

EXPLANATION ON THE OPERATION OF MERMEREN KOMBINAT AD PRILEP FOR THE PERIOD FROM 01.01.2022 TO 30.06.2022

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 30 June 2022.

- 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 30 June 2022, Mermeren Kombinat AD Prilep ("the Company"), generated sales revenue in the amount of €14,246,252, which is an increase of 5.6% compared to the same period of the previous year.

Sales revenue (in Euro)	2022		2021	
- Domestic market	53,662	0.38%	86,539	0.64%
- Foreign market	14,192,590	99.62%	13,405,558	99.36%
	14,246,252		13,492,097	

Sales revenue	2022		2021	
- Quarry	13,583,103	95.35%	13,198,559	97.82%
- Factory	663,149	4.65%	293,490	2.18%
	14,246,252		13,492,097	

The operating profit for the period is in the amount of €7,098,130 which compared to the operating profit for the same period in 2021 in the amount of €7,393,354 represents a decrease of 3.99%.

EBITDA for the period of 01 January to 30 June 2022 is €8,182,476 compared to €8,556,454 for the same period of the previous year, or decrease of 4.37%.

The final result after the tax, for the first semester of 2022 is positive, amounting to €6,378,665 but shows an decrease of 4.64% compared to the profit for the same period last year, in the amount of €6,688,797.

- C. Operating expenses are in the amount of €7,124,253 and represent increase of 8.47% compared to the same period of the previous year.

The cost of materials and consumables was higher by 25.25%, and employee expenses were decreased by 8.59%.

External services expenses are increased by 28.17%. Depreciation costs amounted to €1,083,366 and are lower by 3.79% compared to the previous year.

- D. There are no significant investments in tangible assets (real estate, plant and equipment) or significant write-off, higher than 30% of the value of the assets, compared to the last annual financial reports.

- E. At 20 April 2022 and according to the Shareholders' Assembly decision no. 02-1705/14, the retained earnings realized till 31 December 2020 and part of the profit for the year 2021 in total amount of €16,029,054 were allocated for dividends distribution. The amount of the gross dividend per ordinary share is determinate at €3.42 (1€=61.695 denars).
During the period ended 30 June 2022 the Company paid dividends to its shareholders in net amount of €15,843,573 and in addition €170,916 relating to taxes on dividend paid.

- F. Loans of the Company were fully paid.

- G. The operations of the Company proceed according to the plan, yet there was a decrease in the profit compared to the same period of the previous year, due to a large degree to the increased cost of energy. The effects on the second semester of the year are difficult to quantify, given the unpredictable nature of the cost of energy.

Comprehensive Income Statement

In EUR

	Position	Previous Period	Curent Period	Indices
		01/01-30/06/21	01/01-30/06/22	curent year / previous year
1	Sales revenues	13.492.097	14.246.252	106
1a	Revenues from domestic market	86.539	53.662	62
1b	Revenues from foreign markets	13.405.558	14.192.590	106
2	Cost of goods sold	3.987.568	4.981.562	125
3	Gross Profit	9.504.529	9.264.690	97
4	Administrative Costs	1.048.785	897.118	86
5	Sales and Marketing Cost	956.113	1.214.628	127
6	Provisions	0	0	0
7	Other operating revenues	64.866	67.838	105
8	Impairment and Other operating Costs	171.143	122.652	72
9	Operating profit	7.393.354	7.098.130	96
10	Total Financial Revenue	138.833	88.800	64
10a	Financial revenues from investment, loans granted and interest and exchange rate gains	138.833	88.705	64
10b	Other Financial Revenue	0	95	0
10c	Income From Associated Companies	0	0	0
11	Total Financial Expenses	130.849	89.536	68
11a	Financial expenses from interests and exchange rate losses	130.849	89.536	68
11b	Other financial expenses	0	0	0
11c	Losses from Associates	0	0	0
12	Profit from ordinary activities	7.401.338	7.097.394	96
13	Net Profit from Discontinued activities	0	0	0
14	Profit from ordinary activities before taxation	7.401.338	7.097.394	96
15	Corporate tax	-712.541	-718.729	101
16	Net profit	6.688.797	6.378.665	95
17	Net profit minority shareholders	0	0	0
18	Net profit Majority shareholders	6.688.797	6.378.665	95
19	Total other comprehensive income	0	0	0
20	TOTAL COMPREHENSIVE INCOME	6.688.797	6.378.665	95

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	13.492.049	14.246.252	106
1a	Revenues from rents and consumables	48	3.776	0
2	Other operating revenues	64.866	88.785	137
3	Changes in inventories of finished goods and work in progress	404.161	-116.430	-29
4	Cost of trading goods sold	0	0	0
5	Cost of consumed materials and other supplies	1.698.212	2.126.975	125
6	Cost of materials, spare parts and other inventory sold	0	5.503	0
7	Services	993.005	1.272.767	128
8	Other Expenditures	367.018	526.617	143
9	Service costs	2.212.364	2.022.240	91
10	Amortization And Depreciation	1.126.029	1.083.366	96
11	Impairment losses of Non-current assets	0	0	0
12	Impairment losses of current assets	113.059	3	0
13	Provisions	0	0	0
14	Other operating expenses	58.083	86.782	211
15	Operating profit	7.393.354	7.098.130	96