

Financial statements prepared in accordance with International Financial Reporting Standards and Independent Auditor's Report

Mermeren Kombinat AD Prilep

31 December 2025



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Independent Auditor's Report

To: The Shareholders of
Mermeren Kombinat a.d., Prilep

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Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Meremern Kombinat AD Prilep ("the Company"), which comprise the individual Statement of financial position as at 31 December 2025, and the individual Statement of comprehensive income, individual Statement of cash flow and the individual Statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as of 31 December 2025, and its financial performance and its cash flows for the year then ended, in accordance with accounting standards applied in the Republic of North Macedonia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA)¹. 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code of Ethics") of the International Ethics Standards Board for Accountants, which are applied in the Republic of North Macedonia, together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of North Macedonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code of Ethics applied in the Republic of North Macedonia.

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 for the year ended 31 December 2025. 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.

¹ International Standards on Auditing ("ISA") translated and published in the Official Gazette of the Republic of North Macedonia no.273 from from 30 December 2024, effective from 01 January 2025

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<i>Revenue recognition</i>	
<p>As it is disclosed in Note 16 to the accompanying financial statements, for the year ended 31 December 2025 the Company has recognized Revenue from sales in the amount of EUR 30.487.692. Additional disclosures are included in Note 2. Material accounting policies – Revenue and expense recognition, to the financial statements.</p> <p>The Company's main business activities include mining, processing and distribution of marble and decorative stones on the domestic market and neighboring countries.</p> <p>In accordance with the auditing standards, revenue recognition is considered with a presumed risk of material misstatement due to fraud in revenue recognition process.</p> <p>As a result of that, as well as due to the significant amount of the revenues, the occurrence, accuracy and timely revenue recognition were considered as a key audit matter.</p>	<p>The relevant procedures we performed to address this key audit matter included:</p> <ul style="list-style-type: none"> - In order to assess risks of material misstatement, we first obtained an understanding of the process flows and the internal control related to the recognition of revenue by taking into account the corporate environment and accounting standards applied in the Republic of North Macedonia. - On the basis of the risks of material misstatement identified in the scope of these audit procedures, we selected internal controls relevant to the audit with respect to revenue recognition. Subsequently, these controls were tested for operating effectiveness to assess their effectiveness in the reporting year. <p>Apart from testing the operating effectiveness, we performed the following substantive procedures in response to identified risks of material misstatement:</p> <ul style="list-style-type: none"> - We assessed the consistency of the application of the revenue recognition policy by reconsidering the accounting policies of the Company. - We made inquire of personnel involved in activities in areas in which a fraud risk has been identified to obtain their insights about the risk and how controls address the risk. - We used more disaggregated data and performed substantive analytical procedures relating to, comparing revenue reported by month, and by product line and number of subscribers during the current reporting period with comparable periods. - We have tested transactions occurring within proximity before and after the year end, obtaining evidence to support the appropriate timing of revenue recognition. - We tested the appropriateness of journal entries recorded in the general ledger 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 revenue recognition. We also assessed the overall control environment of the Company and interviewed senior management. <p>No exceptions and material misstatements were identified from our audit procedures performed.</p>
<i>Assumption used in the valuation of inventory</i>	
<p>Based on both ISA and our audit methodology, accounting estimates are areas that involve significant management judgements 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,</p>	<p>The relevant procedures we performed to address this key audit matter included:</p> <ul style="list-style-type: none"> - 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.

<p>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 Note 4 in the accompanying financial statements.</p>	<p>- Furthermore, when attending the physical inventory count, 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, as well as we have reviewed the Valuation report (aged inventory of marble blocks and columns) received from the independent certified valuer.</p> <p>No exceptions and material misstatements were identified from our audit procedures performed.</p>
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Other information

Management is responsible for other information. The other information comprises the Annual Report of the Board of Directors, but does not include the financial statements and our auditor's report.

Our opinion on the financial statements does not cover other information and, except to the extent explicitly stated in our report, we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in audit, or otherwise appears to be materially misstated.

In addition, based on the knowledge and understanding of the entity and its environment in which it operates, obtained during the audit, we are required to report if we have identified any material misstatements of fact in other information. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting standards applied in the Republic of North Macedonia and for such internal control as 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, 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 Auditing² 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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 audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

² International Standards on Auditing ("ISA") translated and published in the Official Gazette of the Republic of North Macedonia no.273 from from 30 December 2024, effective from 01 January 2025

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 management.
- Conclude on the appropriateness of 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.

Report on Other Legal and Regulatory Matters

Assurance Report on the European Single Electronic Reporting Format

We examined the digital records of Mermeren Kombinat AD, Prilep (the "Company"), prepared in accordance with the European Single Electronic Format (ESEF) that is determined by the European Commission Delegated Regulation (EU) 2019/815, as amended by the Regulation (EU) 2020/1989 (the ESEF Regulation) that include the financial statements of the Company for the year ended as at 31 December 2025 in the XHTML format in the file (M6AD1Y1KW32H8THQ6F76-2025-12-31-1-el.html) with the appropriate mark-up of the those financial statements including the other explanatory information (Notes to financial statements).

Regulatory framework

The digital records of the European Single Electronic Format are prepared in accordance with the ESEF Regulation and the 2020/C 379/01 Commission Interpretative Communication issued on 10 November 2020, as required by the L. 3556/2007 and the relevant announcements of the Hellenic Capital Markets Commission and the Athens Stock Exchange (the "ESEF Regulatory Framework"). This Framework includes in summary, among others, the following requirements:

- All the annual financial reports must be prepared in XHTML format.
- With respects to the financial statements based on International Financial Reporting Standards (IFRS), the financial information that is included in the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, must be marked up with XBRL tags, in accordance with the ESEF Taxonomy, as in force. The technical requirements for the ESEF, including the relevant taxonomy, are included in the ESEF Regulatory Technical Standards.

The requirements as defined in the ESEF Regulatory Framework as in force are appropriate criteria in order to express a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

Management is responsible for the preparation and filing of the financial statements of the Company, for the year ended as at 31 December 2025, in accordance with the requirements determined by the ESEF Regulatory Framework, and for such internal control necessary to enable the preparation of digital files that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to design and conduct this assurance engagement in accordance with the CEAOB guidelines on the auditors' involvement on financial statements in European Single Electronic Format (the "CEAOB ESEF Guidelines") issued by Committee of the European Auditing Oversight Bodies on 09 November 2021, as well as 214/4/11-02-2022 Decision of the Hellenic Accounting and Auditing Standards Oversight Board and the "Guidelines for the assurance engagement and report of Certified Auditors on the European Single Electronic Reporting Format of issuers with shares listed in a regulated market in Greece" issued by the Institute of Certified Public Accountants of Greece on 14/02/2022, in order to obtain reasonable assurance that the financial statements of the Company, prepared by the management of the Company in accordance with the ESEF comply, in all material respects, with the ESEF Regulatory Framework as in force.

Our work was performed in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, as it has been incorporated into Greek legislation and we have also fulfilled our independence requirements, in accordance with the L. 4449/2017 and the Regulation (EU) 537/2014.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and our procedures are limited to the requirements of ESEF Guidelines. Reasonable assurance is a high level of assurance, but is not a guarantee that this work will always detect a material misstatement of non-compliance with the requirements of ESEF Regulation.

Conclusion

Based on the procedures performed and the evidence obtained, the financial statements of the Company for the year ended as at 31 December 2025 in XHTML format in the file (M6AD1Y1KW32H8THQ6F76-2025-12-31-1-el.html) with the appropriate mark-up on the above financial statements, including the other explanatory information, have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework

The engagement partner on the audit resulting in this independent auditor's report is Elena Petrovska-Lazarevski.



Elena Petrovska-Lazarevski
Director
Grant Thornton DOO, Skopje



Elena Petrovska-Lazarevski
Certified auditor

Skopje, 27 April 2026

Statement of financial position

	Note	31 December 2025	(Amounts in Eur) 31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	5	16,570,680	15,182,271
Intangible assets	6	1,459,746	1,633,135
		18,030,426	16,815,406
Current assets			
Inventories	8	3,728,121	4,580,121
Trade and other receivables	9	14,794,818	9,780,076
Income tax receivables		260,729	-
Financial receivables	10	959,146	3,910,027
Cash and cash equivalents	11	2,728,989	4,397,785
		22,471,803	22,668,009
Total assets		40,502,229	39,483,415
Equity			
Shareholders' equity			
Share capital	12	4,686,858	4,686,858
Other components of equity	12	14,158,016	14,194,599
Retained earnings		19,815,373	18,446,828
Total shareholders' equity		38,660,247	37,328,285
Liabilities			
Non-current liabilities			
Financial lease	13	11,079	26,051
		11,079	26,051
Current liabilities			
Financial lease	13	13,226	14,887
Trade and other payables	14	1,306,624	1,366,843
Income tax payables		149,465	632,060
Payables toward state institutions	15	361,588	115,289
		1,830,903	2,129,079
Total liabilities		1,841,982	2,155,130
Total liabilities and shareholders' equity		40,502,229	39,483,415

These financial statements have been approved by the Board of Directors on 24 April 2026 and signed on its behalf by,

 <hr/> Lazaros Pantelidis Chairman	 <hr/> Vasileios Anagnostou Chief Executive Officer	 <hr/> Jasna Azhievska Chief Financial Officer
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Statement of comprehensive income

		(Amounts in Eur)	
		Year ended 31 December	
	Note	2025	2024
Sales	16	30,487,692	31,655,317
Cost of sales	17	(13,253,640)	(11,365,412)
Gross profit		17,234,052	20,289,905
Administrative and selling expenses	18	(3,400,002)	(3,818,984)
Other operating income	20	276,731	150,994
Operating profit		14,110,781	16,621,915
Finance income	21	254,453	128,211
Finance costs	21	(330,455)	(169,413)
Finance (costs), net		(76,002)	(41,202)
Profit before income tax		14,034,779	16,580,713
Income tax expense	22	(1,466,904)	(1,730,216)
Profit for the year		12,567,875	14,850,497
Other comprehensive income for the year:			
Items that will be reclassified subsequently to profit or loss			
Translation differences		18,005	7,803
Other comprehensive income for the year		18,005	7,803
Total comprehensive income for the year		12,585,880	14,858,300
Profit attributable to the holders of ordinary shares		12,567,875	14,850,497
Total comprehensive income attributable to the holders of ordinary shares		12,585,880	14,858,300
Earnings per share (expressed in Euros per share)	25	2.68	3.17
EBITDA		16,256,432	18,892,429

Statement of changes in equity

	(Amounts in Eur)			
	Share capital	Reserves	Retained earnings	Total
At 01 January 2025	4,686,858	14,194,599	18,446,828	37,328,285
<i>Transaction with owners</i>				
Transfer of profit from investment reserves to retained earnings (Note 12)	-	(11,083)	9,975	(1,108)
Transfer of profit from revaluation reserves to retained earnings (Note 12)	-	(43,505)	39,154	(4,351)
Dividends declared	-	-	(11,248,459)	(11,248,459)
Total transactions with owners	-	(54,588)	(11,199,330)	(11,253,918)
Profit for the year	-	-	12,567,875	12,567,875
<i>Other comprehensive income:</i>				
Exchange differences on translating (Note 12)	-	18,005	-	18,005
Total other comprehensive income	-	18,005	-	18,005
Total comprehensive income	-	18,005	12,567,875	12,585,880
At 31 December 2025	4,686,858	14,158,016	19,815,373	38,660,247
At 01 January 2024	4,686,858	15,588,060	15,381,056	35,655,974
<i>Transaction with owners</i>				
Transfer of profit from investment reserves to retained earnings (Note 12)	-	(1,345,924)	1,288,671	(57,253)
Transfer of profit from revaluation reserves to retained earnings (Note 12)	-	(55,340)	49,806	(5,534)
Dividends declared	-	-	(13,123,202)	(13,123,202)
Total transactions with owners	-	(1,401,264)	(11,784,725)	(13,185,989)
Profit for the year	-	-	14,850,497	14,850,497
<i>Other comprehensive income:</i>				
Exchange differences on translating (Note 12)	-	7,803	-	7,803
Total other comprehensive income	-	7,803	-	7,803
Total comprehensive income	-	7,803	14,850,497	14,858,300
At 31 December 2024	4,686,858	14,194,599	18,446,828	37,328,285

Statement of cash flows

		(Amounts in Eur)	
	Note	31 December 2025	31 December 2024
Operating			
Net profit before income tax		14,034,779	16,580,713
<u>Adjusted for:</u>			
Depreciation and amortization	5,6,23	2,145,651	2,270,514
Value adjustment of inventories	8,18	160,388	172,875
Impairment of obsolete consumables and spare parts	8,18	29,783	2,432
Wastage, failure and fracture	8,18	80,620	121,778
Shortages	8	-	13,014
Net carrying amount of equipment written off	5,18	-	2,612
Losses on property, plant and equipment sold	5,18	1,327	-
Impairment and write offs on trade and other receivables	9,18	358	345
Gain on property, plant and equipment sold	5,20	(239,830)	(10,624)
Liabilities for dividends written off	20	(3,203)	(2,093)
Payables written off and stock - count surplus	20	(180)	(12,042)
Gains from previously impaired receivables	9,20	-	(16)
Finance result, net	21	(11,919)	(40,954)
Operating profit before working capital changes		16,197,774	19,098,554
Changes in working capital			
Inventories		581,209	270,000
Trade and other receivables		(5,015,100)	487,998
Trade and other payables		184,199	(17,122)
Cash from operations		11,948,082	19,839,430
Interest paid		(19,900)	(2,804)
Income tax paid		(2,215,687)	(1,072,662)
Cash flows from operating activities, net		9,712,495	18,763,964
Investing			
Purchase of property, plant and equipment	5	(3,491,101)	(3,072,807)
Purchase of intangible assets	6	(31,569)	(897,441)
Proceeds from sale of equipment	5	404,243	519,203
Increase of deposits in banks		(863,452)	(1,431,498)
Decrease of deposits in banks		3,814,333	560,000
Interest received		31,819	43,758
Cash flows from investing activities, net		(135,727)	(4,278,785)
Financing			
Repayment of borrowings		(16,633)	(15,114)
Dividends paid and related taxes		(11,245,109)	(13,120,584)
Cash flows from financing activities, net		(11,261,742)	(13,135,698)
Net change in cash and cash equivalents		(1,684,974)	1,349,481
Cash and cash equivalents at beginning		4,397,785	3,041,213
Effects of exchange rate changes on cash and cash equivalents		16,178	7,091
Cash and cash equivalents at end	11	2,728,989	4,397,785

Accompanying notes on pages 12 to 39 are integral part of the financial statements

Notes to the financial statements

1 General

Mermeren Kombinat AD, Prilep, is a Shareholders' Company based in the Republic of North Macedonia, with its registered head office located at Lece Koteski 60A, Prilep. The Company's shares are listed on the Macedonian Stock Exchange and on the Athens Stock Exchange through Greek Depository Receipts (EL.PIS).

On 10 April 2009, Stone Works Holdings Coöperatief U.A., a corporation incorporated in the Netherlands, acquired 88.4% of the Company's shares. On 5 September 2017, Pavlidis S.A. Marble-Granite, Greece ("Pavlidis") acquired 100% of the equity interests of Stoneworks. Stoneworks, further acquired 34,449 shares on 28 June 2018 and 5,082 shares on 12 July 2018, bringing its ownership to 89.25% of the issued share capital of the Company as of 31 December 2025 and 2024.

On 10 March 2023 100% of the shares of Pavlidis was acquired by Dolit Investments SA ("Dolit") a company incorporated in Greece and the ultimate parent of the Company became ECM Partners Inc Ljubljana Slovenia as indirect 100% owner of Dolit.

The ultimate owner of the Company is Mr. Christoforos Pavlidis who owns 95.87% of the issued share capital of the Company. On 23 August 2023, Mr. Christoforos Pavlidis acquired 100% of the shares of Dolit Investments S.A. ("Dolit"), which owns Pavlidis Monoprosopi A.E. Marmara – Granites (previously known as Pavlidis S.A Marble-Granite), which in turn owns 100% of the equity of Stone Works Holding Cooperatief UA ("Stoneworks"), the holder of 89.25% of Mermeren's issued share capital. Additionally, through Pavlidis Monoprosopi A.E. Marmara – Granites, Mr. Pavlidis holds 310,262 ELPIS, representing 6.62% of the Company's total shares.

Pavlidis Monoprosopi A.E. Marmara-Granites, on 24 September 2024, has successfully completed the absorption of Dolit Investments S.A., and on 31 December 2024 the absorption of Sivec Investments LTD, Cyprus, becoming the direct ultimate owner of the Company.

By decision of the Extraordinary General Assembly on 11 July 2025, the shareholder structure of Pavlidis Monoprosopi A.E. Marmara-Granites was changed and the new name of the company is PAVLIDIS S.A Marble-Granite.

The Company's main business activities include mining, processing and distribution of marble and decorative stones. The Company has entered into concession agreement with the Ministry of Economy valid until 2030, which can be renewed for an additional 30 years. More details are disclosed in Note 28.

During 2024, the Company began construction of photovoltaic power plants at 4 locations in the country (Selce, Staro Lagovo, Kumanovo and Kavadarci) intended for the production and distribution of electricity. Details of these investments are provided in Note 5 below. The Company holds a license for this business activity issued by the domestic regulatory body. The company carries out business activities on the domestic and international markets. As of 31 December 2025, the Company employs 275 persons (31 December 2024: 285 persons).

2 Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements are prepared in accordance with the Company Law (published in Official Gazette No. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010, 48/2010, 24/2011, 166/2012, 70/2013, 119/2013, 120/2013, 187/2013, 38/2014, 41/2014, 138/2014, 88/2015, 192/2015, 6/2016, 30/2016, 61/2016, 88/2017, 192/2017, 64/2018, 120/2018, 290/2020, 215/2021, 99/2022, 272/2024 and 191/2025) and the Rulebook for Accounting published in Official Gazette No.75/2024 (Rulebook), whereby the International Financial Reporting Standards (IFRS volume 2023) were published. This Rulebook of Accounting comprise International Financial Reporting Standards (IFRS) - IFRS 1 to IFRS 17, International Accounting Standards (IAS) - IAS 1 to IAS 41, International Financial Reporting Interpretations Committee (IFRIC) - IFRIC 1 to IFRIC 23 and Standing Interpretations Committee (SIC) Interpretations comprising SIC 7 to SIC 32. The above stated standards, amendments and interpretations (IFRSs, IFRICs and SICs) are effective, in the Republic of North Macedonia, starting from 1 January 2025 except for IFRS 17 which is effective starting from 1 January 2028. With the amendment to the Rulebook published in the Official Gazette No.274/2024, IFRS 9 became effective (in the Republic of North Macedonia) starting from 1 January 2028 and as per the guidance provided by Council for Advancement and Oversight over the accounting profession of the Republic of North Macedonia, IAS 39 as published in Official Gazette No. 159/2009 remains an effective accounting standard for financial instruments until that date.

The Company applied all relevant standards, amendments and interpretations which were published in the Official Gazette No.75/2024 and No.274/2024. As IFRS 9 and IFRS 17 are not effective for periods beginning on or after 1 January 2025, the Company's financial statements are prepared in accordance with accounting regulations applicable in the Republic of North Macedonia as published in the Rulebook and explained above. Consequently, IFRS 1 is not applicable, and the Company applied the specific transitional provisions for all effective accounting standards, as explained in the text further.

2.2 Standards and interpretations effective in the current period

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2025:

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability** issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not (Effective date 1 January 2025).

The adoption of these amendments to the existing standards and interpretations has not led to any material changes in the Company's financial statements.

2.3 Standards and interpretations not effective in the current period

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Company has not early adopted and is currently assessing their impact on the financial statements:

- **Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments** issued by IASB on 30 May 2024. Amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. Amendments also clarify the date on which a financial asset or financial liability is derecognised and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features (Effective date 1 January 2026).
- **Amendments to IFRS 9 and IFRS 7- Contracts Referencing Nature-dependent Electricity** issued by IASB on 18 December 2024. The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent. The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met and to measure the hedged item using the same volume assumptions as those used for the hedging instrument. Amendments to IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics (Effective date 1 January 2026).

- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards - Volume 11** issued by IASB on 18 July 2024. These amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) disclosure of deferred difference between fair value and transaction price (IFRS 7); (d) introduction and credit risk disclosures (IFRS 7); (e) lessee derecognition of lease liabilities (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a 'de facto agent' (IFRS 10); (h) cost method (IAS 7) (Effective date 1 January 2026).
- **IFRS 18 Presentation and Disclosures in Financial Statements** issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. Standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies. The main changes in the new standard compared with IAS 1 comprise: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) the introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements (Effective date 1 January 2027)
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures** issued by IASB on 9 May 2024. Standard permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. (Effective date 1 January 2027).
- **IFRS 14 Regulatory Deferral Accounts** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS (Effective date 1 January 2026).
- **Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business (Effective date deferred by IASB indefinitely but earlier application permitted).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

2.4 Foreign currency translation

Functional and presentation currency

The Company maintains its accounting records and prepares its statutory accounts in local currency, i.e. in Macedonian Denars ("Denars" or "MKD"), which is the Company's "functional currency". These financial statements are presented in Euros, which is "presentation currency" of the Company's ultimate Parent.

The results and financial position of the Company are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- Resulting exchange differences are recognized as financial income or expense, respectively, in each statement of comprehensive income for the period they relate to.

Transactions and balances

Transactions denominated in foreign currencies have been translated into Denars at the middle exchange rate at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Denars at the National Bank of the Republic of North Macedonia middle exchange rate on the last day of the reporting period. All gains and losses resulting from foreign currency translation or exchange are included in the statement of comprehensive income as financial income or expense in the period in which they arose. The middle exchange rates used for conversion of the statement of financial position items denominated in foreign currencies are as follows:

Accompanying notes on pages 12 to 39 are integral part of the financial statements

	31 December 2025	31 December 2024
1 USD	52.3050 Denars	58.8807 Denars
1 EUR	61.4950 Denars	61.4950 Denars
Average EUR	61.5876 Denars	61.5319 Denars

2.5 Property, plant and equipment

Items of property, plant and equipment are carried at cost, less subsequent accumulated depreciation and impairment losses, if any. The increase in the carrying amount of property, plant and equipment due to their revaluation is recognized within asset revaluation surplus, which forms part of the total reserves included within the Company's equity. When revaluated assets are disposed of or sold, the amounts included in the revaluation surplus are transferred to the retained earnings for the period.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Constructed assets are depreciated from the time they are put into use. Land and construction in progress are not depreciated.

The estimated useful lives are as follows:

	31 December 2025	31 December 2024
Buildings & Foundation	40 years	40 years
Machines	10 years	10 years
Other equipment	4-5 years	4-5 years
Transport & furniture	4-5 years	4-5 years
Intangibles	5-16 years	5-16 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other expenses or other income in the statement of comprehensive income.

Interest costs on borrowings used to finance the construction of property, plant and equipment are capitalized, during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Property, plant and equipment (continued)

The costs of regular maintenance and repairs are charged to operating expenses as incurred. Improvements to the existing assets are capitalized only when they increase the future economic benefits embodied in the item of property, plant and equipment.

2.6 Intangible assets

Exploration and evaluation assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statement of comprehensive income as an expense as incurred. Expenditure on development activities, where by research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically or commercially feasible and the Company has sufficient resources to complete development.

The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the statement of comprehensive income as an expense as incurred.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Amortization is charged to the statement of comprehensive income on a straight-line basis over the period of its expected benefit, which is estimated at five to sixteen years.

Stripping costs

Accompanying notes on pages 12 to 39 are integral part of the financial statements

The Company recognizes a stripping activity asset if, and only if, all of the following are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Company;
- The Company can identify the component of the ore body for which access has been improved, and
- The cost relating to the stripping activity associated with the component can be measured reliably.

The stripping activity asset is accounted for as an addition to the intangibles. It is initially measured at cost, this being the accumulation of costs directly incurred to perform the stripping activity that improves the access to the identified component or ore, plus an allocation of indirectly attributable overhead costs. The costs associated with the incidental operations are not included in the cost of stripping activity asset. After initial recognition, the stripping activity asset is carried at cost less accumulated amortization and less impairment losses, if any. The stripping activity asset shall be depreciated or amortized on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Other intangible assets

Expenditure to acquire rights, licenses, trademarks and software is capitalized and amortized using the straight-line method over a period of five years.

2.7 Impairment of non – financial assets

Property, plant and equipment, as well as intangibles with defined useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

2.8 Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorized as FVTPL and FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not

Accompanying notes on pages 12 to 39 are integral part of the financial statements

designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, financial receivables and trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for as FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

2.9 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2.10 Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Share capital, reserves, retained earnings and dividends

(a) Share capital and share premium

Share capital consists of the fair value of monetary considerations contributed by the shareholders.

Equity (continued)

(b) Reserves

Reserves, which comprise revaluation, statutory and special reserves, are generated during the period, based on gains / losses from revaluation of tangible assets, in the case of revaluation reserves, as well as distributing accumulated gains based on legislation and decisions of the management and shareholders of the Company. Translation reserve comprises foreign currency translation differences arising from the translation of financial statements to the presentation currency Euro.

(c) Retained earnings

Retained earnings comprise of non-distributed earnings from the current and past periods.

(d) Dividends

Dividends are recognized as liabilities in the period when approved by the Company's owners. Dividends for the year that are published after the Statement of financial position date are disclosed in the Note for subsequent events.

2.15 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Accompanying notes on pages 12 to 39 are integral part of the financial statements

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.17 Lease

Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, the Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Company as a lessor

The Company's accounting policy under IFRS 16 has not changed from the comparative period.

As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

2.18 Current and deferred tax expense

Current tax expense for the period is the sum of current and deferred income tax.

Current income tax

Current tax expense at 10% rate is based on the profit shown in the Statement of comprehensive income, adjusted for certain under - declared revenue and non – recognized expenses for tax purposes, tax credit as well as other tax reductions. Legal entities may use tax losses from current period for compensation or elimination of tax liabilities for following periods.

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.

According to the provisions of the changes to the Law on Corporate Income Tax, beginning with fiscal year 2023, the Company will have the obligation to prepare the Transfer pricing Report but will no longer have the obligation to submit it to the tax authorities. The submission will only be required if requested by the tax authorities. The earliest the tax authorities could ask for the Transfer Pricing documentation for fiscal year 2025 is 15 April 2026, and the Company will have the obligation to submit it within 15 days as of the request.

Deferred tax expense

Deferred tax expense is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used in determination of deferred tax expense. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The Company has not recognized any deferred tax assets or liability or asset at 31 December 2025 and 2024, as there are no temporary differences existing at that date.

2.19 Employee benefits

Pension obligations

The Company has pension scheme as prescribed by the local social security legislation under which it contributes to its employees' post retirement plans. Contributions, based on salaries, are made to the first and second pension pillar responsible for the payment of pensions. There is no additional liability regarding these plans.

Short – term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Company pays to the employee's recourse for short term benefits in accordance with the legislation and compensation for unused vacation.

Post – retirement obligations

The Company provides its retirees an amount equal to two months average salary according to the related local provisions. No provision has been made at the statement of financial position date in respect of this post – retirement obligations, since that amount would not have a material effect on the financial statements.

2.20 Value-added tax

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax from the purchase of assets or services is not reimbursable by the tax authority, in which case the value added tax is recognized as part of the expenses for the acquisition or as part of the cost where appropriate; and
- Receivables and liabilities which are presented with value added tax included.

The net amount of value added tax which is recoverable from, or payable to the tax authorities is included as part of the receivables or liabilities in the Statement of financial position.

2.21 Provisions

A provision is recognized when the Company has a present obligation as a result of a past event and 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

2.22 Revenue and expense recognition

Revenue comprises of revenue from sale of goods – wholesale marble blocks and tiles and from rendering of services. Revenue from major products and services is shown in Note 16.

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

To determine whether to recognize revenue from services, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sales of goods – wholesale marble blocks and tiles

Revenue from the sale of marble blocks and tiles for a fixed fee is recognized when or as the Company transfers control of the assets to the customer. Invoices for goods or services transferred are due upon receipt by the customer.

Sales of services

Revenue from services is recognized over time as the services are provided.

Finance income and expenses

Finance income is recognized on a time proportion basis that reflects the effective yield on the assets.

Finance expense comprises interest expense on borrowings and default interest expense on late payments. Borrowing costs are recognized in profit or loss using the effective interest method.

Interest income

Interest income is recognized on a time proportion basis that reflects the effective yield on the assets.

Operating expenses

Operating expenses are recognized upon utilization of the service or at the date of the origin.

Netting of revenues and expenses

The Company undertakes, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. The Company presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction.

2.23 Commitments and contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

The amount of a contingent loss is recognized as a provision if it is probable that future events will confirm that, a liability incurred as at the statement of financial position date and a reasonable estimate of the amount of the resulting loss can be made.

2.24 Related party transactions

Related parties are those where one of the parties is controlled by the other or has significant influence in making financial or business decisions of the other party.

2.25 Segment reporting

A segment is a distinguishable group of assets and operating activities that is engaged in providing products or services, subject to risks and rewards that are different from those of other segments. Geographical segment provides products and services within a defined economic surrounding exposed to risks different from those of other geographical segments.

2.26 Events after the reporting date

Post-year-end events that provide additional information about a Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and risks associated with the effects of changes in foreign currency exchange rates and interest rates. The Company's risk management focuses on unpredictability of markets and seeks to minimize potential adverse effects over the Company's business performance.

Risk management is carried out by the Board of Directors based on certain pre – approved written policies and procedures that cover overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of appropriate securities and investing excess liquidity.

3.2 Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company does not use any instrument to hedge the foreign exchange risk. The Company's Board of Directors is responsible to maintain adequate net position in each currency and in total and its operations are daily monitored by the Company's management.

The carrying value of the monetary assets and liabilities of the Company denominated in foreign currencies is as follows:

Assets		2025	2024
Financial receivables	EUR	959,146	3,910,027
Cash and cash equivalents	EUR	2,597,201	4,256,206
Trade receivables – foreign debtors	EUR	12,470,157	8,836,229
Trade receivables – foreign debtors	USD	4,857	37,988
		16,031,361	17,040,450
Liabilities			
Trade payables – foreign suppliers	EUR	(271,963)	(463,460)
		(271,963)	(463,460)

Foreign currency sensitivity analysis

	Net amount	+1%	+5%	-1%	-5%
31 December 2025					
EUR	15,754,541	157,545	-	(157,545)	-
USD	4,857	-	243	-	(243)
Gain or (loss)	15,759,398	157,545	243	(157,545)	(243)
	Net amount	+1%	+5%	-1%	-5%
31 December 2024					
EUR	16,539,002	165,390	-	(165,390)	-
USD	37,988	-	1,899	-	(1,899)
Gain or (loss)	16,576,990	165,390	1,899	(165,390)	(1,899)

The sensitivity analysis includes only monetary items denominated in foreign currencies at year end, and a correction of their value is made for a 1% change in the currency of the Euro and for 5% change in the other foreign currency rates. The positive, i.e., negative amount indicates increase/decrease in profit or other equity, which occurs when the Denar weakens/strengthens its value against the Euro by +/- 1% and against other foreign currencies by +/-5%.

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's management is primarily responsible for daily monitoring of the net interest rate risk position and it sets limits to reduce the potential of interest rate mismatch.

The table below summarizes the Company's exposure to interest rate risk.

	2025	2024
	In Euro	In Euro
Assets		
<i>Non-interest bearing:</i>		
Trade and other receivables	12,526,343	8,924,053
Cash and cash equivalents	202	126
	12,526,545	8,924,179
<i>With fixed interest rate:</i>		
Financial receivables	959,146	3,910,027
Cash and cash equivalents	2,728,787	4,397,659
	3,687,933	8,307,686
	16,214,478	17,231,865
Liabilities		
<i>Non-interest bearing:</i>		
Trade and other payables	1,258,506	1,314,460
	1,258,506	1,314,460
<i>With variable interest rate:</i>		
Borrowings	24,305	40,938
	24,305	40,938
Interest sensitivity gap	1,282,811	1,355,398

Interest rate sensitivity analysis

At 31 December 2025	Net amount in Euro	2%	-2%
Borrowings with variable interest rate	(24,305)	(486)	486
At 31 December 2024	Net amount in Euro	2%	-2%
Borrowings with variable interest rate	(40,938)	(819)	819

3.3 Credit risk

Credit risk is the risk of financial loss inflicted to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Company's trade receivables, financial receivables and cash and cash equivalents. The Company's exposure to credit risk is principally influenced by the individual characteristics of each customer.

The Company has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. It also has policies that limit the amount of credit exposure to any counter party. Credit terms to the foreign customers are secured with letter of credits that mature in 90 days.

The Company establishes a provision for impairment that represents its estimate of incurred losses in respect to the trade receivables, based entirely on specific and individual exposures.

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position as summarized below:

	2025	2024
Classes of financial assets – carrying amounts (in Euro):		
Financial receivables	959,146	3,910,027
Cash and cash equivalents	2,728,989	4,397,785
Trade and other receivables	12,526,343	8,924,053
	16,214,478	17,231,865

Credit risks (continued)

The credit risk for cash and cash equivalents and financial receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company secures its credit exposure to customers with bank guarantees, letter of credits, cash deposits, prepayments etc. Though the Company has a big exposure to Chinese customers at around 80% of sales, the selected distributors are mostly export oriented, which minimizes the Chinese market exposure risk. To the best of our knowledge, the Company's major customers have not experienced significant financial difficulties to date. Credit quality of trade receivables as at 31 December 2025 is considered to be good. As of the statement of financial position date the credit quality of Company's trade receivables and advances to suppliers is disclosed in Note 9.

3.4 Liquidity risk

The Company manages its liquidity needs by carefully monitoring scheduled and forecasting cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time intervals. Net cash requirement is compared to available borrowing facilities in order to determine any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period. The Company maintains cash to meet its liquidity requirements for 30-day periods at the least. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

As at 31 December 2025 and 2024, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years
At 31 December 2025			
Interest – bearing borrowings	13,226	11,079	-
Trade and other payables	1,258,506	-	-
	1,271,732	11,079	-
	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years
At 31 December 2024			
Interest – bearing borrowings	14,887	26,051	-
Trade and other payables	1,314,460	-	-
	1,329,347	26,051	-

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

3.5 Capital risk management

The Company's objectives when managing capital are the following:

- To safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders
- To maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratio

The structure of the Company's equity comprises of liabilities, cash and cash equivalents and equity, which comprises of share capital, reserves, revaluation surplus and retained earnings. Management reviews the capital structure on annual basis as a relation between the net loan liabilities and the total capital.

The net loan liabilities are calculated as total liabilities for borrowings less the amount for cash and cash equivalents.

Capital risk management (continued)

The debt indicator at year end is as follows:

	2025	2024
	(In Euro)	(In Euro)
Interest bearing borrowings	24,305	40,938
Cash, cash equivalents and deposits	(3,688,135)	(8,307,812)
Net liabilities	(3,663,830)	(8,266,874)
Shareholders' equity	38,660,247	37,328,285
Gearing ratio	-	-

3.6 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. No financial instrument is presented at fair value as of 31 December 2025 and 2024.

3.6.1 Financial instruments that are not presented at fair value

The following table summarizes the carrying amounts and fair values to those financial assets and liabilities that are not presented in the Statement of financial position at their fair value:

	Carrying value		Fair value	
	2025	2024	2025	2024
	(In Euro)	(In Euro)	(In Euro)	(In Euro)
Assets				
Trade and other receivables	12,526,343	8,924,053	12,526,343	8,924,053
Financial receivables	959,146	3,910,027	959,146	3,910,027
Cash and cash equivalents	2,728,989	4,397,785	2,728,989	4,397,785
Total assets	16,214,478	17,231,865	16,214,478	17,231,865
Liabilities				
Borrowings	24,305	40,938	24,305	40,938
Trade and other payables (without tax liabilities)	1,258,506	1,314,460	1,258,506	1,314,460
	1,282,811	1,355,398	1,282,811	1,355,398

Loans and receivables

Loans and receivables are carried at amortized cost, minus the provisions for impairment. Their fair value corresponds to their carrying value.

Other financial assets

Fair value of monetary assets that include cash and cash equivalents is considered to approximate their carrying value due to their maturity of less than 3 months.

Trade and loans payable

Carrying value of trade and loans payable approximates their fair value.

4 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Uncertainty in judgments

Impairment of non-financial assets

Impairment losses are recognized in the amount for which the carrying value of the asset or the cash generating unit exceeds the recoverable amount. When determining the recoverable amount, the Management evaluates expected prices and cash flows from each cash generating unit and determines an appropriate interest rate when calculating the present value of such cash flows. Management of the Company has taken into consideration the overall impact of COVID-19 and global political and economic crisis in assessing impairment and consider that there is no effect on the impairment of the assets.

Impairment of financial assets

Impairment of trade and other receivables

The Company calculates impairment for trade and other receivables based on estimated losses resulting from the inability of customers to make required payments. The estimation is based on the ageing of account receivables balance and historical write-off experience, customer credit-worthiness and changes in customer payment terms when evaluating the adequacy of the impairment loss for doubtful accounts.

These involve assumptions about future customer behavior and the resulting future cash collections. If the financial condition of customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far.

Useful life of amortized assets

The Management regularly reviews the useful lives of amortized assets as at the statement of financial position date. Management estimates that the determined useful life of assets represents the expected usefulness (utility) of assets. The carrying values of such assets are analyzed in Note 5 and 6. However, the factual results may differ due to technological obsolescence.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Provisions

Provisions are reviewed at each Statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. During 2025 there are no changes made to previous assumption used.

5 Property, plant and equipment

	Land & Buildings	Machinery & equipment	Construction in progress	Total
01 January 2024				
Cost or valuation	7,364,490	32,536,297	4,034	39,904,821
Accumulated depreciation and impairment	(3,570,717)	(21,657,367)	-	(25,228,084)
Net carrying amount	3,793,773	10,878,930	4,034	14,676,737
Year ended 31 December 2024				
Opening net carrying amount	3,793,773	10,878,930	4,034	14,676,737
Additions, net of transfers from C.I.P.	1,868,073	428,104	776,630	3,072,807
Disposals-net	(196)	(510,918)	-	(511,114)
Depreciation charge for the year	(192,228)	(1,864,234)	-	(2,056,462)
Translation differences	1,004	(1,167)	466	303
Closing carrying amount	5,470,426	8,930,715	781,130	15,182,271
At 31 December 2024 / 01 January 2025				
Cost or valuation	9,233,681	29,458,233	781,130	39,472,973
Accumulated depreciation and impairment	(3,763,255)	(20,527,447)	-	(24,290,702)
Net carrying amount	5,470,426	8,930,715	781,130	15,182,271
Year ended 31 December 2025				
Opening net carrying amount	5,470,426	8,930,715	781,130	15,182,271
Additions, net of transfers from C.I.P.	68,559	548,950	2,873,592	3,491,101
Disposals-net	(77,621)	(86,205)	-	(163,826)
Depreciation charge for the year	(193,895)	(1,747,058)	-	(1,940,953)
Translation differences	(306)	(1,934)	4,327	2,087
Closing carrying amount	5,267,163	7,644,468	3,659,049	16,570,680
At 31 December 2025				
Cost or valuation	9,298,074	29,788,905	3,659,049	42,328,644
Accumulated depreciation and impairment	(4,030,911)	(22,144,437)	-	(25,757,964)
Net carrying amount	5,267,163	7,644,468	3,659,049	16,570,680

Disposals

During year ended 31 December 2025, the Company has written off and sold property in Skopje and Asamati, equipment and computer hardware with net carrying value of Euro 164,413 (31 December 2024: Euro 511,114). The selling price of the equipment sold is Euro 457,001 (2024: Euro 519,203). A gain of Euro 239,830 (2024: Euro 10,624) was realized from these transactions, which is included in other operating income (see Note 20).

Construction in progress

As of 31 December 2025, the balance of construction in progress in the amount of Euro 3,659,049 (2024: Euro 781,130) mainly consists of the cost of the four new photovoltaic plants, same as 2024.

Pledge over property, plant and equipment

As of 31 December 2025, the Company has pledged part of its property, plant and equipment to secure borrowings. As of the statement of financial position date, their appraised value is in the amount of 3,861,952 Euro (31 December 2024: 3,861,952 Euro), whilst their present value is in the amount of Euro 1,427,973 (31 December 2024: Euro 1,553,634) (see Note 26).

Vehicles under financial lease

As at 31 December 2025 and 2024, the Company has the following amounts of assets under financial lease:

	2025	2024
Cost or valuation	67,639	67,639
Accumulated depreciation	(38,047)	(21,137)
Net carrying amount	29,592	46,502

6 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 01 January 2024					
Cost or valuation	275,811	318,434	3,293,487	4,833	3,892,565
Accumulated amortization	(263,643)	(232,782)	(2,446,726)	-	(2,943,151)
Net carrying amount	12,168	85,652	846,761	4,833	949,414
Year ended 31 December 2024					
Opening net carrying amount	12,168	85,652	846,761	4,833	949,414
Additions, net of transfers from C.I.P.	5,311	2,575	9,883	879,672	897,441
Disposals, net	(77)	-	-	-	(77)
Amortization charge for the year	(8,907)	(16,049)	(189,096)	-	(214,052)
Translation differences	(2)	(8)	(109)	528	409
Closing carrying amount	8,493	72,170	667,439	885,033	1,633,135
At 31 December 2024 / 01 January 2025					
Cost or valuation	281,047	321,010	3,303,376	885,033	4,790,466
Accumulated amortization	(272,554)	(248,840)	(2,635,937)	-	(3,157,331)
Net carrying amount	8,493	72,170	667,439	885,033	1,633,135
Year ended 31 December 2025					
Opening net carrying amount	8,493	72,170	667,439	885,033	1,633,135
Additions, net of transfers from C.I.P.	21,375	-	4,977	5,217	31,569
Amortization charge for the year	(20,093)	(14,602)	(170,003)	-	(204,698)
Translation differences	3	(22)	(249)	8	(260)
Closing carrying amount	9,778	57,546	502,164	890,258	1,459,746
At 31 December 2024					
Cost or valuation	299,780	321,010	3,308,360	890,258	4,819,408
Accumulated amortization	(290,002)	(263,464)	(2,806,196)	-	(3,359,662)
Net carrying amount	9,778	57,546	502,164	890,258	1,459,746

Exploration and evaluation assets

As of 31 December 2025, the balance of exploration and evaluation assets in the amount of Euro 502,164 (31 December 2024: Euro 667,439) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 5 years.

Intangibles in process of acquisition

As of 31 December 2025, the balance of intangibles in progress in the amount of Euro 890,258 (31 December 2024: Euro 885,033) relates to projects for the four new photovoltaic plants.

Allocation of depreciation and amortization charged

Out of the total depreciation and amortization for the year ended 31 December 2025 amounting Euro 2,145,651 (2024: Euro 2,270,514) disclosed in Note 23, Euro 2,035,599 (2024: Euro 2,181,086) has been charged in cost of sales and the remaining in the amount of Euro 110,052 (2024: Euro 89,428) into administrative and selling expenses (see Note 18).

7 Financial instruments by categories

The carrying amounts of the Company's financial assets and liabilities as recognized at the statement of financial position date may also be categorized as follows.

	2025	2024
Assets		
Assets carried at amortized cost		
Trade and other receivables	12,526,343	8,924,053
Financial receivables	959,146	3,910,027
Cash and cash equivalents	2,728,989	4,397,785
	16,214,478	17,231,865
Liabilities		
Other financial liabilities at amortized cost		
Borrowings	24,305	40,938
Trade and other payables	1,258,506	1,314,460
	1,282,811	1,355,398

8 Inventories

	2025	2024
Finished products	1,726,528	1,696,986
Work in progress	790,012	1,733,408
Spare parts	830,675	787,508
Raw materials	284,974	267,037
Trade goods	73,472	73,472
Other	22,460	21,710
	3,728,121	4,580,121

During 2025, the Company recognized expense for wastage, failure and fracture in the amount of Euro 80,620 (2024: Euro 121,778) and no stock count shortages (2024: Euro 13,014) accounted for administrative and selling expenses (see Note 18 and 23).

Furthermore, as at 31 December 2025 the Company has assessed the net realizable value of the inventories and has decreased its value in total amount of Euro 176,091 (2024: Euro 173,927). The net amount of Euro 160,388 (2024: Euro 172,875) decreased for income from value adjustment of previously written-off inventory in the amount of Euro 15,703 (2024: Euro 1,052), has been charged net into administrative and selling expenses (see Note 18 and 23).

As at 31 December 2025 the Company has assessed the net realizable value of spare parts and consumables and has decreased the corresponding value in total amount of Euro 29,783 (31 December 2024: Euro 14,172). The amount of Euro 29,783 (31 December 2024: Euro 2,432) has charged administrative and selling expenses (see Note 18 and 23).

Cost of raw materials, spare parts and other materials included in the cost of sale for the year ended 31 December 2025 amounts to Euro 4,104,585 (2024: Euro 3,897,654).

9 Trade and other receivables

	2025	2024
Current trade receivables		
Local debtors	30,705	40,577
Foreign debtors	6,222,412	6,742,816
Related parties' receivables (Note 24)	6,296,951	2,174,860
	12,550,068	8,958,253
Less: impairment provision	(67,189)	(69,131)
	12,482,879	8,889,122
Prepayments		
Advances to suppliers	1,600,353	484,202
Prepaid VAT	614,808	304,359
Deferred expenses	53,314	67,462
Other current receivables	43,464	34,931
	2,311,939	890,954
Trade and other receivables, net	14,794,818	9,780,076

The credit quality of Company's trade receivables and advances to suppliers on the reporting dates can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
31 December 2025				
Cost	7,078,962	5,403,917	67,189	12,550,068
Less: Impairment provision	-	-	(67,189)	(67,189)
	7,078,962	5,403,917	-	12,482,879
31 December 2024				
Cost	8,226,682	662,440	69,131	8,958,253
Less: Impairment provision	-	-	(69,131)	(69,131)
	8,226,682	662,440	-	8,889,122

The age structure of trade receivables and advances to suppliers are as follows:

	Domestic trade receivables	Foreign trade receivables	Total
31 December 2025			
Overdue up to 1 year	6,012	5,397,899	5,403,911
Overdue more than 1 year	6	-	6
	6,018	5,397,899	5,403,917
31 December 2024			
Overdue up to 1 year	15,071	647,369	662,440
Overdue more than 1 year	-	-	-
	15,071	647,369	662,440

The following table presents the movement of impairment provision account for the years ended 31 December 2025 and 2024:

	2025	2024
At 01 January	69,131	69,255
Write off of previously impaired receivables	(1,942)	(108)
Collected fully provided bad debts (Note 20)	-	(16)
At 31 December	67,189	69,131

10 Financial receivables

	2025	2024
Short-term foreign currency deposits in local banks	959,146	3,910,027
	959,146	3,910,027

11 Cash and cash equivalents

	2025	2024
Bank accounts in local banks	2,728,787	4,397,659
Cash on hand	202	126
	2,728,989	4,397,785

12 Equity

Shares issued

	Number of shares	Ordinary shares (Euros)	Share premium	Total (Euros)
<i>Authorized, issued and fully paid ordinary shares 1 Euro</i>				
At 01 January 2025 and 2024	4,686,858	4,686,858	-	4,686,858
At 31 December 2025 and 2024	4,686,858	4,686,858	-	4,686,858

The structure of share capital at 31 December 2025 and 2024 is as follows (amounts in Euro):

	Number of shares	Amount in Euros	%
Stone Works Holding Coöperatief U.A Netherlands	4,182,888	4,182,888	89.25
Piraeus Bank S.A. ³	468,700	468,700	10.00
Other – minority	35,270	35,270	0.75
	4,686,858	4,686,858	100.00

All shares issued are fully paid. Holders of ordinary shares are entitled to vote right in the Assembly of the Company, entitled to payment of part of profit, and right to payment of rest of the liquidation or bankruptcy estate of the Company.

Other components of equity

	Translation reserves	Investment reserves	Statutory and other reserves	Revaluation reserve	Total
At 01 January 2025	58,253	8,211,460	4,756,945	1,167,941	14,194,599
Transfer of profit from investment reserves to retained earnings	-	(11,083)	-	-	(11,083)
Transfer of profit from revaluation reserves to retained earnings	-	-	-	(43,505)	(43,505)
Translation differences	18,005	-	-	-	18,005
At 31 December 2025	76,258	8,200,377	4,756,945	1,124,436	14,158,016
At 1 January 2024	50,450	9,557,384	4,756,945	1,223,281	15,588,060
Transfer of profit from investment reserves to retained earnings	-	(1,345,924)	-	-	(1,345,924)
Transfer of profit from revaluation reserves to retained earnings	-	-	-	(55,340)	(55,340)
Translation differences	7,803	-	-	-	7,803
At 31 December 2024	58,253	8,211,460	4,756,945	1,167,941	14,194,599

³In its capacity of the issuer of the ELPIS certificates

Equity (continued)
Revaluation reserve

Revaluation surplus, which at 31 December 2024 amounts 1,124,436 Euro (2024: Euro 1,167,941) was initially created during 2002, based upon the independent valuation of groups of the Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to surpluses of the assets sold or disposed of.

Statutory and other reserves

Statutory reserves, which at 31 December 2025 and 2024 amount to 621,393 Euro are created during the years by allocation of parts of the net income after tax. With an Assembly decision, the statutory reserves can be converted into the share capital in full, and the legal reserve can be converted into the share capital only if exceeds the amount determined by law.

Other reserves, which at 31 December 2025 and 2024 amount to Euro 4,135,552 were created on 24 April 2017 and according to the Shareholders' Extraordinary Assembly decision no. 02-2223/3, when the premiums on issued shares of the Company were transferred in the special reserves that can only be used for increasing the basic share capital of the Company.

Investment reserves

At 31 December 2025 part of the reinvested profit in the amount of 11,083 Euros, which relates to the sale of fixed assets, has been transferred to the retained earnings.

At 30 May 2024 and according to the Shareholders' Annual Assembly decision no. 02-2250/5, part of reinvested earnings in amount of 773,392 Euros that was not utilized in 2023 has been transferred in retained earnings. Additionally, part of the reinvested profit in the amount of 572,532 Euros, which relates to the sale of fixed assets, has been transferred to the retained earnings.

Dividends

In accordance with the Decision of the Meeting of Shareholders (No. 02-2442/5, May 30, 2025), a portion of the 2024 profit amounting to €11,248,459 was distributed for dividend payments. The gross dividend per ordinary share was set at €2.40. For the period ending December 31, 2025, the Company paid a total net dividend of €11,124,585 to its shareholders, with €120,524 allocated to dividend-related taxes.

At 30 May 2024 and according to the Shareholders' Annual Assembly decision no. 02-2250/5, part of the retained earnings realized till 31 December 2023 in the amount of 13,123,202 Euros were allocated for dividends distribution. During the period ended 31 December 2024 the Company paid dividends to its shareholders in net amount of 12,979,844 Euros and in addition 140,741 Euros relating to taxes on dividend paid.

13 Financial lease

	2025	2024
Long - term liabilities for financial leasehold for vehicles	24,305	40,938
Less: current maturity	(13,226)	(14,887)
	11,079	26,051

14 Trade and other payables

	2025	2024
Trade creditors		
Local suppliers	551,897	481,838
Foreign suppliers	271,963	463,460
	823,860	945,298
Other current liabilities		
Liabilities to employees and management	424,844	359,488
Accrued expenses	43,932	44,851
Dividends payable (net of local taxes)	8,789	8,660
Customers prepayments	4,186	7,532
Other	1,013	1,014
	482,764	421,545
Total trade and other payables	1,306,624	1,366,843

15 Payables toward state institutions

	2025	2024
Concession fees and other levies (see Note 28)	352,881	104,024
Withholding tax	6,695	6,530
Personal income tax liabilities	2,012	3,616
VAT liabilities	-	1,119
	361,588	115,289

16 Sales

	2025	2024
Local market	392,450	271,359
Foreign markets:		
- China	24,998,600	25,428,095
- Greece	4,563,277	5,528,814
- Balkan region	529,162	387,036
- Other markets	4,203	40,013
Subtotal sales on foreign markets	30,095,242	31,383,958
Total sales	30,487,692	31,655,317

17 Cost of sales

	2025	2024
Stock of finished products and W.I.P. at 01 January	3,430,394	4,015,002
Total production cost for the year ended 31 December	12,595,968	11,077,990
Wastage, failure and fracture of products (excluding VAT effect)	(68,320)	(103,202)
Valuation allowance of inventories (Note 8)	(160,388)	(172,875)
Valuation allowance of obsolete consumables and spare parts (Note 8)	(29,783)	(2,432)
Other corrections	2,309	(18,677)
Stock of finished products and W.I.P. at 31 December	(2,516,540)	(3,430,394)
	13,253,640	11,365,412

18 Administrative and selling expenses

	Year ended 31 December 2025		Year ended 31 December 2024	
	Administrative	Selling	Administrative	Selling
Staff costs (Note 19)	643,668	207,020	623,069	189,881
Professional advisory services	155,843	2,757	161,208	3,273
Amortization and Depreciation (Note 5, 6)	88,523	21,528	70,673	18,754
Services	83,030	30,965	81,296	30,256
Insurance	65,187	15,187	95,468	23,055
Sponsorship and donations	54,727	-	28,522	-
Materials, supplies and utilities	35,317	86,080	36,820	112,205
Taxes and other levies	24,726	2,946	24,409	2,697
Representation	9,445	2,949	8,306	2,233
Employee Benefits	-	-	6,681	-
Transport of products	-	1,572,967	-	1,966,077
Value adjustment of inventory (Note 8, 23)	-	160,388	-	172,875
Wastage, failure and fracture (Note 8, 23)	-	80,620	-	121,778
Value adjustment of obsolete consumables and spare parts (Note 8, 23)	-	29,783	-	2,432
Present value of equipment sold and written off (8, 23)	-	1,327	-	196
Impairment and write off receivables (Note 9 and 23)	-	358	-	345
Stock count shortages of inventory (Note 8, 23)	-	-	-	13,014
Other expenses and provisions	20,447	4,214	19,471	3,990
	1,180,913	2,219,089	1,155,923	2,663,061

Accompanying notes on pages 12 to 39 are integral part of the financial statements

The cost for the audit services, included in the administrative services, amounts Euro 11,501 (2024: Euro 11,506).

19 Staff costs

	2025	2024
Net salaries	2,780,016	2,576,860
Personal tax and mandatory contributions	1,425,305	1,319,804
Business trips	45,644	41,128
Other allowances	692,924	641,511
	4,943,889	4,579,303

Out of the total staff costs for the year ended 31 December 2025 Euro 4,093,201 (2024: Euro 3,766,353), has been charged in cost of sales and the remaining in the amount of Euro 850,688 (2024: Euro 812,950) into administrative and selling expenses (see Note 18).

20 Other operating income

	2025	2024
Income from re invoicing of transport cost and other services	124,492	168,734
- Less: Cost associated with the above services	(115,916)	(151,113)
Gain on property, plant and equipment sold (Note 5)	239,830	10,624
Income from materials sold	20,065	89,278
Liabilities for dividends written off	3,203	2,093
Payables write offs and stock count surplus	180	12,026
Income from court verdicts	163	76
Collected fully provided bad debts (Note 9)	-	16
Other income	4,714	19,260
	276,731	150,994

21 Finance income and costs

	2025	2024
Finance income		
Interest income	31,819	43,758
Foreign exchange gains	222,634	84,453
	254,453	128,211
Finance (costs)		
Interest (expense)	(19,900)	(2,804)
Bank (charges)	(58,484)	(65,811)
Foreign exchange (losses)	(252,071)	(100,798)
	(330,455)	(169,413)
Finance (costs), net	(76,002)	(41,202)

22 Income tax expense

The charge for the year can be reconciled to the profit per Statement of comprehensive income for 2025 and 2024 as follows:

	2025	2024
Profit before income tax	14,034,779	16,580,713
Non – deductible expenses	634,274	721,546
Tax basis deductions	(12)	(95)
Basis for taxation	14,669,041	17,302,164
Current tax charge at rate of 10%	1,466,904	1,730,216
Income tax deduction	-	-
Income tax (expense)	1,466,904	1,730,216
Effective tax rate	10.45%	10.44%

Accompanying notes on pages 12 to 39 are integral part of the financial statements

23 Expenses by nature

	2025	2024
Staff costs (Note 19)	4,943,889	4,572,622
Energy	2,300,056	2,276,743
Consumed materials, spare parts and small inventory	2,296,487	2,019,276
Depreciation and amortization (Note 5 and 6)	2,145,651	2,270,514
Transport of products	1,591,506	1,993,983
Concessions	1,379,305	335,097
Services	466,358	449,012
Professional advisory services	169,760	195,968
Taxes and other contributions	164,609	152,607
Value adjustment of inventories* (Note 8 and 18)	160,388	172,875
Insurance	144,092	196,544
Wastage, failure and fracture (Note 8 and 18)	80,620	121,778
Sponsorship and donations	54,732	28,525
Value adjustment of obsolete consumables and spare parts (Note 8 and 18)	29,783	2,432
Representation	28,851	27,491
Present value of equipment sold and written off (Note 5, 18)	1,327	2,612
Write off of receivables (Note 9 and 18)	358	345
Stock count shortages of inventory (Note 8 and 18)	-	13,014
Employee Benefits	-	6,681
Other expenses and provisions	29,553	27,599
	15,987,325	14,865,718
Changes of stock of work in progress and finished products	666,317	318,678
	16,653,642	15,184,396

* Valuation allowance of inventories in the amount of Euro 160,388 (2024: Euro 172,875) represents net amount of recognized expenses of Euro 176,091 (2024: Euro 173,927) (Note 8), decreased for income from value adjustment of previously written-off inventory in the amount of Euro 15,703 (2024: Euro 1,052) (see Note 8).

24 Related party transactions

The table below provides for the volume and balances from the related party transactions as of and for the years ended 31 December 2025 and 2024:

31 December 2025	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-
Pavlidis S.A Marble-Granite Drama Greece	6,296,951	-	4,776,229	286,743
Key management remuneration	-	-	-	378,125
	6,296,951	-	4,776,229	664,868

31 December 2024	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-
Pavlidis Single Member S.A Marble-Granite Drama Greece	2,174,860	-	6,217,731	134,967
Key management remuneration	-	-	-	349,632
	2,174,860	-	6,217,731	484,599

25 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to equity holders of the Company	12,567,875	14,850,497
Weighted average number of ordinary shares (Note 12)	4,686,858	4,686,858
Basic earnings per share (Euros per share)	2.68	3.17

Accompanying notes on pages 12 to 39 are integral part of the financial statements

26 **Contingent liabilities**
Guarantees

	2025	2024
Issued guarantees from local banks	30,897	30,897
	30,897	30,897

The beneficiary of the guarantee is Ministry of Economy. The guarantee serves as security that the Company will pay its liabilities on time towards the beneficiary.

Litigations

At 31 December 2025, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 694,526 (2024: Euro 694,526). No significant liabilities are anticipated from these proceedings, as professional advice indicates that it is unlikely that any significant loss will arise.

Tax risk

As of 31 December 2025, the Company has not been subject to any tax inspections, including during the year 2024.

The Company regularly assesses potential tax impacts that may arise from future tax inspections of past years and new transfer pricing requirements. Management believes that any amounts arising from such inspections are unlikely to have a material effect on the company's financial results or cash flows.

27 **Commitments**

Mortgages

Appraised value:	2025	2024
Business premises	2,958,952	2,958,952
Machinery & equipment	903,000	903,000
	3,861,952	3,861,952
Present value:	2025	2024
Business premises	689,261	760,948
Machinery & equipment	738,712	792,686
	1,427,973	1,553,634

28 **Concession agreements**

During 2000 and 2001, the Company and the Ministry of Economy of the Republic of North Macedonia have signed several concession agreements for the purpose of research and exploitation of local marble resources. Under the initial provisions, the Company is awarded with concession on the above-mentioned activities for a period of 30 years, renewable at expiration for another 30-year period.

At 12 February 2021 in Public Gazette of RNM was published decision that the Company is awarded to extend concession territory for additional 0,305625 km². At 02 March 2021 the Government of RNM represented by Ministry of Economy and the Company has signed annex agreement for concession and determinate the territory for concession - 2,188135 km².

Effective from 01 January 2025, the new Tariff for determining the amount of fees for issuing permits and concessions for conducting detailed geological research and concessions for the exploitation of mineral resources was published in the Official Gazette No. 268 of 25 December 2024. According to the amendments, for the exploitation of marble, the concessionaire pays a fee of 5% of the income generated from the sold marble raw material in any shape or form. The amount of the concession fee for the use of the space or the area on which the concession for the exploitation of marble has been granted has also been increased from the previous 130,000.00 den/km² to 400,000.00 den/km².

29 Information on operating segments

As of 31 December 2025 and 2024, the Company is organized into the following operating segments:

- a. quarry;
- b. factory;
- c. photovoltaic plants.

Operating results per segments for the years ended 31 December 2025 and 2024, are as follows:

	Quarry	Factory	Photovoltaic plants	Total
Year ended 31 December 2025				
Sales	29,708,272	751,719	27,701	30,487,692
Profit/loss from operating activities	15,631,092	(1,547,743)	27,432	14,110,781
Financial result, net				(76,002)
Profit before income tax				14,034,779
Income tax expense				(1,466,904)
Profit for the year				12,567,875
Other comprehensive income				18,005
Total comprehensive income for the year				12,585,880
Year ended 31 December 2024				
Sales	30,676,750	936,328	42,239	31,655,317
Profit/loss from operating activities	16,927,756	(343,020)	37,179	16,621,915
Financial result, net				(41,202)
Profit before income tax				16,580,713
Income tax expense				(1,730,216)
Profit for the year				14,850,497
Other comprehensive income				7,803
Total comprehensive income for the year				14,858,300

Segment assets and liabilities as of 31 December 2025 and 2024 are as follows:

	Quarry	Factory	Photovoltaic plants	Total
31 December 2025				
Total assets	28,306,070	5,222,694	6,973,465	40,502,229
Liabilities	1,794,891	45,417	1,674	1,841,982
Capital expenditures	686,909	16,644	2,819,117	3,522,670
31 December 2024				
Total assets	28,213,524	7,057,701	4,212,190	39,483,415
Liabilities	2,088,508	63,746	2,876	2,155,130
Capital expenditures	374,093	14,539	3,581,616	3,970,248

Sales per geographical regions are as follows:

	2025	2024
North Macedonia	392,450	271,359
China	24,998,600	25,428,095
Greece	4,563,277	5,528,814
Balkan region	529,162	387,036
Other markets	4,203	40,013
	30,487,692	31,655,317

During 2025, Euros 20,024,323 or 65.68% (2024: Euro 15,784,875 or 49.86% of the Company's revenues depended on five single customers (four from China and one from Greece), which individually represents more than 10% of revenues (2024: three single customers (two from China and one from Greece)).

30 Events after the reporting date

On March 05, 2026, the Official Gazette of the Republic of North Macedonia (RNM) published a decision granting the Company an extension of its concession territory by 0.271913 km². Subsequently, on April 1, 2026, the Ministry of Energy, Mining and Mineral Resources, representing the Government of RNM, and the Company signed an annex to the concession agreement, establishing the final total territory at 2.460240 km².

There are no other events after 31 December 2025 that would have an impact on the 2025 profit or loss, statement of financial position or cash flows.



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