumstances and assess additional tax liabilities together with additional payment interest and penalties. The management of the Company also considers that the tax liabilities presented in these financial statements are fairly stated. Although, the Transfer Pricing Study for period ended 31 December 2022 has not been finished yet, the management of the Company estimates that there will not be a material impact on the result taking into consideration the Transfer Pricing study for 2021 and considering that in 2022 there were some new transactions.

For the part of the changes regarding transfer pricing the Company has obligation to report for transfer pricing 2022 latest by 30 September 2023.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 5. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the ultimate parent by the weighted average of ordinary shares outstanding during the year. The following reflects the outcome and share data used in the basic EPS computations

	<i>31 December 2022</i>	<i>31 December 2021</i>
Profit attributable to ordinary equity holders:		
Continuing operations	1,029,332	1,177,428
<b>Profit attributable to ordinary equity holders</b>	<b>1,029,332</b>	<b>1,177,428</b>
Total comprehensive income attributable to ordinary equity holders:		
Continuing operations	1,029,332	1,192,360
<b>Total comprehensive income attributable to ordinary equity holders</b>	<b>1,029,332</b>	<b>1,192,360</b>
<b>Basic, profit for the period attributable to ordinary equity holders of the parent company</b>	<b>1.83</b>	<b>2.09</b>
Weighted average number of ordinary shares for basic EPS	563,784	563,784

## 6. Property, plant and equipment

	<i>Land and Buildings MKD '000</i>	<i>Equipment MKD '000</i>	<i>Construction in progress MKD '000</i>	<i>Total MKD '000</i>
<b>Cost</b>				
At 1 January 2022	3,668,656	5,165,972	324,535	9,159,163
Additions	20,400	-	328,858	349,258
Transfers from Construction in Progress	105,727	300,762	(406,489)	-
Transfer to Investment Property	-	-	-	-
Disposals and write offs	(3,946)	(13,220)	-	(17,166)
<b>At 31 December 2022</b>	<b>3,790,837</b>	<b>5,453,513</b>	<b>246,905</b>	<b>9,491,255</b>
<b>Depreciation</b>				
At 1 January 2022	2,303,399	4,217,462	-	6,520,861
Charge for the period	42,820	161,649	-	204,469
Transfer to Investment Property	-	-	-	-
Disposals and write offs	(3,622)	(13,198)	-	(16,820)
<b>At 31 December 2022</b>	<b>2,342,597</b>	<b>4,365,913</b>	<b>-</b>	<b>6,708,510</b>
<b>Net book value at 31 December 2022</b>	<b>1,448,240</b>	<b>1,087,600</b>	<b>246,905</b>	<b>2,782,745</b>
<b>Net book value at 1 January 2022</b>	<b>1,365,257</b>	<b>948,510</b>	<b>324,535</b>	<b>2,638,302</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 6. Property, plant and equipment (continued)

	<i>Land and Buildings MKD'000</i>	<i>Equipment MKD'000</i>	<i>Construction in progress MKD'000</i>	<i>Total MKD'000</i>
<b>Cost</b>				
At 1 January 2021	<b>3,672,790</b>	<b>4,980,285</b>	<b>175,634</b>	<b>8,828,709</b>
Additions	-	-	349,872	349,872
Transfers from Construction in Progress	2,574	198,397	(200,971)	-
Transfer to Investment Property	(6,708)	-	-	(6,708)
Disposals and write offs	-	(12,710)	-	(12,710)
<b>At 31 December 2021</b>	<b><u>3,668,656</u></b>	<b><u>5,165,972</u></b>	<b><u>324,535</u></b>	<b><u>9,159,163</u></b>
<b>Depreciation</b>				
At 1 January 2021	<b>2,262,342</b>	<b>4,075,722</b>	-	<b>6,338,064</b>
Charge for the period	45,740	154,279	-	200,019
Transfer to Investment Property	(4,683)	-	-	(4,683)
Disposals and write offs	-	(12,539)	-	(12,539)
<b>At 31 December 2021</b>	<b><u>2,303,399</u></b>	<b><u>4,217,462</u></b>	<b><u>-</u></b>	<b><u>6,520,861</u></b>
<b>Net book value at 31 December 2021</b>	<b><u>1,365,257</u></b>	<b><u>948,510</u></b>	<b><u>324,535</u></b>	<b><u>2,638,302</u></b>
<b>Net book value at 1 January 2021</b>	<b><u>1,410,448</u></b>	<b><u>904,563</u></b>	<b><u>175,634</u></b>	<b><u>2,490,645</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 7. Intangible Assets

	<i>Licences</i> MKD '000	<i>Construction in</i> <i>progress</i> MKD '000	<i>Total</i> MKD '000
<b>Cost</b>			
At 1 January 2022	35,542	-	35,542
Additions	-	25,107	25,107
Transfers from Construction in Progress	25,107	(25,107)	-
<b>At 31 December 2022</b>	<b>60,649</b>	<b>-</b>	<b>60,649</b>
<b>Depreciation</b>			
At 1 January 2022	21,541	-	21,541
Charge for the year	6,514	-	6,514
<b>At 31 December 2022</b>	<b>28,055</b>	<b>-</b>	<b>28,055</b>
<b>Net book value at 31 December 2021</b>	<b>32,594</b>	<b>-</b>	<b>32,594</b>
<b>Net book value at 1 January 2022</b>	<b>14,001</b>	<b>-</b>	<b>14,001</b>
	<i>Licences</i> MKD '000	<i>Construction in</i> <i>progress</i> MKD '000	<i>Total</i> MKD '000
<b>Cost</b>			
At 1 January 2021	29,823	-	29,823
Additions	-	5,719	5,719
Transfers from Construction in Progress	5,719	(5,719)	-
<b>At 31 December 2021</b>	<b>35,542</b>	<b>-</b>	<b>35,542</b>
<b>Depreciation</b>			
At 1 January 2021	16,118	-	16,118
Charge for the year	5,423	-	5,423
<b>At 31 December 2021</b>	<b>21,541</b>	<b>-</b>	<b>21,541</b>
<b>Net book value at 31 December 2021</b>	<b>14,001</b>	<b>-</b>	<b>14,001</b>
<b>Net book value at 1 January 2021</b>	<b>13,705</b>	<b>-</b>	<b>13,705</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**8. Investment property**

	<i>2022</i>	<i>2021</i>
	<i>MKD'000</i>	<i>MKD'000</i>
Opening balance at 1 January	250,812	222,744
Gain/(losses), net from fair value adjustment	25,360	11,111
Revaluation reserves from fair value re-measurement	-	14,932
Transfer from Property, Plant and Equipment	-	2,025
Closing balance at period/year end	<u><b>276,172</b></u>	<u><b>250,812</b></u>

The investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on annual valuation performed by independent appraisal using the income method and the market comparison method as primary valuation methods which are generally accepted in valuation practice.

Investment property comprise of land, production premises and construction object - restaurant, cafeteria room which is held for long-term rental yields and is not occupied by the Company.

	<i>2022</i>	<i>2021</i>
	<i>MKD'000</i>	<i>MKD'000</i>
Rental income derived from investment properties	<u>19,625</u>	<u>18,970</u>
Profit arising from investment properties carried at fair value	<u><b>19,625</b></u>	<u><b>18,970</b></u>

As of 31 December 2022, the Company revalued its investment property based on a valuation performed by an independent valuer, Grant Thornton Consulting DOO Skopje. The valuation model is in accordance with International Valuation standards 2017, Law on Valuation and Methodology for valuation of property published in Official Gazette of RM.

**NOTES TO THE FINANCIAL STATEMENTS**
**At 31 December 2022**
**8. Investment property (continued)**

The methodology used and key inputs to the valuation of the investment properties are as follows:

	<b>Methodology</b>	<b>Inputs</b>	<b>Ranges</b>
Buildings plot	Income method	Vacancy rate	5%
		Landlord costs	5%
		Capitalization rate	9.77-9.87%
Land plot	Market approach - sales comparison method	Asking prices of comparable land plots in the region of Municipality Kisela Voda -Skopje and similar other locations	40 to 120 euro/m2

Significant increases (decreases) in the estimated landlord costs would result in a significant lower (higher) fair value of properties. Significant increases (decreases) in the capitalization rate in isolation would result in a significant lower (higher) fair value of properties.

As a result of the valuation, as of 31 December 2022 the carrying value of the Company's investment property is adjusted / increased for MKD 25,360 thousand which has been recognized as fair value gain in amount of MKD 26,495 thousand and as fair value losses in amount of MKD 1,135 in the Company's profit and loss for the year ended 31 December 2022 (See Note 3d).

The fair value measurement was made using valuation techniques for which the lowest level input that is significant to the fair measurement is unobservable (level 3).

There were no transfers between Levels 1, 2 and 3 during 2022.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 9. Exploration and evaluation assets

	<i>Exploration and evaluation of mineral recourses MKD '000</i>	<i>Total MKD '000</i>
<b>Cost</b>		
At 1 January 2022	1,220	1,220
De-recognition	-	-
<b>At 31 December 2022</b>	<b>1,220</b>	<b>1,220</b>
<b>Depreciation</b>		
At 1 January 2022	-	-
De-recognition	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 December 2022</b>	<b>1,220</b>	<b>1,220</b>
<b>Net book value at 1 January 2022</b>	<b>1,220</b>	<b>1,220</b>
	<i>Exploration and evaluation of mineral recourses MKD '000</i>	<i>Total MKD '000</i>
<b>Cost</b>		
At 1 January 2021	17,845	17,845
De-recognition	(16,625)	(16,625)
<b>At 31 December 2021</b>	<b>1,220</b>	<b>1,220</b>
<b>Depreciation</b>		
At 1 January 2021	13,613	13,613
De-recognition	(13,613)	(13,613)
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 December 2021</b>	<b>1,220</b>	<b>1,220</b>
<b>Net book value at 1 January 2021</b>	<b>4,232</b>	<b>4,232</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**10. Inventories**

	2022 MKD'000	2021 MKD'000
Raw materials and fuel	843,401	597,195
Spare parts	313,011	291,573
Consumable stores	228,444	219,514
Finished goods	149,942	63,397
Semi-finished goods	188,969	40,720
Packing materials	46,768	29,209
Goods for resale	395	867
Prepayments for inventory purchase	725	1,241
	<u>1,771,655</u>	<u>1,243,716</u>

**11. Trade and other receivables**

	2022 MKD'000	2021 MKD'000
Trade debtors	396,271	325,991
Prepayments	194,198	127,962
Other current assets	33,121	33,119
	<u>623,590</u>	<u>487,072</u>

Other current assets relate to receivables from rented land and PPE, receivables from re-invoiced costs for rented premises, sold materials, accruals for insurance premium, accruals for receivables for interest on forex bank deposit, receivables on disposal of tangible and intangible assets, borrowings to the employees and other accruals and receivables.

Trade receivables are non-interest bearing and are generally on 0 - 75 days terms.

The aging analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	60-90 days	90-120 days	>120days
2022	396,271	235,279	82,660	36,320	10,098	7,504	24,410
2021	325,991	203,981	71,879	22,393	8,479	5,100	14,159

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 12. Cash and cash receivables

	2022 MKD '000	2021 MKD '000
Cash at bank	155,711	354,646
	<u>155,711</u>	<u>354,646</u>

## 13. Share capital

<i>Authorized, issued and fully paid</i>	<i>Number of shares</i>	<i>% holding</i>
Titan Cement Netherlands B.V. - ordinary shares of MKD 3,100 each	535,596	95%
Other shareholders - ordinary shares of MKD 3,100 each	28,188	5%
	<u>563,784</u>	<u>100%</u>

<i>Share capital as registered</i>	<i>Amount MKD '000</i>
<b>At 31 December 2022 and 31 December 2021</b>	<u><b>1,747,730</b></u>

*Dividends paid and proposed*

	<i>MKD '000</i>
<i>Declared and paid during the period ended 31 December 2021</i>	
Final dividend for 2020: MKD 394 per share	
Declared:	222,131
Paid:	<u>222,120</u>
Advanced dividend for 2021: MKD 1,646 per share	
Declared:	927,988
Paid:	<u>927,942</u>
<i>Declared and paid during the period ended 31 December 2022</i>	
Final dividend for 2021: MKD 458 per share	
Declared:	258,213
Paid:	<u>258,424</u>

Dividends declared and paid entirely relate to cash dividends on ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 14. Other reserves

	<i>Asset revaluation reserve</i>	<i>Statutory reserves</i>	<i>Investment Property revaluation reserve</i>	<i>Total</i>
	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>	<i>MKD '000</i>
At 1 January 2021	<b>268,551</b>	<b>174,772</b>	<b>130,090</b>	<b>573,413</b>
Retained earnings	(268,549)	-	-	(268,549)
Other comprehensive income	-	-	14,932	14,932
<b>At 31 December 2021</b>	<b>2</b>	<b>174,772</b>	<b>145,022</b>	<b>319,796</b>
Other comprehensive income	-	-	-	-
<b>At 31 December 2022</b>	<b>2</b>	<b>174,772</b>	<b>145,022</b>	<b>319,796</b>

*Legal reserves*

According to Law on Trading Companies, the Company is required to have compulsory statutory reserve established through appropriation of its net profits. With the changes of the Law on Trading Companies effective from 1<sup>st</sup> January 2013, the Company is required to set aside 5 percent of its net statutory profit for the year in a statutory reserve until the level of the reserve reaches 1/10 of the share capital. The Company has achieved the required minimum in prior years and consequently no appropriation in 2022 has been made.

*Investment Property revaluation reserve*

During 2021, the Company changed the use of part of building from owner-occupied to investment property. Prior to this reclassification, they were carried in the Company's statement of financial position at cost less any accumulated depreciation for building.

As a result of a revaluation, as of 31 December 2021 the fair value of owner-occupied property which was transferred to investment property was increased by MKD 14,932 thousand which was recognized in other comprehensive income and presented in the revaluation reserve (See: Statement of changes in equity).

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**15. Provision for retirement benefits**

	<i>2022</i> <i>MKD'000</i>	<i>2021</i> <i>MKD'000</i>
Defined retirement benefit obligations	12,203	12,956
Defined jubilee anniversary award obligations	13,949	12,843
Defined scholarship obligations	21,772	23,316
Reservation for retention plan	9,305	9,468
	<b>57,229</b>	<b>58,583</b>
Analyzed as:		
Non-current portion	54,055	55,543
Current portion	3,174	3,040
	<b>57,229</b>	<b>58,583</b>

The movement in the defined benefit obligation over the year is as follows:

	<i>2022</i> <i>MKD'000</i>	<i>2021</i> <i>MKD'000</i>
At 1 January	58,583	53,166
Current service costs	5,494	5,203
Interest cost, accretion on provision for retirement benefit obligations	1,704	1,535
Recognised actuarial (gains)/losses, net	(5,471)	2,185
	60,310	62,089
Benefits paid during the year	(3,081)	(3,506)
<b>At 31 December</b>	<b>57,229</b>	<b>58,583</b>

The amounts recognised in the profit and loss are as follows:

	<i>2022</i> <i>MKD'000</i>	<i>2021</i> <i>MKD'000</i>
Current service costs	5,494	5,203
Interest cost, accretion on provision for retirement benefit obligations	1,704	1,535
Recognised actuarial (gains)/losses, net	(5,471)	2,185
	<b>1,728</b>	<b>8,922</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**15. Provision for retirement benefits (continued)**

A quantitative sensitivity analysis for change in the discount rate and wage growth as at 31 December 2022 and 2021 is as shown below:

2022

Assumptions	Discount rate		Wage growth	
	1%	1%	1%	1%
	<i>increase</i>	<i>decrease</i>	<i>increase</i>	<i>decrease</i>
Sensitivity Level	<i>In %</i>	<i>In %</i>	<i>In %</i>	<i>In %</i>
<i>Retirement benefits</i>				
Impact on the net defined benefit obligations	(9.4)	11.3	12.7	(10.7)
<i>Jubilee awards</i>				
Impact on the net defined benefit obligations	(7.4)	8.6	9.2	(8.0)

2021

Assumptions	Discount rate		Wage growth	
	1%	1%	1%	1%
	<i>increase</i>	<i>decrease</i>	<i>increase</i>	<i>decrease</i>
Sensitivity Level	<i>In %</i>	<i>In %</i>	<i>In %</i>	<i>In %</i>
<i>Retirement benefits</i>				
Impact on the net defined benefit obligations	(8.3)	10	11.4	(9.6)
<i>Jubilee awards</i>				
Impact on the net defined benefit obligations	(7.5)	8.8	9	(7.9)

The following payments are expected contributions to be made in the future years:

	2022	2021
	MKD '000	MKD '000
Year 1	2,677	3,132
Year 2	3,636	5,774
Year 3	4,904	5,156
Year 4	4,686	4,649
Year 5	5,212	4,496
Years 6-10	25,233	23,527
Over 10 years	130,385	102,174

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 15. Provision for retirement benefits (continued)

The principal actuarial assumptions used in 2022 by the independent actuaries were as follows:

#### *Mortality*

The mortality of the employees until the date of retirement is estimated with the population mortality table of the Republic of Croatia 2010 - 2012, Although the State statistical office of the Republic in North Macedonia on a regular basis issues mortality tables, these tables are not adequate for actuarial calculations due to the following reasons:

- The Macedonian mortality tables are not graduated and do not satisfy the required actuarial properties,
- In the model, the annual probability of death of an employee in the Company varies according to the age on the date of calculation and his/her gender, by using the convention "age last birthday".

#### *Turnover rate*

From the data analysis of the turnover scheme of all employees that were employed in the Company since 1953, the data was classified into two categories: data for employees that were employed in and after 1992 and data for employees that were employed before 1992, The reason for such classification is the different dynamics in the turnover rates that is observed in the two categories, Namely, from the data it is observable that the employees who were employed before 1992 have tendency to cancel their employment few years before retirement (after fulfilling more than 12 years in service in the Company), thus not getting the lump sum payments on retirement, which is not the case for employees who were employed in or after 1992 who usually cancel the employment in the first 12 years of their employment in the Company.

The category of employees who were employed before 1992 are modelled as a runoff portfolio, having regarded that out of all employees who were employed on 31.12.2013-2021, in average 10% - 22% were cancelling their employment annually, for the purpose of the model for this category of employees, 10% rate is used.

For the category of employees who were employed in or after 1992, the analysis of data shows dependences between the annual cancelation rate and the number of years in service in the Company of the employees who cancel their employment.

#### *Invalidity*

Due to unavailable data from relevant institutions for the rate of retirement due to invalidity, the model is created on a manner that the Company will pay retirement benefits only for a regular pension, i.e., the assumption used is that the retirement due to invalidity is zero, From the actuarial practice the rates that are used for invalidity because of accident are less than 0,01%, so including this assumption would not change the result materially.

#### *Tax on personal income*

For lump sum payments on retirement, a tax rate of 10% is applied only on 4 bases for the lump sum payments because the tax on personal income according to the Law, is not paid on the lump sum payment at retirement which is equal to the amount of two average monthly net salaries per employee in the Republic of North Macedonia in the last three months, For scholarships, a tax rate of 0% was used.

#### *Gold prices*

For the model in 2022 again an average increase of 6% has been used. Also, this rate is applied on the same base price of 16.001 denars, consistently with the previous period.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**15. Provision for retirement benefits (continued)***Rate of enrolling in primary i.e., secondary school, undergraduate studies, and graduate studies*

All the children of the employees who will die will enrol in primary i.e., secondary school, if they fulfil the respective age constraints, 72% of the employees' children (including the employees who will die) will enrol in undergraduate studies if they fulfil the respective age constraints, 14% of the employees' children will enrol in graduate studies if they fulfil the respective age constraints, For these models, an assumption has been used that the future monthly instalments for all type of scholarships will be 10,738 denars (including the personal tax).

The used financial assumptions were as follows:

*Nominal annual increase of the average republic salary: 3.5%.*

The calculation was based on the data for the average monthly net salaries for the period from January 2009 to August 2022. To estimate the absolute monthly salary amounts for a certain year, the percentage was applied to the base calculated as the average of the monthly net salaries paid per worker in North Macedonia in the last twelve available months.

*Discount rate: 3.6%.*

The discount rate is derived from the yields on the government bonds issued in North Macedonia in 2022 and classified by maturity. The average maturity of the Company's obligations for all types of benefit is 20 years, so the discount rate that is used in the model is calculated for this maturity from the previously obtained discount rate curve.

**16. Trade and other payables**

	2022 MKD '000	2021 MKD '000
Trade creditors	700,853	1,178,109
Customer prepayments	40,535	83,909
Other current liabilities	52,232	32,648
Tangible assets creditors	25,870	13,080
	<b>819,490</b>	<b>1,307,746</b>

Other current liabilities relate to liability for net payroll, payroll taxes and social securities, liabilities to employees from salaries, accrual for calculated obligation for concession fee and other sundry creditors.

**17. Short term borrowings**

	2022 MKD '000	2021 MKD '000
Loan payable - TGF TLC	276,719	-
Interest expense payable - TGF TLC	5,029	-
Loan payable - MILLKO Dooel Skopje	61,500	-
Interest expense payable - MILLKO Dooel Skopje	382	-
	<b>343,630</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### 17. Short term borrowings (continued)

On 23 December 2021, Cementarnica USJE AD Skopje (“the Borrower”) concluded a Loan Facility Agreement with Titan Global Finance TLC (TGF) representing an unsecured euro term loan facility of a total principal amount not exceeded EUR 7,000 thousand. The Borrower may utilize the Facility during availability period in not more than 10 Loans and will use all money borrowed under this agreement for general corporate purposes. The termination date is twelve months after the signing date of the Agreement and the interest rate is 2% above the EURIBOR as a reference interest rate for the relevant period, as varied from time to time. On 23 September 2022 the Agreement has been amended. A total principal amount was increased not exceeding EUR 8,000 thousand. On 23 November 2022 it has been second amendment. The termination date, 17 months after the signing date of the second amendment unsecured euro term loan facility. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement for at least 12 months after the balance sheet date.. As of 31 December 2022, the outstanding balance was EUR 4,500 thousand.

On 03 November 2022, a short-term Loan Agreement has been concluded between Millko Dooel Skopje and Cementarnica USJE AD Skopje (“the Borrower”). Millko Dooel Skopje provided the borrower with a loan in the amount of 61,500 thousand denars. The borrower is using the borrowed money for corporate purposes. The loan will be repaid no later than May 10, 2023, together with the interest. The interest on the loan is calculated at the rate of 2% above 3-month Euribor as a reference interest rate.

### 18. Contingences and Commitments

#### Contingent liabilities

	<i>2022</i>	<i>2021</i>
	<i>MKD '000</i>	<i>MKD '000</i>
Bank guarantees	95,960	114,938
	<b>95,960</b>	<b>114,938</b>

As of 31 December 2022, the Company has obtained a Bank payment guaranties from:

- Halk Banka in favour of Makpetrol Prom Gas of MKD 20,000 thousand related to the purchase of natural gas valid till 30 January 2023, in favour of Customs of MKD 15,000 thousand valid till 15 December 2023 and MKD 15,000 thousand valid till 2 November 2023, in favour of MEPSO AD Macedonia of MKD 4,330 thousand for transmission of electricity valid till 31 January 2023, in favour of AD Elektrani N,Macedonia of MKD 8,650 thousand for transmission of electricity valid till 15 February 2023, in favour of Custom of MKD 24,100 thousand valid till 01 July 2023 plus MKD 8,200 thousand valid till 2 January 2024 for excise,
- Sparkasse Banka in favour of Ministry of Economy of MKD 680 thousand related to two concessions valid till 26 December 2027.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

## 18. Contingences and Commitments (continued)

## Commitments

*Operating lease commitments - company as lessee*

The Company leases motor vehicles under lease agreements. The leases have varying terms and clauses. The expenditures are recognised in the profit or loss for the period.

	2022 MKD '000	2021 MKD '000
Up to 1 year	4,940	5,313
Later than 1 year and not later than 5 year	6,459	9,622
	<u>11,399</u>	<u>14,935</u>

In 2022 the Company leases 3 terminals (Ohrid, Strumica and Orovnik) under lease agreements. The leases have varying terms and clauses.

	2022 MKD '000	2021 MKD '000
Up to 1 year	1,233	1,233
Later than 1 year and not later than 5 year	3,083	2,600
	<u>4,316</u>	<u>3,833</u>

The Company leased Horizontal Mill from MILLKO under lease agreement.

	2022 MKD '000	2021 MKD '000
Up to 1 year	16,113	16,113
Later than 1 year and not later than 5 year	32,226	48,339
	<u>48,339</u>	<u>64,452</u>

The Company leased forklifts under lease agreement.

	2022 MKD '000	2022 MKD '000
Up to 1 year	2,392	-
Later than 1 year and not later than 5 year	8,171	-
	<u>10,563</u>	<u>-</u>

*Purchase commitments*

As of 31 December 2022, the Company has entered contracts for the purchase of electricity amounting to MKD 59,074 thousand for January 2023.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**18. Contingences and Commitments (continued)**Legal proceedings

From time to time and in the normal course of the business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, the management of the Company is of the opinion that no material losses will be incurred in respect of claims and accordingly no provision has been made in these financial statements.

**19. Related party transactions**

Titan Cement Netherlands B.V. owns 95% of the Company's share capital.

The following transactions were carried out with the related parties:

**a) Sales of goods and services**

	2022 MKD '000	2021 MKD '000
<i>Ultimate Parent:</i>		
Titan Cement Company - services	4,737	6,232
Titan Cement Company - materials	-	333
<i>Entities under common control:</i>		
Cement Plus Ltd - cement	425,341	265,436
Cement Plus Ltd - freight revenue	34,127	28,261
SHARRCEM SH,P,K - pet coke	298,380	305,953
SHARRCEM SH,P,K - sharmal	264,185	143,396
SHARRCEM SH,P,K - clinker	189,990	148,162
SHARRCEM SH,P,K - boxit	-	20,179
SHARRCEM SH,P,K - freight revenue	60,284	43,149
SHARRCEM SH,P,K - materials and services	63,164	62,664
SHARRCEM SH,P,K - fixed assets	-	308
Titan Cementara Kosjeric - clinker	-	6,471
Titan Cementara Kosjeric - freight revenue	-	3,251
Titan Cementara Kosjeric - lignit	164	-
Titan Cementara Kosjeric - services	518	-
Antea Cement SHA - services	3,905	4,237
Antea Cement SHA - clinker	35,805	-
MILLKO - PCM Dooel Skopje - rent	2,534	2,537
Opalit Dooel Skopje - materials and services	2,868	489
Titan Zlatna Panega - services	518	-
Beni Suef Cement – Egytp - services	2,791	-
	<b>1,389,311</b>	<b>1,041,058</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**19. Related party transactions (continued)**

Outstanding balances arising from the transactions mentioned above are presented below:

**Receivables from related parties**

	2022 MKD'000	2021 MKD'000
<i>Ultimate Parent:</i>		
Titan Cement Company - services	1,297	2,702
<i>Entities under common control:</i>		
SHARRCEM SH,P,K - pet coke	42,855	63,226
SHARRCEM SH,P,K - clinker	50,682	68,587
SHARRCEM SH,P,K - sharmal	52,011	9,733
SHARRCEM SH,P,K - other (materials and services, boxit)	19,661	1,064
SHARRCEM SH,P,K - fixed assets	-	308
Titan Cementara Kosjeric - services	518	-
Antea Cement SHA - clinker	35,693	-
Antea Cement SHA - services	5,546	3,317
MILLKO - PCM Dooel Skopje - rent	249	249
Zlatna Panega Cement - services	518	-
Beni Suef Cement Egypt - services	2,791	-
Opalit Dooel Skopje - materials and services	411	47
	<b>212,232</b>	<b>149,511</b>

**b) Purchases of goods and services**

	2022 MKD'000	2021 MKD'000
<i>Ultimate Parent:</i>		
Titan Cement Company - white cemen, pet coke and clinker	153,566	106,216
Titan Cement Company - management support	107,655	97,699
Titan Cement Company - other	14,126	14,671
<i>Entities under common control:</i>		
Cement Plus Ltd - sales support fee	47,773	57,176
SHARRCEM SH,P,K - other	9,205	5,800
MILLKO - PCM Dooel Skopje - services	16,118	16,146
Opalit Dooel Skopje - pozzolana and services	34,618	38,008
Titan Zlatna Panega - grey cement, clinker and other	22,354	5,252
Adocim Cement - clinker	131,193	-
Titan Global Finance - interest expenses	9,090	-
MILLKO - PCM Dooel Skopje - interest expenses	382	-
	<b>546,080</b>	<b>340,968</b>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

**19. Related party transactions (continued)**

Outstanding balances arising from the transactions mentioned above are presented below:

**Payables to related parties**

	2022 MKD'000	2021 MKD'000
<i>Ultimate Parent:</i>		
Titan Cement Company - management support	96,802	46,303
Titan Cement Company - CAPEX	1,451	14,671
Titan Cement Company - WC, pet coke and services	88,418	23,319
<i>Entities under common control:</i>		
Cement Plus Ltd, - agency fee	32,663	8,808
Cement Plus Ltd, - prepayments	3,802	49,506
MILLKO - PCM Dooel Skopje - services	28,825	13,392
SHARRCEM SH,P,K - other	3,529	1,035
Opalit Dooel Skopje - pozzolana and services	6,058	4,036
Titan Zlatna Panega - grey cement, clinker	19,023	-
	<u><b>280,571</b></u>	<u><b>161,070</b></u>

The Company enter into these transactions with the above related parties at mutually agreed terms.

**Other transactions**

	2022 MKD'000	2021 MKD'000
Titan Global Finance - loan principal	276,719	-
Titan Global Finance - interest	5,029	-
MILLKO - PCM Dooel Skopje - loan principal	61,500	-
MILLKO - PCM Dooel Skopje - interest	382	-
	<u><b>343,630</b></u>	<u><b>-</b></u>

**Key management compensation**

	2022 MKD'000	2021 MKD'000
Salaries and other short-term benefits	117,125	109,747
	<u><b>117,125</b></u>	<u><b>109,747</b></u>

Key management consists of Executive and extended Management Board of the Company.

Key management compensation in amount of MKD 117,125 thousand refers to salaries and other short-term benefits of managers and other members of the key personnel of the Company for 2022.

**NOTES TO THE FINANCIAL STATEMENTS**
**At 31 December 2022**
**20. Expense by Nature**

	2022 MKD '000	2021 MKD '000
Raw materials and others	1,807,960	1,130,657
Utilities	1,477,372	784,755
Cost of traded goods and services	557,228	465,203
Other material costs and services	413,063	341,845
Employees benefit expense	300,483	288,634
Depreciation	210,983	205,442
Distribution expenses	203,556	169,671
Maintenance (contract labor)	154,337	98,314
Management support services	107,655	97,699
IT & Telecoms	21,430	23,880
Promotion and advertisement	28,902	22,744
Travelling	13,860	11,077
Third party fees	2,885	3,636
Inventory change	(239,114)	(7,219)
Other expenses	52,020	36,727
<b>Total cost of goods sold, selling and marketing and administrative expenses</b>	<b><u>5,112,620</u></b>	<b><u>3,673,065</u></b>

**21. Financial risk management objectives and policies**

The Company's principal financial liabilities comprise of trade payables and short term borrowings. The Company has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

*a) Market risk*

Market risk is defined as the 'risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices' and includes interest rate risk, currency risk and other price risk. The majority of the revenues of the Company are generated on domestic market in macedonian denars and the remaining part are generated on foreign market in EUR.

Expenses of the Company that arise are mainly arising from purchases on domestic and foreign markets. A more significant risk during the year, which was mitigated, was the increase in electricity and fuel prices.

Management believes that is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances. Nevertheless, future market fluctuations cannot be predicted with accuracy.

**NOTES TO THE FINANCIAL STATEMENTS**

At 31 December 2022

**21. Financial risk management objectives and policies (continued)**

*b) Interest risk*

The Company’s income and operating cash flows are substantially independent of changes in market interest rates.

Change in the interest rates and interest margins may influence financing costs and returns on financial investments.

Changes in market interest rates affect the interest costs on short term borrowings. As of 31 December 2022, the Company has short term borrowings of MKD 343,630 thousands (2021: MKD 0), therefore 1% rise in market interest rate would have caused (ceteris paribus) the interest paid to increase with approximately 3,436 thousands annually for 2022 (2021: MKD 0), while similar decrease would have caused the same decrease in interest paid.

*c) Foreign exchange risk*

The Company’s exposure to foreign currency risk is minimal due to the fact that the majority of foreign currency transactions relating to selling and purchases are denominated in EURO, which was stable during all 2022. Except the purchases of petrol coke which are denominated in USD and from which exchange rate differences arise. Also, domestic sales agreements are denominated in EURO.

For purposes of sensitivity analyses from foreign currency risk, Management used the assumption of 1% increase of Foreign exchange rate of EUR which is considered reasonable having in mind stable local currency against EUR during the past years. As of the 31<sup>st</sup> December 2022, if EUR would have been 1% (2021: 1%) weaker or stronger against MKD, profit would have been MKD 3,940 thousand (2021: MKD 2,698 thousand) after tax in net balance higher or lower, respectively.

The Company’s outstanding balances are as follows:

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

2022	Total	Domestic	Foreign MKD equivalent
<b>Assets</b>			
Cash and cash equivalents	155,711	110,423	45,288
Trade receivables and other current financial assets	429,390	197,894	231,496
<b>Total assets</b>	<b>585,101</b>	<b>308,317</b>	<b>276,784</b>
<b>Liabilities</b>			
Trade payables	700,853	343,982	356,871
Other payables and current liabilities	78,102	45,962	32,140
Short term borrowings	343,630	61,882	281,748
<b>Total liabilities</b>	<b>1,122,585</b>	<b>451,826</b>	<b>670,759</b>
<b>Net balance sheet exposure</b>	<b>(537,484)</b>	<b>(143,509)</b>	<b>(393,975)</b>

## 21. Financial risk management objectives and policies (continued)

2021	Total	Domestic	Foreign MKD equivalent
<b>Assets</b>			
Cash and cash equivalents	354,646	186,025	168,621
Trade receivables and other current financial assets	359,110	191,186	167,924
<b>Total assets</b>	<b>713,756</b>	<b>377,211</b>	<b>336,545</b>
<b>Liabilities</b>			
Trade payables	1,178,109	581,166	596,943
Other payables and current liabilities	45,728	36,296	9,432
<b>Total liabilities</b>	<b>1,223,837</b>	<b>617,462</b>	<b>606,375</b>
<b>Net balance sheet exposure</b>	<b>(510,081)</b>	<b>(240,251)</b>	<b>(269,830)</b>

Prepayments and taxes are excluded from the tables above because they are not financial assets and liabilities.

## d) Liquidity risk

Liquidity risk is defined as the risk that the Company could not be able to settle or meet its obligations on time. The Company's policy is to maintain sufficient cash and cash equivalents to meet its commitments in the foreseeable future.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2022 and 31 December 2021 based on contractual undiscounted payments.

**NOTES TO THE FINANCIAL STATEMENTS**
**At 31 December 2022**

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2022 and 31 December 2021 based on contractual undiscounted payments.

**Period ended 31 December 2022**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	420,282	-	-	-	420,282
Other payables	-	78,102	-	-	-	78,102
Payables to related parties	-	280,571	-	-	-	280,571
Short term borrowings	-	-	343,630	-	-	343,630

**21. Financial risk management objectives and policies (continued)**
**Period ended 31 December 2021**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	1,017,039	-	-	-	1,017,039
Other payables	-	45,728	-	-	-	45,728
Payables to related parties	-	161,070	-	-	-	161,070

*e) Credit risk*

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Company has policies that limit the amount of credit exposure to any one customer. In addition, to reduce this risk the Company has required as collateral bank guarantees and deposits. Recognisable risks are accounted for by adequate provisions on receivables. As at 31 December 2022, there are no outstanding doubtful significant credit risks which are not already covered by a provision for doubtful receivables.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As at 31 December 2022, the Company's cash and cash equivalents were held at current accounts in highly rated financial institutions.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2022

### Capital management

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares, following shareholders’ approval. No changes were made in the objectives, policies or processes during the periods ended 31 December 2022 and 31 December 2021.

The Company monitors its equity capital using earnings before interest, tax, depreciation and amortization (EBITDA) for the year.

	2022	2021
	<i>MKD’000</i>	<i>MKD’000</i>
EBITDA	<u>1,364,859</u>	<u>1,489,215</u>

## 21. Financial risk management objectives and policies (continued)

### Capital management (continue)

The gearing ratio was as follows:

	2022	2021
	<i>MKD’000</i>	<i>MKD’000</i>
Net debt	1,086,622	1,027,094
Total equity	<u>4,437,880</u>	<u>3,665,560</u>
Net debt to equity ratio	<u>0.24</u>	<u>0.28</u>

The Company is not subject to any externally imposed capital requirements. The structure and management of debt capital is determined at TITAN Group level. Considering the level of Company’s current assets and the constant support from the Group, Management believes that it has sufficient buffer to mitigate any potential impact from macroeconomic uncertainties.

## 22. Events after the reporting period

There are no material events after the reporting period that would have impact on the 2022 Financial Statements.

**CEMENTARNICA "USJE" AD - SKOPJE**

Separate Annual Accounts

For the year ended 31 December 20202

ЕМБС: 04053397

Целосно име: Цементарница УСЈЕ АД Скопје

Вид на работа: 450

Тип на годишна сметка: Годишна сметка

Тип на документ: Годишна сметка

Година : 2022

Листа на прикачени документи:

Објаснувачки белешки и други прилози

Финансиски извештаи

**Биланс на состојба**

Ознака за АОП	Опис	Нето за тековна година	Бруто за тековна година	Исправка на вредноста за тековна година	Претходна година
1	-- АКТИВА: А.НЕТЕКОВНИ СРЕДСТВА (002+009+020+021+031)	3.116.794.353,00			2.943.057.091,00
2	-- I.НЕМАТЕРИЈАЛНИ СРЕДСТВА (003+004+005+006+007+008)	33.814.445,00			15.221.366,00
4	-- Концесии, патенти, лиценци, заштитни знаци и слични права	33.814.445,00			15.221.366,00
9	-- II. МАТЕРИЈАЛНИ СРЕДСТВА (010+013+014+015+016+017+018+019)	2.782.746.451,00			2.638.301.778,00
10	-- Недвижности (011+012)	1.437.272.011,00			1.353.848.944,00
11	-- Земјиште	853.441.936,00			854.644.486,00
12	-- Градежни објекти	583.830.075,00			499.204.458,00
13	-- Постројки и опрема	1.069.617.104,00			929.050.110,00
14	-- Транспортни средства	296.458,00			1.681.294,00
15	-- Алат, погонски и канцелариски инвентар и мебел	17.689.361,00			17.779.159,00
18	-- Материјални средства во подготовка	246.905.022,00			324.536.732,00
19	-- Останати материјални средства	10.966.495,00			11.405.539,00
20	-- III. ВЛОЖУВАЊА ВО НЕДВИЖНОСТИ	276.172.419,00			250.812.419,00
21	-- IV. ДОЛГОРОЧНИ ФИНАНСИСКИ СРЕДСТВА (022+023+024+025+026+030)	24.061.038,00			38.721.528,00
22	-- Вложувања во подружници	24.061.038,00			38.721.528,00
36	-- Б. ТЕКОВНИ СРЕДСТВА (037+045+052+059)	2.556.356.129,00			2.088.554.982,00
37	-- I. ЗАЛИХИ (038+039+040+041+042+043)	1.768.105.035,00			1.230.951.318,00
38	-- Залихи на суровини и материјали	1.032.026.213,00			775.413.095,00
39	-- Залихи на резервни делови, ситен инвентар, амбалажа и автогуми	396.773.359,00			350.552.400,00
40	-- Залихи на недовршени производи и полупроизводи	188.968.936,00			40.721.738,00
41	-- Залихи на готови производи	149.941.525,00			63.396.745,00
42	-- Залихи на трговски стоки	395.002,00			867.340,00
45	-- III. КРАТКОРОЧНИ ПОБАРУВАЊА (046+047+048+049+050+051)	631.860.427,00			502.957.619,00

46	-- Побарувања од поврзани друштва	212.235.373,00		149.509.227,00
47	-- Побарувања од купувачи	208.557.958,00		194.036.881,00
48	-- Побарувања за дадени аванси на добавувачи	116.174.415,00		14.510.025,00
49	-- Побарувања од државата по основ на даноци, придонеси, царина, акцизи и за останати давачки кон државата (претплати)	91.214.030,00		133.501.192,00
50	-- Побарувања од вработените	766.305,00		1.497.786,00
51	-- Останати краткорочни побарувања	2.912.346,00		9.902.508,00
52	-- IV. КРАТКОРОЧНИ ФИНАНСИСКИ СРЕДСТВА (053+056+057+058)	679.868,00		
58	-- Останати краткорочни финансиски средства	679.868,00		
59	-- V. ПАРИЧНИ СРЕДСТВА И ПАРИЧНИ ЕКВИВАЛЕНТИ (060+061)	155.710.799,00		354.646.045,00
60	-- Парични средства	155.710.799,00		354.646.045,00
61	-- Парични еквиваленти			0,00
62	-- VI. ПЛАТЕНИ ТРОШОЦИ ЗА ИДНИТЕ ПЕРИОДИ И ПРЕСМЕТАНИ ПРИХОДИ (ABP)	7.062.950,00		15.687.812,00
63	-- ВКУПНА АКТИВА: СРЕДСТВА (001+035+036+044+062)	5.680.213.432,00		5.047.299.885,00
64	-- В. ВОНБИЛАНСНА ЕВИДЕНЦИЈА - АКТИВА	25.436.796.542,00		19.900.146.770,00
65	-- ПАСИВА : А. ГЛАВНИНА И РЕЗЕРВИ (066+067-068-069+070+071+075-076+077-078)	4.437.879.543,00		3.665.559.226,00
66	-- I. ОСНОВНА ГЛАВНИНА	1.747.729.749,00		1.747.729.749,00
70	-- V. РЕВАЛОРИЗАЦИСКА РЕЗЕРВА И РАЗЛИКИ ОД ВРЕДНУВАЊЕ НА КОМПОНЕНТИ НА ОСТАНАТА СЕОПФАТНА ДОБИВКА	147.345.451,00		146.143.890,00
71	-- VI. РЕЗЕРВИ (072+073+074)	1.513.472.515,00		1.280.551.582,00
72	-- Законски резерви	174.772.975,00		174.772.975,00
74	-- Останати резерви	1.338.699.540,00		1.105.778.607,00
77	-- IX. ДОБИВКА ЗА ДЕЛОВНАТА ГОДИНА	1.029.331.828,00		491.134.005,00
81	-- Б. ОБВРСКИ (082+085+095)	1.229.176.054,00		1.340.176.260,00
82	-- I. ДОЛГОРОЧНИ РЕЗЕРВИРАЊА ЗА РИЗИЦИ И ТРОШОЦИ (083+084)	61.696.639,00		57.036.118,00
83	-- Резервирања за пензии, отпремнини и слични обврски кон вработените	54.054.871,00		55.542.926,00
84	-- Останати долгорочни резервирања за ризици и трошоци	7.641.768,00		1.493.192,00
95	-- IV. КРАТКОРОЧНИ ОБВРСКИ (од 096 до 108)	1.167.479.415,00		1.283.140.142,00
96	-- Обврски спрема поврзани друштва	281.215.520,00		166.214.576,00
97	-- Обврски спрема добавувачи	442.052.750,00		1.038.858.570,00
98	-- Обврски за аванси, депозити и кауции	36.732.212,00		34.403.248,00
99	-- Обврски за даноци и придонеси на плата и на надомести на плати	4.608.451,00		4.859.030,00
100	-- Обврски кон вработените	9.569.548,00		9.667.144,00
101	-- Тековни даночни обврски	15.920.679,00		9.496.307,00

<b>102</b>	-- Краткорочни резервирања за ризици и трошоци	9.407.809,00			7.042.684,00
<b>103</b>	-- Обврски по заеми и кредити спрема поврзани друштва	343.630.665,00			
<b>106</b>	-- Обврски по основ на учество во резултатот	229.627,00			441.030,00
<b>107</b>	-- Останати финансиски обврски	9.392.287,00			
<b>108</b>	-- Останати краткорочни обврски	14.719.867,00			12.157.553,00
<b>109</b>	-- V. ОДЛОЖЕНО ПЛАЌАЊЕ НА ТРОШОЦИ И ПРИХОДИ ВО ИДНИТЕ ПЕРИОДИ (ПВР)	13.157.835,00			41.564.399,00
<b>111</b>	-- ВКУПНО ПАСИВА : ГЛАВНИНА, РЕЗЕРВИ И ОБВРСКИ (065+081+094+109+110)	5.680.213.432,00			5.047.299.885,00
<b>112</b>	-- В. ВОНБИЛАНСНА ЕВИДЕНЦИЈА-ПАСИВА	25.436.796.542,00			19.900.146.770,00

### Биланс на успех

Ознака за АОП	Опис	Нето за тековна година	Бруто за тековна година	Исправка на вредноста за тековна година	Претходна година
<b>201</b>	-- I. ПРИХОДИ ОД РАБОТЕЊЕТО (202+203+206)	6.700.733.581,00			5.375.279.477,00
<b>202</b>	-- Приходи од продажба	6.452.484.121,00			5.177.665.805,00
<b>203</b>	-- Останати приходи	73.277.577,00			49.993.827,00
<b>204</b>	-- Залихи на готови производи и недовршено производство на почетокот на годината	104.118.483,00			100.056.026,00
<b>205</b>	-- Залихи на готови производи и недовршено производство на крајот на годината	343.232.860,00			107.274.793,00
<b>206</b>	-- Капитализирано сопствено производство и услуги	174.971.883,00			147.619.845,00
<b>207</b>	-- II. РАСХОДИ ОД РАБОТЕЊЕТО (208+209+210+211+212+213+218+219+220+221+222)	5.788.347.192,00			4.100.343.111,00
<b>208</b>	-- Трошоци за сировини и други материјали	3.457.588.138,00			2.065.465.540,00
<b>209</b>	-- Набавна вредност на продадените стоки	541.109.079,00			449.056.966,00
<b>210</b>	-- Набавна вредност на продадените материјали, резервни делови, ситен инвентар, амбалажа и автогуми	61.979.421,00			59.527.425,00
<b>211</b>	-- Услуги со карактер на материјални трошоци	848.230.442,00			707.694.674,00
<b>212</b>	-- Останати трошоци од работењето	159.240.143,00			163.635.635,00
<b>213</b>	-- Трошоци за вработени (214+215+216+217)	330.355.913,00			310.277.131,00
<b>214</b>	-- Плати и надоместоци на плата (нето)	176.694.140,00			175.136.456,00
<b>215</b>	-- Трошоци за даноци на плати и надоместоци на плата	16.923.378,00			16.750.986,00
<b>216</b>	-- Придонеси од задолжително социјално осигурување	74.870.707,00			74.107.516,00
<b>217</b>	-- Останати трошоци за вработените	61.867.688,00			44.282.173,00
<b>218</b>	-- Амортизација на материјалните и нематеријалните средства	210.982.701,00			205.441.406,00
<b>219</b>	-- Вредносно усогласување (обезвреднување) на нетековни средства	1.135.000,00			3.011.460,00

<b>220</b>	-- Вредносно усогласување (обезвреднување) на тековните средства	8.276.986,00			399.729,00
<b>221</b>	-- Резервирања за трошоци и ризици	20.260.758,00			14.094.019,00
<b>222</b>	-- Останати расходи од работењето	149.188.611,00			121.739.126,00
<b>223</b>	-- III. ФИНАНСИСКИ ПРИХОДИ (224+229+230+231+232+233)	9.938.046,00			13.506.961,00
<b>224</b>	-- Финансиски приходи од односи со поврзани друштва (225+226+227+228)	4.827.497,00			886.284,00
<b>227</b>	-- Приходи по основ на курсни разлики од работење со поврзани друштва	4.827.497,00			886.284,00
<b>230</b>	-- Приходи по основ на камати од работење со неповрзани друштва	1.321.340,00			2.659.861,00
<b>231</b>	-- Приходи по основ на курсни разлики од работење со неповрзани друштва	3.789.209,00			9.960.816,00
<b>234</b>	-- IV. ФИНАНСИСКИ РАСХОДИ (235+239+240+241+242+243)	56.881.851,00			16.579.910,00
<b>235</b>	-- Финансиски расходи од односи со поврзани друштва (236+237+238)	7.905.969,00			385.634,00
<b>237</b>	-- Расходи по основ на курсни разлики од работење со поврзани друштва	7.905.969,00			385.634,00
<b>239</b>	-- Расходи по основ на камати од работење со неповрзани друштва	13.075.458,00			5.145.364,00
<b>240</b>	-- Расходи по основ на курсни разлики од работење со неповрзани друштва	28.668.014,00			11.048.912,00
<b>242</b>	-- Вредносно усогласување на финансиски средства и вложувања	7.232.410,00			
<b>246</b>	-- Добивка од редовното работење (201+223+244)-(204-205+207+234+245)	1.104.556.961,00			1.279.082.184,00
<b>250</b>	-- Добивка пред оданочување (246+248) или (246-249)	1.104.556.961,00			1.279.082.184,00
<b>252</b>	-- Данок на добивка	75.225.133,00			101.653.779,00
<b>255</b>	-- НЕТО ДОБИВКА ЗА ДЕЛОВНАТА ГОДИНА (250-252+253-254)	1.029.331.828,00			1.177.428.405,00
<b>257</b>	-- Просечен број на вработени врз основа на часови на работа во пресметковниот период (во апсолутен износ)	236,00			249,00
<b>258</b>	-- Број на месеци на работење (во апсолутен износ)	12,00			12,00
<b>259</b>	-- ДОБИВКА/ЗАГУБА ЗА ПЕРИОД	1.029.331.828,00			1.177.428.405,00
<b>260</b>	-- Добивка која им припаѓа на имателите на акции на матичното друштво	977.865.237,00			1.118.556.985,00
<b>261</b>	-- Добивка која им припаѓа на неконтролирано учество	51.466.591,00			58.871.420,00
<b>264</b>	-- ЗАРАБОТУВАЧКА ПО АКЦИЈА	1.826,00			2.088,00
<b>265</b>	-- Вкупна основна заработувачка по акција	1.826,00			2.088,00
<b>269</b>	-- Добивка за годината	1.029.331.828,00			1.177.428.405,00
<b>271</b>	-- Останата сеопфатна добивка (273+275+277+279+281+283) - (274+276+278+280+282+284)	0,00			14.932.000,00
<b>279</b>	-- Промени на ревалоризациските резерви за нетековни средства	0,00			14.932.000,00
<b>286</b>	-- Нето останата сеопфатна добивка (271-285)	0,00			14.932.000,00
<b>288</b>	-- Вкупна сеопфатна добивка за годината (269+286) или (286-270)	1.029.331.828,00			1.192.360.405,00
<b>289</b>	-- Сеопфатна добивка која им припаѓа на имателите	977.865.237,00			1.132.742.385,00

	на акции на матичното друштво			
<b>290</b>	-- Сеопфатна добивка која припаѓа на неконтролираното учество	51.466.591,00		59.618.020,00

## Државна евиденција

Ознака за АОП	Опис	Нето за тековна година	Бруто за тековна година	Исправка на вредноста за тековна година	Претходна година
<b>609</b>	-- Земјишта	853.441.936,00			854.644.486,00
<b>612</b>	-- Сегашна вредност на градежни објекти од високоградба кои се користат за вршење дејност (< или = АОП 012 од БС)	522.815.241,00			444.678.603,00
<b>613</b>	-- Сегашна вредност на објекти од нискоградба (< или = АОП 012 од БС)	61.014.834,00			54.525.855,00
<b>614</b>	-- Сегашна вредност на информациска опрема и телекомуникациска опрема (< или = АОП 013 од БС)	1.379.349,00			2.037.789,00
<b>615</b>	-- Сегашна вредност на компјутерска опрема (< или = АОП 013 од БС)	13.606.536,00			13.719.404,00
<b>626</b>	-- Побарувања по основ на продажба на стоки и услуги и аванси дадени на нефинансиски трговски друштва во приватна и државна сопственост и јавни препријатија во земјата (< или=АОП 006+АОП 017+АОП 030+ АОП 046+ АОП 047+АОП 048 ОД БС)	258.170.228,00			184.107.547,00
<b>628</b>	-- Останати побарувања од нефинансиски трговски друштва во приватна и државна сопственост и јавни препријатија во земјата (< или=АОП 034+ АОП 046+ АОП 047+АОП 051+ АОП 062 ОД БС)	2.912.752,00			9.902.914,00
<b>629</b>	-- Останати побарувања од органи на законодавна, извршна и судска власт, ФПИОСМ,ФЗОРСМ,АВРСМ, единици на локална самоуправа и други правни лица финансирани од буџет (< или= АОП 034+АОП 035+АОП 047+АОП 049+АОП 051+АОП 062 ОД БС)	91.214.030,00			133.501.192,00
<b>630</b>	-- Побарувања по основ на продажба на стоки и услуги и аванси и останати побарувања од сите субјекти во земјата и странство (< или=АОП 006+АОП 017+АОП 030+АОП 034+АОП 035+ АОП 046+ АОП 047+АОП 049+ АОП 050+АОП 051+АОП 057+АОП 062 ОД БС)	522.748.962,00			491.881.532,00
<b>631</b>	-- Основна главнина (сопственички капитал) во удели поседувани од други трговски друштва во приватна и државна сопственост и јавни препријатија во земјата (< или =АОП 065 од БС)	4.743.000,00			4.743.000,00
<b>632</b>	-- Основна главнина (сопственички капитал) во удели поседувани од физички лица, трговци поединци, занаетчи, земјоделци, самостојни вршители на дејност и непрофитни организации регистрирани во земјата (< или =АОП 065 од БС)	82.624.300,00			82.624.300,00
<b>635</b>	-- Обврски по основ на набавка на стоки и услуги и аванси (краткорочни трговски кредити) примени од нефинансиски трговски друштва во приватна и државна сопственост и јавни препријатија во земјата(< или =АОП 096+АОП 097+ АОП 098+АОП 108 ОД БС)	372.841.468,00			595.336.988,00
<b>637</b>	-- Останати обврски кон нефинансиски трговски друштва во приватна и државна	23.267.033,00			27.674.020,00

	сопственост и јавни препријатија во земјата (< или=АОП 092+АОП 093+АОП 096+ АОП 106+ АОП 107+АОП 108+ АОП 109 од БС)			
<b>638</b>	-- Останати обврски кон органи на законодавна, извршна и судска власт, ФПИОСМ,ФЗОРСМ,АВРСМ, единици на локална самоуправа и други правни лица финансирани од буџет (< или=АОП 092+АОП 093+АОП 094+ АОП 099+ АОП 101+ АОП 107+АОП 108+ АОП 109 од БС)	24.667.427,00		20.003.768,00
<b>639</b>	-- Обврски по основ на трговски кредити, аванси и останати обврски кон сите субјекти во земјата и странство (вкупно) (< или=АОП 092+АОП 093+АОП 094+ АОП 096+ АОП 097+ АОП 098+ АОП 099+ АОП 100+ АОП 101+ АОП 107+АОП 108+ АОП 109 од БС)	815.979.933,00		1.316.927.247,00
<b>643</b>	-- Приходи од продажба на производи, стоки и услуги на домашен пазар (< или = АОП 202 од БУ)	4.088.330.294,00		3.255.336.113,00
<b>644</b>	-- Приходи од продажба на производи, стоки и услуги на странски пазар (< или = АОП 202 од БУ)	2.311.210.216,00		1.890.382.242,00
<b>647</b>	-- Приходи од наемнина (< или = АОП 202 од БУ)	48.188.787,00		27.189.858,00
<b>648</b>	-- Приходи од наемнина на земјиште (< или = АОП 202 од БУ)	4.754.824,00		4.757.592,00
<b>654</b>	-- Приходи од вишоци (< или = АОП 203 од БУ)	15.643.723,00		14.640.092,00
<b>658</b>	-- Приходи од субвенции (< или = АОП 203 од БУ)	4.687.668,00		3.458.059,00
<b>661</b>	-- Останати приходи од работењето (< или = АОП 203 од БУ)	25.347.623,00		19.850.864,00
<b>668</b>	-- Трошоци за сировини и материјали (< или = АОП 208 од БУ)	736.656.078,00		618.248.444,00
<b>669</b>	-- Огрев, гориво и мазива (< или = АОП 208 од БУ)	19.196.544,00		14.849.144,00
<b>671</b>	-- Канцелариски материјали (< или = АОП 208 од БУ)	1.110.262,00		1.483.981,00
<b>672</b>	-- Трошоци за амбалажа (< или = АОП 208 од БУ)	160.085.139,00		125.524.066,00
<b>673</b>	-- Униформи-заштитна облека и обувки (< или = АОП 208 од БУ)	5.186.571,00		4.828.965,00
<b>674</b>	-- Материјал за чистење и одржување (< или = АОП 208 од БУ)	890.653,00		774.901,00
<b>676</b>	-- Потрошена електрична енергија (< или = АОП 208 од БУ)	1.513.030.937,00		798.103.809,00
<b>677</b>	-- Потрошени енергетски горива (< или = АОП 208 од БУ)	950.465.273,00		437.004.268,00
<b>678</b>	-- Потрошени резервни делови и материјали за одржување (< или = АОП 208 од БУ)	69.371.683,00		63.040.146,00
<b>679</b>	-- Отпис на ситен инвентар, амбалажа и автогуми (во производство) (< или = АОП 208 од БУ)	1.594.998,00		1.607.816,00
<b>680</b>	-- Транспортни услуги во земјата (< или = АОП 211 од БУ)	189.524.463,00		153.577.557,00
<b>681</b>	-- Транспортни услуги во странство (< или = АОП 211 од БУ)	52.725.691,00		53.710.128,00
<b>682</b>	-- ПТТ услуги во земјата (< или = АОП 211 од БУ)	2.738.022,00		2.819.696,00

<b>685</b>	-- Производствени и занаетчиски услуги (< или = АОП 211 од БУ)	264.368.186,00			218.716.289,00
<b>686</b>	-- Наемнини за деловни простории во земјата (< или = АОП 211 од БУ)	1.243.833,00			1.017.000,00
<b>687</b>	-- Наемнини за опрема (< или = АОП 211 од БУ)	8.148.029,00			6.992.142,00
<b>693</b>	-- Еднократен надоместок во вид на испратнина заради трајно работно ангажирање под услови утврдени со закон (< или = АОП 217 од БУ)	16.272.246,00			9.443.921,00
<b>695</b>	-- Регрес за годишен одмор (< или = АОП 217 од БУ)	8.352.364,00			7.801.917,00
<b>696</b>	-- Помощти (< или = АОП 217 од БУ)	1.420.051,00			1.221.919,00
<b>698</b>	-- Дневници за службени патувања, ноќевања и патни трошоци (< или = АОП 217 од БУ)	4.847.132,00			3.338.899,00
<b>700</b>	-- Надомести на трошоците на вработените и подароци (< или = АОП 217 од БУ)	11.054.976,00			11.853.342,00
<b>702</b>	-- Надомести за одвоен живот (< или = АОП 217 од БУ)	210.367,00			80.280,00
<b>703</b>	-- Подароци на вработените (< или = АОП 217 од БУ)	9.212.558,00			1.597.591,00
<b>704</b>	-- Трошоци за организирана исхрана во текот на работа (< или = АОП 217 од БУ)	10.497.994,00			8.944.304,00
<b>706</b>	-- Надомести на ангажирана работна сила преку агенциите за привремени вработувања (< или = АОП 217 од БУ)	1.232.239,00			236.130,00
<b>709</b>	-- Репрезентација (< или = АОП 212 од БУ)	15.880.243,00			13.639.508,00
<b>710</b>	-- Премии за осигурување на имот (< или = АОП 212 од БУ)	9.618.506,00			8.394.054,00
<b>711</b>	-- Надомест за банкарски услуги (< или = АОП 212 од БУ)	2.375.930,00			1.619.354,00
<b>712</b>	-- Даноци кои не зависат од резултатот (< или = АОП 212 од БУ)	18.990,00			1.968.682,00
<b>714</b>	-- Членарини на здруженијата во земјата и странство (< или = АОП 212 од БУ)	529.103,00			457.706,00
<b>715</b>	-- Надоместоци за повремени и привремени работи (< или = АОП 217 од БУ)	2.103.949,00			2.125.979,00
<b>717</b>	-- Останати трошоци на работењето (< или = АОП 212 од БУ)	128.713.422,00			135.430.352,00
<b>718</b>	-- Казни, пенали надоместоци за штети и друго (< или = АОП 222 од БУ)	9.109,00			19.138,00
<b>720</b>	-- Вредносно усогласување на долгорочни финансиски пласмани и други хартии од вредност расположиви за продажба (= АОП 242 од БУ)	7.232.410,00			
<b>721</b>	-- Исплатени дивиденди	258.424.475,00			1.154.179.277,00
<b>722</b>	-- Просечен број на вработени врз основа на состојбата на крајот на месецот	234,00			244,00
<b>723</b>	-- Просечен број на вработени во седиштето на субјектот врз основа на состојбата на крајот на месецот	234,00			244,00
<b>724</b>	-- Број на подружници во кои се врши дејност, без седиштето на субјектот	3,00			3,00

## Структура на приходи по дејности

Ознака за АОП	Опис	Нето за тековна година	Бруто за тековна година	Исправка на вредноста за тековна година	Претходна година
2047	- 08.11 - Вадење на декоративен камен и камен за градежништвото, варовник, суров гипс, креда и шкрилци	128.599.568,00			
2048	- 08.12 - Вадење на чакал и песок; глина и каолин	405.920,00			
2166	- 23.51 - Производство на цемент	5.708.549.741,00			
2170	- 23.63 - Производство на готова бетонска смеса	124.574.224,00			
2370	- 46.71 - Трговија на големо со цврсти, течни и гасовити горива и слични производи	321.341.219,00			
2372	- 46.73 - Трговија на големо со дрва, градежен материјал и санитарна опрема	144.537.797,00			
2376	- 46.77 - Трговија на големо со отпадоци и остатоци	3.070.096,00			
2431	- 52.21 - Услужни дејности поврзани со копнениот превоз	123.429.331,00			
2478	- 64.99 - Други финансиско-услужни дејности, освен осигурување и пензиски фондови, неспомнати на друго место	9.938.046,00			
2490	- 68.10 - Купување и продажба на сопствен недвижен имот	0,00			
2491	- 68.20 - Издавање и управување со сопствен недвижен имот или недвижен имот земен под закуп (лизинг)	52.943.611,00			
2545	- 82.99 - Останати деловни помошни услужни дејности, неспомнати на друго место	93.282.074,00			

Потпишано од:

Gabriela Barlakoska

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Изјавувам, под морална, материјална и кривична одговорност, дека податоците во годишната сметка се точни и вистинити.

Податоците од годишната сметка се во постапка на доставување, која ќе заврши со одлука (одобрување/одбивање) од страна на Централниот Регистар.

**ПЕЧАТИ ОТКАЖИ**