

## **PROSPECTUS**

***for takeover of shares issued by Joint Stock Company for production, processing, trade and installation of decorative stone Mermeren Kombinat AD Prilep (Mermeren Kombinat AD Prilep)***

The Securities Commission is not liable for the reliability, completeness and accuracy of the information contained in the Prospectus for the takeover of shares issued by Joint Stock Company for production, processing, trade and installation of decorative stone Mermeren Kombinat AD Prilep (Mermeren Kombinat AD Prilep).

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## **1. INFORMATION ABOUT THE ACQUIRER**

1. **DOLIT INVESTMENTS SINGLE MEMBER S.A.**, with short business name **DOLIT INVESTMENTS S.A.**, a trade company established in accordance with the laws of the Hellenic Republic, with business registration number (GEMI) 167772701000, with registered office at Boulevard Pentelis no. 103, Chalandri, 152 34, Attica, Greece, represented by Savvas Andreas Liassis, Chief Executive Officer, through the proxy Darko Nikoloski with residence at Oktomvriska No. 69B-12, 7500 Prilep.

## **2. RESPONSIBLE PERSONS**

- 2.1. Information about the persons who are responsible for the information contained in the Prospectus

- Information about the persons responsible for the information contained in the Prospectus, and which refer to **DOLIT INVESTMENTS SINGLE MEMBER S.A.**, with short business name **DOLIT INVESTMENTS S.A.**, a trade company established in accordance with the laws of the Hellenic Republic, with business registration number (GEMI) 167772701000, with registered office at Boulevard Pentelis no. 103, Chalandri, 152 34, Attica, Greece, represented by Savvas Andreas Liassis, Chief Executive Officer, through the proxy Darko Nikoloski with residence at Oktomvriska No. 69B-12, 7500 Prilep:

- Darko Nikoloski - Proxy

- 2.2. Statement given by the persons responsible for drafting the Prospectus

***"According to our beliefs and knowledge and in accordance with the information we have, we declare under moral, substantive and criminal responsibility that the Prospectus contains all the information needed to the holder of the securities that are the subject of the takeover bid, to make the appropriate decision in relation to acceptance or non-acceptance of the takeover bid, that the published information is true, complete and correct, and that no information has been omitted that could influence the decision of the holder of securities to accept the takeover bid or not".***

- **DOLIT INVESTMENTS SINGLE MEMBER S.A.**, with short business name **DOLIT INVESTMENTS S.A.**, a trade company established in accordance with the laws of the Hellenic Republic, with business registration number (GEMI) 167772701000, with registered office at Boulevard Pentelis no. 103, Chalandri, 152 34, Attica, Greece, represented by Savvas Andreas Liassis, Chief Executive Officer, through the proxy Darko Nikoloski with residence at Oktomvriska No. 69B-12, 7500 Prilep

**DOLIT INVESTMENTS S.A.**, represented by  
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through the proxy Darko Nikoloski

Darko Nikoloski

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2.3. Statement by the persons responsible for drafting the Prospectus

***"The bid applies to all shareholders who own securities, namely 193,708 ordinary shares with voting rights issued by Joint Stock Company for production, processing, trade and installation of decorative stone Mermeren Kombinat AD Prilep (Mermeren Kombinat AD Prilep). The acquirer undertakes to purchase each security in accordance with the prescribed and published conditions."***

- **DOLIT INVESTMENTS SINGLE MEMBER S.A.**, with short business name **DOLIT INVESTMENTS S.A.**, a trade company established in accordance with the laws of the Hellenic Republic, with business registration number (GEMI) 167772701000, with registered office at Boulevard Pentelis no. 103, Chalandri, 152 34, Attica, Greece, represented by Savvas Andreas Liassis, Chief Executive Officer, through the proxy Darko Nikoloski with residence at Oktomvriska No. 69B-12, 7500 Prilep

Darko Nikoloski

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**3. INFORMATION ABOUT THE AUTHORIZED LEGAL ENTITY THAT MAKES THE TAKEOVER BID FOR AND ON BEHALF OF THE ACQUIRER**

Komercijalna banka AD Skopje (through the Securities Services Department) with headquarters at Vasil Iljoski Street No. 3, Skopje, R. North Macedonia, with tax number MK4030989254937 and EMBS (Company's Unique ID Number) 4065573.

**4. INFORMATION ABOUT THE TARGET COMPANY**

4.1. Company name and headquarters of the target company

The issuer of the securities to which the takeover bid refers is **Joint Stock Company for production, processing, trade and installation of decorative stone Mermeren Kombinat AD Prilep (Mermeren Kombinat AD Prilep)** with headquarters at Lece Koteski No. 60A, 7500 Prilep, R. North Macedonia, registered in the Central Registry of the Republic of North Macedonia with tax number MK4021978120000 and EMBS (Company's Unique Registry Number) 4058615 (hereinafter **Mermeren Kombinat AD Prilep**).

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through the proxy Darko Nikoloski

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The core business activity of the Company is extraction of decorative stone and stone for construction, limestone, raw gypsum, chalk and slate.

#### 4.2. Securities that the takeover bid refers to

- Type and class: The takeover bid refers to ordinary shares with voting rights issued by Mermeren Kombinat AD Prilep.
- Number of securities that the takeover bid refers to: The takeover bid refers to all 193,708 ordinary shares with voting rights issued by Mermeren Kombinat AD Prilep with ISIN number: MKMERM101015, except for 4,493,150 ordinary shares with voting rights which are already owned by the acquirer Dolit Investments AD.

### **5. DETAILED INFORMATION ABOUT THE TAKEOVER BID**

#### 5.1. Conditions under which the bid is implemented

##### 5.1.1. The price at which the acquirer undertakes to purchase the securities, i.e., the exchange ratio

The acquirer undertakes to purchase all 193,708 ordinary shares with voting rights at a price of 900.00 denars per share.

##### 5.1.2. The method of determining the price at which the securities will be purchased, i.e., the exchange ratio

Since the securities that are the subject of the takeover bid have not been traded in the last 12 months prior to the notification concerning the takeover intention, the determined price at which the shares that are the subject of the takeover bid will be purchased, is equal to the amount of the estimated value of the securities, determined by an authorized appraiser.

##### 5.1.3. The start date and the end date of the period for acceptance of the takeover bid by the holders of the securities

The takeover bid acceptance period starts on the day of the first announcement of the takeover bid, and it will end 28 calendar days after the start of the takeover bid acceptance period.

The period for acceptance of the takeover bid begins on 27.04.2023 and ends on 24.05.2023.

##### 5.1.4. If the acquirer establishes a performance threshold, the smallest number of securities that the takeover bid refers to and that must be accepted for the takeover bid to be considered successful (for each type and kind of securities individually), i.e. the lowest percentage of all the securities of the target company that the acquirer, together with the

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securities it already owns, has to acquire based on the takeover bid for it to be successful.

The takeover bid refers to all 193,708 shares specified in point 4.2 of this Prospectus.

There is no minimum number of common shares with voting rights referred to in the Takeover bid that must be accepted for the Takeover bid to be considered successful.

- 5.1.5. If the acquirer acquires at least 95% of the securities of the target company in the takeover procedure, information on whether it will use the right of forced sale referred to in Article 63 of the Law on Takeover of Joint Stock Companies.

If the Acquirer acquires at least 95% of the securities of the target company in the takeover procedure, it does not plan to use the right of forced sale referred to in Article 63 of the Law on Takeover of Joint Stock Companies.

- 5.1.6. Costs to be charged to security holders accepting the bid (if any)

The holders of securities will not be charged any costs for accepting the takeover bid, that is, all costs related to the takeover bid shall be borne by the Acquirer.

## 5.2. Procedure for acceptance of the bid

- 5.2.1. Detailed description of the procedure for acceptance of the bid in accordance with Article 38 of the Law on the Takeover of Joint Stock Companies

The takeover bid is accepted with a written statement of acceptance of the bid given by the holder of shares issued by Mermeren Kombinat AD Prilep. The acceptance statement contains at least the following information:

- name and surname, or name and registered office of the holder of securities that accepts the takeover bid;
- statement given by the holder of securities concerning acceptance of the takeover bid;
- type, kind and number of securities that are accepted with the takeover bid;
- bank account of the holder of securities to which payment is to be made based on the accepted bid;
- authorization to the Central Securities Depository to register the ban on the disposal of the securities, and
- signature and unique identification number of the holder of securities accepting the takeover bid.

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Pursuant to Article 38 paragraph 2 of the Law on Takeover of Joint Stock Companies, signed written statements should be sent to the authorized legal entity, i.e., the bank referred to in point 3 of this Prospectus, at the following address:

Komercijalna banka AD Skopje  
Securities Services Department,  
“Vasil Iljoski” No. 3,  
1000 Skopje,

whereby the holders of the securities reserve the securities at a separate account with the Central Securities Depository and can no longer have them at their disposal.

The written statement of acceptance of the bid can also be signed at the premises of Komercijalna banka AD Skopje headquartered at “Vasil Iljoski” No. 3, 1000 Skopje and its branches throughout the Republic, from 27.04.2023 to 24.05.2023 (date) every working day from 8:00 am until 4:00 p.m.

The takeover bid is considered accepted on the day the securities are reserved at a separate account with the Central Securities Depository. Pursuant to Article 39, paragraph 3, with the reservation of securities by the Central Securities Depository, it is considered that:

- an agreement has been concluded between the acceptor of the takeover bid in the capacity of a seller and the Acquirer in the capacity of a buyer for the sale of the securities that are the subject of that statement at the price and under the conditions specified in the takeover bid, and
- the acceptor of the takeover bid can no longer dispose of the securities that are the subject of the statement of acceptance of the takeover bid.

#### 5.2.2. Information about the method of depositing the monetary amount, i.e., the bank guarantee

The Acquirer provided a bank guarantee in the total amount of 2,835,000.00 euros to the account of the Central Securities Depository, in accordance with Article 34 of the Law on the Takeover of Joint Stock Companies.

#### 5.2.3. Information about the deadline and method of payment for the securities offered in the takeover bid

The payment of the shareholders who accept the takeover bid shall be made by payment of monetary amount by the Central Securities Depository within the period provided for in Article 50 of the Law on Takeover of Joint Stock Companies, i.e., a period of 8 (eight) days after receipt of the Decision from the Securities Commission of the Republic of North Macedonia determining the success of the takeover bid.

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5.2.4. Information about the deadlines and manner of fulfilling the Acquirer's obligations that will arise upon acceptance of the takeover bid

The Acquirer is obliged within 3 (three) days following the expiration of the deadline for acceptance of the takeover bid, to publish a notice concerning its outcome, in accordance with Article 47 of the Law on Takeover of Joint Stock Companies. The notice concerning the outcome of the takeover bid contains information about the total number of entities that have accepted the bid, the total number of securities that the accepted bid refers to, the percentage participation of the securities that the accepted bid refers to in the total number of securities issued, a statement as to whether the bid was successful or unsuccessful, as well as a description of the reason for failure in the case of an unsuccessful takeover bid.

The Acquirer is obliged to submit a notice concerning the outcome of the takeover bid to the Securities and Exchange Commission and other competent institutions within the above-mentioned period (three days following the expiration of the deadline for acceptance of the takeover bid).

If the takeover bid is declared successful, the Acquirer is obliged to buy the shares of all shareholders that have accepted the takeover bid.

If the Acquirer in the takeover procedure acquires 95% of the shares issued by Mermeren Kombinat AD Prilep, it will not use the right to buy the shares of the remaining shareholders who have not accepted the takeover bid. The forced sale shall be carried out under the conditions and in the manner defined in Article 63 of the Law on Takeover of Joint Stock Companies.

5.2.5. Detailed description of the procedure for payment of the monetary amount based on acceptance of the bid, i.e., issuing or handing over the securities for exchange

In accordance with the Agreement for the provision of services in the procedure for takeover of a joint-stock company, concluded between the Acquirer and the Central Securities Depository on 13.04.2023, the Central Securities Depository is obliged to make the payment of the monetary amount on the basis of acceptance of the takeover bid to the account with the business bank specified by the shareholder in the written statement of acceptance of the takeover bid. The payment of the monetary amount shall be made by the Central Securities Depository within 8 (eight) days after receipt of the Decision from the Securities Commission of the Republic of North Macedonia determining the success of the takeover bid.

5.3. A detailed description of the conditions for withdrawing the takeover bid

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5.3.1. Circumstances under which the Acquirer may withdraw the takeover bid

From the announcement of the takeover bid and until the expiration of the deadline for its acceptance, the Acquirer may withdraw the takeover bid and step out of the agreements concluded with the acceptance of this bid, if another legal or natural person makes a competitive takeover bid in accordance with Article 45 of the Law on Takeover of Joint Stock Companies.

The Acquirer is obliged to announce the withdrawal of the takeover bid within 1 (one) business day at the latest. The withdrawal is valid from the day of its publication, and the contracts concluded with acceptance of the withdrawn bid are considered terminated. At the same time, with the announcement of the withdrawal of the takeover bid, the Acquirer is obliged to notify the Securities Commission of the Republic of North Macedonia and the authorized depository.

5.3.2. Requirements for cancellation of the acceptance of the bid by the holder of the securities that the takeover bid refers to

In the case of a competitive takeover bid, and in accordance with Article 43 of the Law on Takeover of Joint Stock Companies, the entities that prior to the publication of the competitive bid, have already accepted the first takeover bid by signing the statement referred to in point 5.2.1. of this Prospectus, have the right to withdraw from the written statement and accept the competitive bid.

5.4. Detailed description of the requirements for termination of the takeover bid, if the takeover bid is made with requirements for termination referred to in Article 17 of the Law on Takeover of Joint Stock Companies

The takeover bid is made without requirements for termination under Article 17 of the Law on Takeover of Joint Stock Companies.

5.5. Detailed description of the requirements for postponing the takeover bid (the requirements for postponing the takeover bid must be in accordance with Article 30 of the Law on Takeover of Joint Stock Companies)

The deadline for accepting the takeover bid shall be extended in the following cases and for the following number of days, but not more than 60 days following the publication of the first takeover bid, if:

- The Acquirer amends the takeover bid in accordance with Article 29 of the Law on Takeover of Joint Stock Companies, the deadline for accepting the takeover bid is extended for 7 (seven) days and
- a competitive takeover bid is made, the deadline for accepting the takeover bid is extended until the expiration of the deadline for accepting the competitive bid, if it expires later, but not longer than the expiration of the legally determined deadline.

The Acquirer is obliged to announce any change in the deadlines for acceptance of the takeover bid.

#### 5.6. Other important information regarding the takeover bid

The acquirer Dolit Investments S.A. owns 4,493,150 ordinary shares with voting rights issued by Mermeren Kombinat AD Prilep.

### **6. DETAILED INFORMATION ABOUT THE TARGET COMPANY AND THE SECURITIES THAT THE TAKEOVER BID REFERS TO**

#### 6.1. Basic information about the target company

- name and headquarters: Joint Stock Company for production, processing, trade and installation of decorative stone Mermeren Kombinat AD Prilep (Mermeren Kombinat AD Prilep) with registered office at Lece Koteski No. 60A, 7500 Prilep, R. North Macedonia
- Entity's registry number: 4058615

#### 6.2. Basic information about the securities that the takeover bid refers to

##### 6.2.1. Individual and total nominal value and number of issued securities, by type and kind

- Number of ordinary shares issued: 4,686,858
- ISIN number: MKMERM101015
- Nominal value of one ordinary share: EUR 1.00
- Total nominal value: EUR 4,686,858.00

##### 6.2.2. The market on which these securities are traded

The ordinary shares of Mermeren Kombinat AD Prilep are traded on the official market of the Macedonian Stock Exchange, on the compulsory listing segment.

##### 6.2.3. Detailed information about the trading of securities, by individual type and kind, issued by the target company

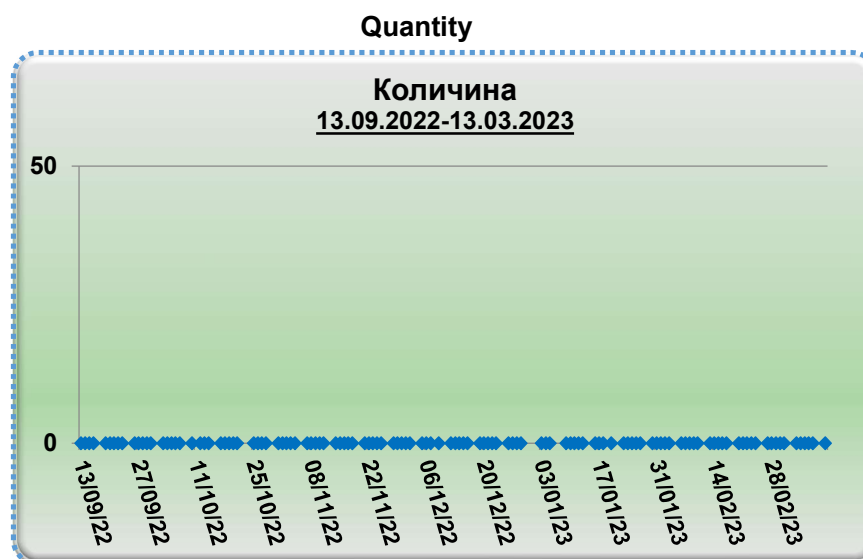
- graphical representation of the daily average price of securities for the last six months prior to the announcement of the takeover intention (the date is on the x-axis, the price on the y-axis)

#### **Average price**

**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liasis, Chief Executive Officer,  
through the proxy Darko Nikoloski



- graphical representation of the daily trading volume of the securities for the last six months prior to the announcement of the takeover intention (the date is on the x-axis, the price on the y-axis)



6.2.4. The last calculated book value of the securities, by type  
The book value of the ordinary shares issued by Mermeren Kombinat AD Prilep calculated on the basis of the audited non-consolidated financial statements for the year 2020 is MKD 508.43, while according to the published audited non-consolidated financial statements as of 31 December 2021, it is MKD 565.22.

The audited non-consolidated financial statements of Mermeren Kombinat AD Prilep for 2020 and 2021 are also available on SEI Net on the website of the Macedonian Stock Exchange at the following links:

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- Audited non-consolidated financial statements for the year 2020  
<https://www.seinet.com.mk/Default.aspx?lang=MK&docID=55620>
- Audited non-consolidated financial statements for the year 2021  
<https://www.seinet.com.mk/Default.aspx?lang=MK&docID=58648>

#### 6.2.5. Dividend paid per share for the last two years

The company Mermeren Kombinat AD Prilep has paid a dividend for the year 2021 in the gross amount of MKD 211.00 per share, while for the year 2020 a dividend has been paid in the gross amount of MKD 137.76 per share.

#### 6.3. Information about the entities acting in concert with the target company and on the manner of their action in concert

The Acquirer does not have any information about entities acting in concert with the target company.

#### 6.4. Information about the top ten largest holders of securities issued by the target company, according to the following table

<b>First and last name, i.e. name of the shareholder*</b>	<b>Number of securities by type, kind and class</b>	<b>Percentage of the total number of securities</b>
STONE WORKS HOLDING COOPERATIF U.A, Netherlands	4.182.888 ordinary shares	89.25%
PIRAEUS BANK S.A., Greece	468.700 ordinary shares	10.00%
Stevan Nasteski	5.471 ordinary shares	0.12%
Nada Andreeska	3.835 ordinary shares	0.08%
Ljuben Trajkoski	3.324 ordinary shares	0.07%
Sasho Stojanoski	1.995 ordinary shares	0,04%
Zarko Stanojevski	1.790 ordinary shares	0.038%
Valentina Nikoloska	1.790 ordinary shares	0.038%
Toni Shosheski	1.534 ordinary shares	0.033%
Filip Hristov	1.054 ordinary shares	0.022%

\*The list is prepared in accordance with the shareholder register of 09.02.2023.

#### 6.5. Audited financial statements for the last two years prepared in accordance with the International Accounting Standards and International Financial Reporting Standards, and an independent audit opinion for the last two years prepared in accordance with International Auditing Standards

The non-consolidated financial statements of Mermeren Kombinat AD Prilep for the year 2020 have been audited by Grant Thornton DOO Skopje, headquartered at "Kiril i Metodij" No. 52b-1/20, Skopje, R. North Macedonia.

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through the proxy Darko Nikoloski

The audited non-consolidated financial statements for the operations in 2020 were adopted by the shareholders at the Annual Shareholders' Meeting held on 28.05.2021.

- Report of the independent auditor and audited non-consolidated financial statements as of 31.12.2020 downloaded from SEI Net on the website of the Macedonian Stock Exchange (Notes that are an integral part of the financial statements are available on SEI Net)
- (<https://www.seinet.com.mk/Default.aspx?lang=MK&docID=55620>)

## Independent Auditor's Report

To: Management and Shareholders of  
Mermeren Kombinat a.d., Prilep

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### *Opinion*

We have audited the accompanying financial statements of Mermeren Kombinat AD, Prilep (the "Company"), which comprise the Statement of financial position as at 31 December 2020, and the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mermeren Kombinat AD, Prilep as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Key Audit Matter*

##### *Risk of fraud in revenue recognition*

ISAs presume there is a risk of fraud in revenue recognition on every audit engagement. We focused on recognition of revenue because there is a risk of intentional overstatement of revenues by management in order to meet sales target and secure performance incentives. In addition, there is a risk that the Company may have not properly recorded revenue transactions regarding sales returns and rebates at year end. Related accounting policies, judgments and estimates are disclosed in Note 2.20 in the accompanying financial statements.

##### *Risk of management override of internal controls*

Based on both ISA and our audit methodology, management override of controls should be considered as a significant risk on every audit engagement. Management may directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

##### *Assumption used in the valuation of inventory*

Based on both ISA and our audit methodology, accounting estimates are areas that involve significant management judgements and required significant auditor attention. Management estimates the net realizable values of inventories taking into account the most reliable evidence available at each reporting date. In addition, management's assessment process is complex and highly judgmental and is based on the assumption for the selling prices for which the future realization may be affected by future technology or other market-driven changes that may reduce future selling prices. Related accounting policies, judgments and estimates are disclosed in Notes 2.12 and 5 in the accompanying financial.

#### *How the matter was addressed in our audit*

We assessed the consistency of the application of the revenue recognition policy by reconsidering the accounting policy for the different sources of the Company's revenues. We tested the design and operating effectiveness of the controls over revenue systems to determine the extent of additional substantive testing required. We found no material misstatements from our testing. We checked that revenue had been recognized at the correct time by testing a sample of transactions and comparing the shipping dates against which the revenue had been recognized. No exceptions were noted from our testing.

We tested the appropriateness of journal entries recorded in the general ledger by making inquiries of individuals involved in the financial reporting process about inappropriate and unusual activity and tested journal entries. We considered whether there was evidence of bias by Management in the significant accounting estimates and judgements relevant to the financial statements. We also assessed the overall control environment of the Company and interviewed senior management. No issues were noted from our testing.

We tested the allowance to record inventory at the lower of cost or net realizable value by testing how management made the accounting estimate and the data on which it is based. This approach is appropriate due to no indication that management's process is not effective. The allowance is based on when each item was last sold, and we tested the completeness and accuracy of the inventory aging report and sales prices. Furthermore, when attending the physical inventory counting, we inspected the condition and characteristics of inventory (e.g. damaged inventory, aged or obsolete inventory, or scrapped inventory) and determine what items, if any, warrant an inventory allowance. We made inquiries of warehouse and other operational personnel as to inventory that may be slow-moving, damaged or obsolete. No issues were noted from our testing.



#### *Responsibilities of Management for the Financial Statements*

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those management of the Company is also responsible for overseeing the Company's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Marjan Andonov  
Director  
Grant Thornton DOO, Skopje

Maja Atanasovska  
Certified auditor

Skopje, 07 April 2021

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**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liasis, Chief Executive Officer,  
through the proxy Darko Nikoloski

## Statement of financial position

	Note	(Amounts in Euro)	
		31 December 2020	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	15,451,906	13,174,619
Intangible assets	6	1,390,392	1,576,461
		<b>16,842,298</b>	<b>14,751,080</b>
<b>Current assets</b>			
Inventories	8	5,367,162	5,410,516
Trade and other receivables	9	5,658,001	8,564,561
Income tax receivables		1,453,283	-
Financial receivables	10	4,008,719	3,536,422
Cash and cash equivalents	11	7,475,610	9,169,255
		<b>23,962,775</b>	<b>26,680,754</b>
<b>Total assets</b>		<b>40,805,073</b>	<b>41,431,834</b>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Share capital	12	4,686,858	4,686,858
Other components of equity		12,936,139	9,085,499
Retained earnings		21,001,836	24,711,240
<b>Total shareholders' equity</b>		<b>38,624,833</b>	<b>38,483,597</b>
<b>Liabilities</b>			
<b>Non – current liabilities</b>			
Borrowings	13	826,412	983,823
		<b>826,412</b>	<b>983,823</b>
<b>Current liabilities</b>			
Borrowings	13	157,412	157,412
Trade and other payables	14	1,127,682	1,430,444
Income tax payables		-	257,603
Tax payables	15	68,734	118,955
		<b>1,353,828</b>	<b>1,964,414</b>
<b>Total liabilities</b>		<b>2,180,240</b>	<b>2,948,237</b>
<b>Total liabilities and shareholders' equity</b>		<b>40,805,073</b>	<b>41,431,834</b>

These financial statements have been approved by the Board of Directors on 7 April 2021 and signed on its behalf by,

**Christoforos Pavlidis**  
Chairman

**Vasileios Anagnostou**  
Chief Executive Officer

**Nikos Michalopoulos**  
Chief Financial Officer

See accompanying notes to the financial statements

## Statement of comprehensive income

	Note	(Amounts in Euro)	
		Year ended 31 December	
		2020	2019
Sales	16	22,133,336	36,144,203
Cost of sales	17	(8,803,820)	(9,389,353)
<b>Gross profit</b>		<b>13,329,516</b>	<b>26,754,850</b>
Administrative and selling expenses	18	(4,549,270)	(4,440,223)
Other operating income	20	57,054	49,805
<b>Operating profit</b>		<b>8,837,300</b>	<b>22,364,432</b>
Finance income	21	120,145	228,259
Finance costs	21	(163,533)	(288,716)
Finance (costs), net		(43,388)	(60,457)
<b>Profit before income tax</b>		<b>8,793,912</b>	<b>22,303,975</b>
Income tax expense	22	(502,329)	(2,179,177)
<b>Profit for the year</b>		<b>8,291,583</b>	<b>20,124,798</b>
<b>Other comprehensive income for the year:</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Translation differences		(132,786)	7,411
<b>Other comprehensive income for the year</b>		<b>(132,786)</b>	<b>7,411</b>
<b>Total comprehensive income for the year</b>		<b>8,158,797</b>	<b>20,132,209</b>
<b>Attributable to:</b>			
Equity holders of the Company		<b>8,291,583</b>	<b>20,124,798</b>
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
- Basic earnings (expressed in Euros per share)	25	1.77	4.29
<b>EBITDA</b>		<b>11,099,837</b>	<b>24,063,340</b>

See accompanying notes to the financial statements

## Statement of changes in equity

(Amounts in Euro)

	Share capital	Reserves	Retained earnings	Total
<b>At 01 January 2020</b>	<b>4,686,858</b>	<b>9,085,499</b>	<b>24,711,240</b>	<b>38,483,597</b>
Transaction with owners				
Allocation of profit Reinvested earnings	-	<b>3,988,702</b>	<b>(3,988,702)</b>	-
Dividends declared	-	-	(8,014,527)	(8,014,527)
<b>Total transactions with owners</b>	-	<b>3,988,702</b>	<b>(12,003,229)</b>	<b>(8,014,527)</b>
Profit for the year			8,291,583	8,291,583
<i>Other comprehensive income:</i>				
Transfer of revaluation reserves on disposed tangible assets		(5,276)	2,242	(3,034)
Exchange differences on translating	-	(132,786)	-	(132,786)
<b>Total other comprehensive income</b>	-	<b>(138,062)</b>	<b>2,242</b>	<b>(135,820)</b>
<b>Total comprehensive income</b>	-	<b>(138,062)</b>	<b>8,293,825</b>	<b>8,155,763</b>
<b>At 31 December 2020</b>	<b>4,686,858</b>	<b>12,936,139</b>	<b>21,001,836</b>	<b>38,624,833</b>
<b>At 01 January 2019</b>	<b>4,686,858</b>	<b>13,226,103</b>	<b>23,258,739</b>	<b>41,171,700</b>
Transaction with owners				
Allocation of profit Reinvested earnings	-	<b>(4,122,882)</b>	<b>4,122,882</b>	-
Dividends declared	-	-	(22,820,312)	(22,820,312)
<b>Total transactions with owners</b>	-	<b>(4,122,882)</b>	<b>(18,697,430)</b>	<b>(22,820,312)</b>
Profit for the year	-	-	20,124,798	20,124,798
<i>Other comprehensive income:</i>				
Transfer of revaluation reserves on disposed tangible assets		(25,133)	25,133	-
Exchange differences on translating	-	7,411	-	7,411
<b>Total other comprehensive income</b>	-	<b>(17,722)</b>	<b>25,133</b>	<b>7,411</b>
<b>Total comprehensive income</b>	-	<b>(17,722)</b>	<b>20,149,931</b>	<b>20,132,209</b>
<b>At 31 December 2019</b>	<b>4,686,858</b>	<b>9,085,499</b>	<b>24,711,240</b>	<b>38,483,597</b>

See accompanying notes to the financial statements

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**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liasis, Chief Executive Officer,  
through the proxy Darko Nikoloski

## Statement of cash flows

		(Amounts in Euro)	
	Note	31 December 2020	31 December 2019
<b>Operating</b>			
Net profit before income tax		8,793,912	22,303,975
<u>Adjusted for:</u>			
Depreciation and amortization	5,6	2,262,537	1,698,908
Wastage, failure and fracture	8,18	410,636	38,158
Value adjustment of inventories	8,18	82,046	422,256
Net carrying amount of equipment written off	5,18	54,838	28,783
Net carrying amount of equipment sold	5,18	14,513	-
Impairment and write offs on trade and other receivables	9,18	1,223	6,817
Shortages	18	-	8,099
Payables written off and stock - count surplus	20	(12,690)	(6,079)
Gain on property, plant and equipment sold	5,20	(5,476)	(2,520)
Liabilities for dividends written off	20	(2,006)	(393)
Gains from previously impaired receivables	9,20	(460)	(300)
Finance result, net	21	12,016	(9,974)
Operating profit before working capital changes		11,611,089	24,487,730
<u>Changes in working capital:</u>			
Inventories		(444,981)	(1,024,388)
Trade and other receivables		2,905,883	(6,433,063)
Trade and other payables		(449,602)	185,323
Cash from operations		13,622,389	17,215,602
Interest paid		(40,650)	(46,613)
Income tax paid		(2,108,496)	(3,047,735)
<b>Cash flows from operating activities, net</b>		<b>11,473,243</b>	<b>14,121,254</b>
<b>Investing</b>			
Purchase of tangible assets, net of proceeds from sales		(4,438,416)	(5,195,402)
Purchase of intangible assets, net of proceeds from sales		(35,205)	(245,831)
Proceeds from sale of equipment		5,476	2,520
Financial receivables		(472,297)	1,473,467
Interest received		28,389	56,341
<b>Cash flows from investing activities, net</b>		<b>(4,912,053)</b>	<b>(3,908,905)</b>
<b>Financing</b>			
New Borrowings			
Repayment of borrowings		(157,411)	(157,412)
Dividends paid and related taxes		(8,015,067)	(22,816,154)
<b>Cash flows from financing activities, net</b>		<b>(8,172,478)</b>	<b>(22,973,566)</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,611,288)</b>	<b>(12,761,217)</b>
Cash and cash equivalents at beginning	11	9,169,255	21,925,941
Effects of exchange rate changes on cash and cash equivalents		(82,357)	4,531
<b>Cash and cash equivalents at end</b>	<b>11</b>	<b>7,475,610</b>	<b>9,169,255</b>

See accompanying notes to the financial statements

The non-consolidated financial statements of Mermeren Kombinat AD Prilep for the year 2021 have been audited by Grant Thornton DOO Skopje, headquartered at “Kiril i Metodij” No. 52b-1/20, Skopje, R. North Macedonia.

The revised non-consolidated financial statements for the operations in 2021 have been adopted by the shareholders at the Annual Shareholder’ Meeting held on 20.04.2022.

- Report of the independent auditor and audited non-consolidated financial statements as of 31.12.2021 downloaded from SEI Net on the website of the Macedonian Stock Exchange (Notes that are an integral part of the financial statements are available on SEI Net)
- (<https://www.seinet.com.mk/Default.aspx?lang=MK&docID=58648>)

## Independent Auditor's Report

To: Management and Shareholders of  
Mermeren Kombinat a.d., Prilep

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### *Opinion*

We have audited the accompanying financial statements of Mermeren Kombinat AD, Prilep (the "Company"), which comprise the Statement of financial position as at 31 December 2021, and the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mermeren Kombinat AD, Prilep as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Key Audit Matter*

##### *Risk of fraud in revenue recognition*

ISAs presume there is a risk of fraud in revenue recognition on every audit engagement. We focused on recognition of revenue because there is a risk of intentional overstatement of revenues by management in order to meet sales target and secure performance incentives. In addition, there is a risk that the Company may have not properly recorded revenue transactions regarding sales returns and rebates at year end. Related accounting policies, judgments and estimates are disclosed in Note 2.20 in the accompanying financial statements.

##### *Risk of management override of internal controls*

Based on both ISA and our audit methodology, management override of controls should be considered as a significant risk in each audit engagement. Management may directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

##### *Assumption used in the valuation of inventory*

Based on both ISA and our audit methodology, accounting estimates are areas that involve significant management judgments and require significant auditor attention. Management estimates the net realizable values of inventories taking into account the most reliable evidence available at each reporting date. In addition, management's assessment process is complex and highly judgmental and is based on the assumption for the selling prices for which the future realization may be affected by future technology or other market-driven changes that may reduce future selling prices. Related accounting policies, judgments and estimates are disclosed in Notes 2.12 and 5 in the accompanying financial statements.

#### *How the matter was addressed in our audit*

We assessed the consistency of the application of the revenue recognition policy by reconsidering the accounting policy for the different sources of the Company's revenues. We tested the design and operating effectiveness of the controls over revenue systems to determine the extent of additional substantive testing required. We found no material misstatements from our testing. We checked that revenue had been recognized at the correct time by testing a sample of transactions and comparing the shipping dates against which the revenue had been recognized. No exceptions were noted from our audit procedures performed.

We tested the appropriateness of journal entries recorded in the general ledger by making inquiries of individuals involved in the financial reporting process about inappropriate and unusual activity and tested journal entries. We considered whether there was evidence of bias by Management in the significant accounting estimates and judgements relevant to the financial statements. We also assessed the overall control environment of the Company and interviewed senior management. No issues were noted from our audit procedures performed.

We inspected whether the inventory is stated at the lower of cost or net realizable value by testing how management made the accounting estimate and the data on which it is based. This approach is appropriate due to no indication that management's process is not effective. The allowance is based on when each item was last sold, and we tested the completeness and accuracy of the inventory aging report and sales prices. Furthermore, when attending the physical inventory counting, we inspected the condition and characteristics of inventory (e.g. damaged inventory, aged or obsolete inventory, or scrapped inventory) and determined what items, if any, are subject of an inventory allowance. We also made inquiries of warehouse and other operational personnel as to inventory that may be slow-moving, damaged or obsolete. No issues were noted from our audit procedures performed.



#### *Responsibilities of Management for the Financial Statements*

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

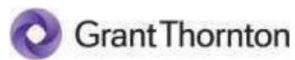
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Marjan Andonov  
Director  
Grant Thornton DOO, Skopje

Maja Atanasovska  
Certified auditor

Skopje, 18 March 2022

## Statement of financial position

	Note	31 December 2021	(Amounts in Eur) 31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	14,594,091	15,451,906
Intangible assets	6	1,212,339	1,390,392
		<b>15,806,430</b>	<b>16,842,298</b>
<b>Current assets</b>			
Inventories	8	5,148,046	5,367,162
Trade and other receivables	9	8,357,382	5,658,001
Income tax receivables		215,280	1,453,283
Financial receivables	10	4,043,186	4,008,719
Cash and cash equivalents	11	10,461,890	7,475,610
		<b>28,225,784</b>	<b>23,962,775</b>
<b>Total assets</b>		<b>44,032,214</b>	<b>40,805,073</b>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Share capital	12	4,686,858	4,686,858
Other components of equity	12	14,500,035	12,936,139
Retained earnings		23,799,422	21,001,836
<b>Total shareholders' equity</b>		<b>42,986,315</b>	<b>38,624,833</b>
<b>Liabilities</b>			
<b>Non – current liabilities</b>			
Borrowings	13	-	826,412
		-	<b>826,412</b>
<b>Current liabilities</b>			
Borrowings	13	-	157,412
Trade and other payables	14	932,503	1,127,682
Tax payables	15	113,396	68,734
		<b>1,045,899</b>	<b>1,353,828</b>
<b>Total liabilities</b>		<b>1,045,899</b>	<b>2,180,240</b>
<b>Total liabilities and shareholders' equity</b>		<b>44,032,214</b>	<b>40,805,073</b>

These financial statements have been approved by the Board of Directors on 18 March 2022 and signed on its behalf by,

\_\_\_\_\_  
Christoforos Pavlidis  
Chairman

\_\_\_\_\_  
Vasileios Anagnostou  
Chief Executive Officer

\_\_\_\_\_  
Nikos Michalopoulos  
Chief Financial Officer

See accompanying notes to the financial statements

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**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liasis, Chief Executive Officer,  
through the proxy Darko Nikoloski

## Statement of comprehensive income

	Note	(Amounts in Eur)	
		Year ended 31 December	
		2021	2020
Sales	16	30,127,440	22,133,336
Cost of sales	17	(8,873,048)	(8,803,820)
<b>Gross profit</b>		<b>21,254,392</b>	<b>13,329,516</b>
Administrative and selling expenses	18	(4,826,177)	(4,549,270)
Other operating income	20	55,592	57,054
<b>Operating profit</b>		<b>16,483,807</b>	<b>8,837,300</b>
Finance income	21	264,682	120,145
Finance costs	21	(369,163)	(163,533)
Finance (costs), net		(104,481)	(43,388)
<b>Profit before income tax</b>		<b>16,379,326</b>	<b>8,793,912</b>
Income tax expense	22	(1,582,951)	(502,329)
<b>Profit for the year</b>		<b>14,796,375</b>	<b>8,291,583</b>
<b>Other comprehensive income for the year:</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Translation differences		63,750	(132,786)
<b>Other comprehensive income for the year</b>		<b>63,750</b>	<b>(132,786)</b>
<b>Total comprehensive income for the year</b>		<b>14,860,125</b>	<b>8,158,797</b>
Profit attributable to the holders of ordinary shares		<b>14,796,375</b>	<b>8,291,583</b>
<b>Total comprehensive income attributable to the holders of ordinary shares</b>		<b>14,860,125</b>	<b>8,158,797</b>
Earnings per share (expressed in Euros per share)	25	3,16	1,77
<b>EBITDA</b>		<b>18,708,458</b>	<b>11,099,837</b>

See accompanying notes to the financial statements

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**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liasis, Chief Executive Officer,  
through the proxy Darko Nikoloski

## Statement of changes in equity

(Amounts in Eur)

	Share capital	Reserves	Retained earnings	Total
<b>At 01 January 2021</b>	<b>4,686,858</b>	<b>12,936,139</b>	<b>21,001,836</b>	<b>38,624,833</b>
Transaction with owners				
Allocation of profit to reserves (Note 12)	-	1,500,953	(1,500,953)	-
Dividends declared and paid	-	-	(10,498,562)	(10,498,562)
Transfer of profit from reserves to retained earnings (Note 12)	-	(807)	726	(81)
<i>Total transactions with owners</i>	-	<i>1,500,146</i>	<i>(11,998,789)</i>	<i>(10,498,643)</i>
Profit for the year			14,796,375	14,796,375
<i>Other comprehensive income:</i>				
Exchange differences on translating	-	63,750	-	63,750
<i>Total other comprehensive income</i>	-	<i>63,750</i>	-	<i>63,750</i>
<i>Total comprehensive income</i>	-	<i>63,750</i>	<i>14,796,375</i>	<i>14,860,125</i>
<b>At 31 December 2021</b>	<b>4,686,858</b>	<b>14,500,035</b>	<b>23,799,422</b>	<b>42,986,315</b>
<b>At 01 January 2020</b>	<b>4,686,858</b>	<b>9,085,499</b>	<b>24,711,240</b>	<b>38,483,597</b>
Transaction with owners				
Allocation of profit to reserves (Note 12)	-	3,988,702	(3,988,702)	-
Dividends declared	-	-	(8,014,527)	(8,014,527)
<i>Total transactions with owners</i>	-	<i>3,988,702</i>	<i>(12,003,229)</i>	<i>(8,014,527)</i>
Profit for the year			8,291,583	8,291,583
<i>Other comprehensive income:</i>				
Transfer of revaluation reserves on disposed tangible assets	-	(5,276)	2,242	(3,034)
Exchange differences on translating	-	(132,786)	-	(132,786)
<i>Total other comprehensive income</i>	-	<i>(138,062)</i>	<i>2,242</i>	<i>(135,820)</i>
<i>Total comprehensive income</i>	-	<i>(138,062)</i>	<i>8,293,825</i>	<i>8,155,763</i>
<b>At 31 December 2020</b>	<b>4,686,858</b>	<b>12,936,139</b>	<b>21,001,836</b>	<b>38,624,833</b>

See accompanying notes to the financial statements

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**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liasis, Chief Executive Officer,  
through the proxy Darko Nikoloski

## Statement of cash flows

		(Amounts in Eur)	
	Note	31 December 2021	31 December 2020
<b>Operating</b>			
Net profit before income tax		16,379,326	8,793,912
<u>Adjusted for:</u>			
Depreciation and amortization	5,6	2,224,651	2,262,537
Value adjustment of inventories	8,18	269,052	82,046
Wastage, failure and fracture	8,18	118,087	410,636
Impairment of obsolete consumables and spare parts	8,18	113,070	-
Net carrying amount of equipment written off	5,18	25,034	54,838
Impairment and write offs on trade and other receivables	9,18	1,719	1,223
Shortages	18	577	-
Net carrying amount of equipment sold	5,18	-	14,513
Payables written off and stock - count surplus	20	(12,710)	(12,690)
Gain on property, plant and equipment sold	5,20	(5,801)	(5,476)
Liabilities for dividends written off	20	-	(2,006)
Gains from previously impaired receivables	9,20	-	(460)
Finance result, net	21	(17,086)	12,016
<b>Operating profit before working capital changes</b>		<b>19,095,919</b>	<b>11,611,089</b>
<u>Changes in working capital:</u>			
Inventories		(280,851)	(444,981)
Trade and other receivables		(2,701,127)	2,905,883
Trade and other payables		(141,066)	(449,602)
<b>Cash from operations</b>		<b>15,972,875</b>	<b>13,622,389</b>
Interest paid		(19,483)	(40,650)
Income tax paid		(344,948)	(2,108,496)
<b>Cash flows from operating activities, net</b>		<b>15,608,444</b>	<b>11,473,243</b>
<b>Investing</b>			
Purchase of property, plant and equipment		(1,150,441)	(4,438,416)
Purchase of intangible assets		(45,073)	(35,205)
Proceeds from sale of equipment		5,801	5,476
Outflow for financial receivables		(34,467)	(472,297)
Interest received		35,032	28,389
<b>Cash flows from investing activities, net</b>		<b>(1,189,148)</b>	<b>(4,912,053)</b>
<b>Financing</b>			
New Borrowings		-	-
Repayment of borrowings		(983,824)	(157,411)
Dividends paid and related taxes		(10,494,666)	(8,015,067)
<b>Cash flows from financing activities, net</b>		<b>(11,478,490)</b>	<b>(8,172,478)</b>
<b>Net change in cash and cash equivalents</b>		<b>2,940,806</b>	<b>(1,611,288)</b>
Cash and cash equivalents at beginning	11	7,475,610	9,169,255
Effects of exchange rate changes on cash and cash equivalents		45,474	(82,357)
<b>Cash and cash equivalents at end</b>	<b>11</b>	<b>10,461,890</b>	<b>7,475,610</b>

See accompanying notes to the financial statements

## **7. DETAILED INFORMATION ABOUT THE ACQUIRER**

### 7.1. Basic information about the Acquirer

7.1.1. Name and surname, address and place of residence (if the Acquirer is a natural person), i.e. name, registered office and registry number (if the Acquirer is a legal entity)

- **DOLIT INVESTMENTS SINGLE MEMBER S.A.**, with short business name **DOLIT INVESTMENTS S.A.**, a trade company established in accordance with the laws of the Hellenic Republic, with business registration number (GEMI) 167772701000, with registered office at Boulevard Pentelis no. 103, Chalandri, 152 34, Attica, Greece, represented by Savvas Andreas Liassis, Chief Executive Officer, through the proxy Darko Nikoloski with residence at Oktomvriska No. 69B-12, 7500 Prilep.

7.1.2. Core business activity of the Acquirer

70221000 – Business and management consultancy services.

7.1.3. Share capital

- Dolit Investments S.A., share capital in the amount of EUR 25,000.00.

7.1.4. Information about the top ten largest holders of voting shares issued by the Acquirer, according to the following table

- Dolit Investments S.A. has the following founders/owners:
  - Sivec Investments LTD (100%)

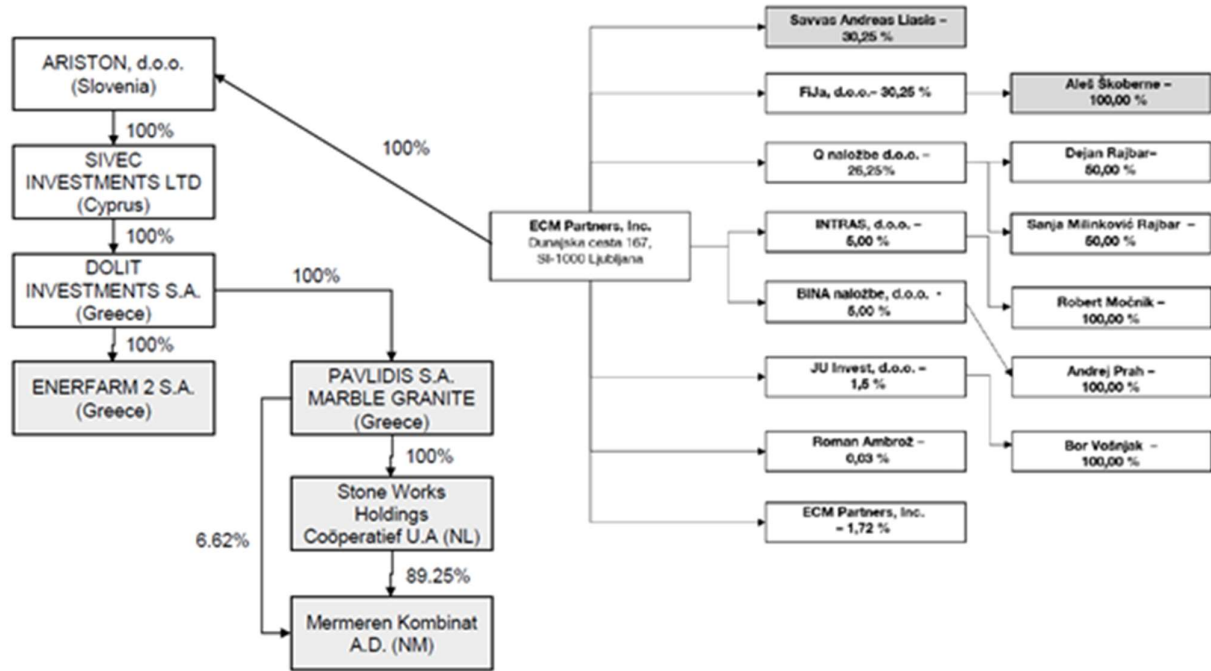
7.1.5. Data on the members of the supervisory board, management board/board of directors of the underwriter

- **DOLIT INVESTMENTS SINGLE MEMBER S.A.**, with short business name **DOLIT INVESTMENTS S.A.**, a trade company established in accordance with the laws of the Hellenic Republic, with business registration number (GEMI) 167772701000, with registered office at Boulevard Pentelis no. 103, Chalandri, 152 34, Attica, Greece. The company is governed by a one-member managing body (Consultant – CEO). Savvas Andreas Liassis, resident of Athens, at Boulevard Pantelidis, No. 103, with passport number 547971553, unique tax number 182103768, e-mail:

**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liassis, Chief Executive Officer,  
through the proxy Darko Nikoloski

savvas@elements-capital.com, has been appointed as Consultant - CEO.

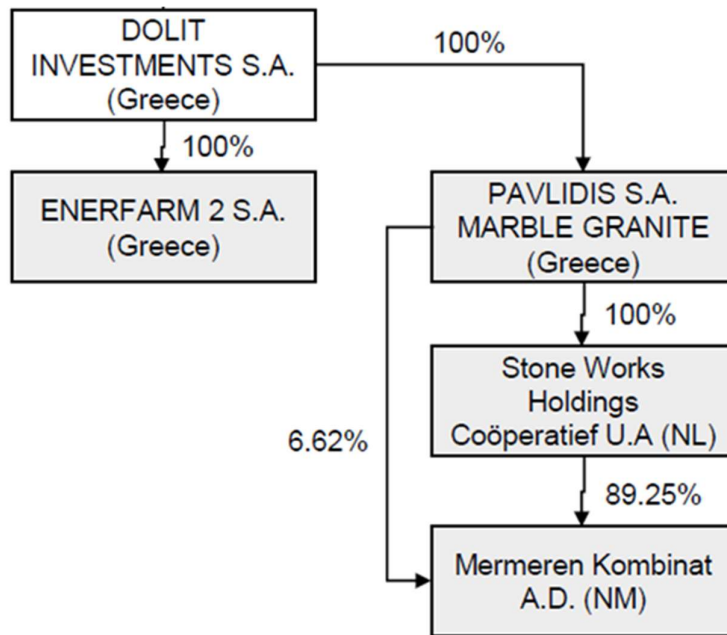
7.1.6. If the Acquirer is part of a group (more complex business system), a brief description of the Acquirer's position within that group



7.1.7. Information about the companies in which the Acquirer has a majority participation (name, country in which they are established or operate, the percentage of ownership and, if different, the percentage of voting power)

**DOLIT INVESTMENTS S.A.**, represented by Savvas Andreas Liasis, Chief Executive Officer, through the proxy Darko Nikoloski





7.2. Information about the companies that, in relation to the takeover bid, act in their own name and on behalf of the Acquirer

There are no companies that act in their own name and on behalf of the Acquirer in relation to the takeover bid.

7.3. Information about the entities who act in concert with the Acquirer and the manner of their action in concert

7.3.1. Name and surname, or name, registered office and registry number

There are no entities acting in concert with the Acquirer in relation to the takeover bid.

7.3.2. Method of their action-in-concert

Not applicable, given that there are no entities acting in concert with the Acquirer in relation to the takeover bid.

7.4. Information about the percentage participation and the type of securities, as well as the participation in the voting rights that the Acquirer and the entities

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acting in concert during the announcement of the takeover bid, already have in the target company

- 7.4.1. Information about the number of securities that the takeover bid refers to, which the Acquirer acquired in the last 12 months prior to the notification of the takeover intention

The acquirer Dolit Investments S.A. owns 4,493,150 ordinary shares with voting rights, which represents 95.87% of the total number of ordinary shares with voting rights issued by Mermeren Kombinat AD Prilep.

- 7.4.2. Information on the number of securities that the takeover bid refers to, which are purchased by the entities acting in concert with the Acquirer in the last 12 months prior to the notification of the takeover intention (for each entity individually)

Not applicable, given that there are no entities acting in concert with the Acquirer in relation to the takeover bid.

- 7.5. Acquirer's financial statements for the last two years, stating the auditor's opinion or stating that they have not been audited

Not applicable, considering the fact that Dolit Investments S.A. was founded on 20.12.2022.

- 7.6. Data concerning the sources of financing of the takeover bid (whether the bid will be financed from the company's own cash, through a bank loan, or in another way) and concerning the effects of the bid on the statement of financial position and the statement of comprehensive income of the Acquirer or the group it belongs to

The Acquirer, that is, Dolit Investments S.A., will finance the takeover bid through a loan.

Concerning the effects of the acquisition of the target company, a significant increase in the total assets and a positive effect on the overall profit of the Acquirer is expected.

- 7.7. A description of any significant contacts, transactions or negotiations by the acquirer with the target company to which the takeover bid relates or with some of the target company's shareholders

The acquirer has started negotiations with the Board of Directors of Mermeren Kombinat AD Prilep regarding the procedure for taking over the target company.

## **8. EXPECTED OUTCOME OF THE TAKEOVER BID**

### 8.1. Purpose of the takeover bid

The primary objective of the Acquirer after the successful completion of the takeover, is to improve the financial condition of the target company, as well as to increase the efficiency and the profitability, and to introduce innovations.

### 8.2. Intention and plans of the Acquirer in relation to the future operation of the target company, and if the takeover bid has an impact in relation to the future operation of the Acquirer (legal entity) as well

The Acquirer believes that this takeover bid will positively affect the further operation of the Company, in the course of which the Acquirer intends to act in an active manner. The expected positive impact on the future operation is seen from the opportunity of the Company to use the existing capacities, and through further investment in equipment and real estate to contribute to the realization of increased revenues and profits of the Company itself.

The Acquirer also believes and expects that the synergy of activities will help the Company grow into a more competitive company.

### 8.3. Business policy of the target company after the takeover

#### 8.3.1. The planned way of managing the target company

The Acquirer expects to continue with the current business policies of Mermeren Kombinat AD Prilep as long as the developments in the macroeconomic and business environment allow for it.

According to the company charter of Mermeren Kombinat AD Prilep, the corporate governance of the Company is organized in a one-level system through the Board of Directors. Thus, the Acquirer plans to continue with the current business policies of Mermeren Kombinat AD Prilep, and does not plan any changes in the way the Company is managed.

#### 8.3.2. Policy for restructuring of the target company

Through its management rights, the Acquirer will first commit itself to stabilizing the operation of Mermeren Kombinat AD Prilep.

**DOLIT INVESTMENTS S.A.**, represented by  
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The Acquirer plans for the Company to maintain its core business. The Acquirer intends to carry out a detailed analysis of the current organizational setup in the Company, in order to detect the current weaknesses, and based on which further appropriate measures would be implemented to eliminate them and improve the work processes.

The Acquirer plans to simplify the process of managing the Company through efficient deployment of resources at all organizational levels, with the aim of making better decisions and increasing productivity in each segment of the operation.

8.3.3. Employment policy (data concerning the policy for protection and preservation of workplaces of the employees and the management body, including data concerning any changes to the employment conditions)

The Acquirer believes that this takeover bid, as well as the implementation of the Acquirer's strategic plans, will not have any negative effect on the Company's employees. The Acquirer plans to keep the existing employees, and its aim is to influence the improvement of technology, the improvement of the business process in order to increase the productivity, and thus modernization of the human resources management process.

In addition, according to the market conditions and the general economic situation, the Acquirer plans to provide further professional training for the existing employees.

8.3.4. Data concerning the strategic plans of the Acquirer for the target company, including data concerning the possible impact on the employment, the business activity that the target company performs, the assets of the target company and its future liabilities, as well as the headquarters of the target company

At this moment, the Acquirer does not plan to change the core business.

The Acquirer believes that through future investment activities and quality management of the Company's assets and liabilities, a more cost-effective operation will be achieved.

The Acquirer is planning development in the same industry.

In addition, with a potential increase in the volume of operations, a possibility of opening new jobs would be created.

The contractor plans to keep the existing headquarters and carry out the primary business activity of Mermeren Kombinat AD Prilep.

8.3.5. Allocation of profit of the target company

The profit of Mermeren Kombinat AD Prilep will be used primarily to strengthen the company's balance sheet, and it will enable the Company to easily secure low-cost loans from commercial banks, which will be then used for smooth current operations, as well as for investments in environmental projects and energy efficiency projects.

The main focus of the profit distribution policy is to preserve the solvency indicators at a healthy level and to ensure that the distribution does not have a negative effect on the liquidity of the Company.

#### 8.3.6. Changes in the status of the target company

The Acquirer has no intention to change the form of the Company.

**We declare that the information stated in the Prospectus is true and that the Prospectus contains all the information that the holders of the securities need to make an appropriate decision regarding the acceptance or non-acceptance of the bid, that we are aware of or should be aware of.**

#### **Acquirer**

**Dolit Investments S.A.**,  
represented by Savvas Andreas  
Liasis, Chief Executive Officer,  
through the proxy Darko Nikoloski

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**DOLIT INVESTMENTS S.A.**, represented by  
Savvas Andreas Liasis, Chief Executive Officer,  
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