

EXPLANATION ON THE OPERATION OF MERMEREN KOMBINAT AD PRILEP FOR THE PERIOD FROM 01.01.2021 TO 31.12.2021

In accordance to the changes and additions of the Quotation regulations, we present this explanation to the financial result for the period from 01 January to 31 December 2021.

- A. Changes in accounting policies and methods of evaluation of items in the financial statements compared to the latest annual audited financial statements have not been made.
- B. For the period from 01 January to 31 December 2021, Mermeren Kombinat AD Prilep ("the Company"), generated sales revenue in the amount of €30,127,440, which is an increase of 36.1% compared to the same period of the previous year.

Sales revenue	2021		2020	
- Domestic market	156,736	0.52%	141,980	0.64%
- Foreign market	29,970,704	99.48%	21,991,356	99.36%
	30,127,440		22,133,336	

Sales revenue	2021		2020	
- Quarry	29,640,967	98.39%	21,548,164	97.36%
- Factory	486,473	1.61%	585,172	2.64%
	30,127,440		22,133,336	

The operating profit for the period is in the amount of €16,483,807 compared to the operating profit for the same period in 2020 in the amount of €8,837,300, representing an increase of 86.53%.

EBITDA for the period of 01 January to 31 December 2021 is €18,708,458 compared to €11,099,837 for the same period of the previous year, or increase of 68.55%.

The final result after the tax is positive, amounting to €14,796,375 shows an increase of 78.45% compared to the profit for the same period last year, in the amount of €8,291,583.

- C. Operating expenses are in the amount of €14,164,422 and represent increase of 1.81% compared to the same period of the previous year.
- D. The cost of materials and consumables were increased by 5.55%, and employee expenses by were decreased by 0.88%.
- E. External services expenses are increased by 5.93%. Depreciation costs amounted to €2,218,767, and are lower by 1.76% compared to the previous year.
- F. There is no significant write-off, higher than 30% of the value of the assets.
- G. At 10 September 2021 and according to the Shareholders' Assembly decision no. 02-4382/2, the retained earnings realized up to 31 December 2020 in the amount of €10,498,562 were allocated for dividends distribution. The amount corresponds to €2.24 per share (gross) (1 Euro = 61.50 Denars)

During the period ended 31 December 2021 the Company paid dividends to its shareholders in the total amount of €10,383,780 and in addition €112,690 relating to taxes on dividend paid.

- H. Loan indebtedness of the Company for the period January to December 2021 dropped by €983,824 compared to the previous annual financial statements.
- I. Prospects: 2022 is expected to be a period of positive operational and financial performance, provided that the impact of the COVID-19 pandemic on global economy does not become more severe. It should also be noted that the Company has no exposure whatsoever to the Russian or Ukrainian markets.

Comprehensive Income Statement

In EUR

	Position	Previous Period	Curent Period	Indices
		01/01-31/12/20	01/01-31/12/21	curent year / previous year
1	Sales revenues	22.133.336	30.127.440	136
1a	Revenues from domestic market	141.980	156.736	110
1b	Revenues from foreign markets	21.991.356	29.970.704	136
2	Cost of goods sold	8.803.820	8.873.048	101
3	Gross Profit	13.329.516	21.254.392	159
4	Administrative Costs	1.588.334	1.776.708	112
5	Sales and Marketing Cost	2.475.335	2.594.769	105
6	Provisions	0	0	0
7	Other operating revenues	57.054	55.592	97
8	Impairment and Other operating Costs	485.601	454.700	94
9	Operating profit	8.837.300	16.483.807	187
10	Total Financial Revenue	120.145	264.682	220
10a	Financial revenues from investment, loans granted and interest and exchange rate gains	120.145	264.682	220
10b	Other Financial Revenue	0	0	0
10c	Income From Associated Companies	0	0	0
11	Total Financial Expenses	163.533	369.163	226
11a	Financial expenses from interests and exchange rate losses	163.533	368.828	226
11b	Other financial expenses	0	335	0
11c	Losses from Associates	0	0	0
12	Profit from ordinary activities	8.793.912	16.379.326	186
13	Net Profit from Discontinued activities	0	0	0
14	Profit from ordinary activities before taxation	8.793.912	16.379.326	186
15	Corporate tax	-502.329	-1.582.951	315
16	Net profit	8.291.583	14.796.375	178
17	Net profit minority shareholders	0	0	0
18	Net profit Majority shareholders	8.291.583	14.796.375	178
19	Total other comprehensive income	0	0	0
20	TOTAL COMPREHENSIVE INCOME	8.291.583	14.796.375	178

Analysis of the operating profit by nature of costs

	Position	Previous Period	Curent Period	Indexes
		Year to date	Year to date	curent year / previous year
1	Sales revenues	22.133.336	30.127.440	136
1a	Revenues from rents and consumables	477	4.950	1.038
2	Other operating revenues	172.038	163.311	95
3	Changes in inventories of finished goods and work in progress	445.742	352.528	79
4	Cost of trading goods sold	0	0	0
5	Cost of consumed materials and other supplies	3.516.456	3.711.456	106
6	Cost of materials, spare parts and other inventory sold	494	2.838	574
7	Services	2.590.049	2.743.759	106
8	Other Expenditures	750.053	742.792	99
9	Personnel Cost	4.249.853	4.212.301	99
10	Amortization And Depreciation	2.258.617	2.218.767	98
11	Impairment losses of Non-current assets	0	0	0
12	Impairment losses of current assets	83.159	382.263	460
13	Provisions	0	0	0
14	Other operating expenses	465.612	150.246	32
15	Operating profit	8.837.300	16.483.807	187