

**CENTRAL SECURITIES
DEPOSITARY AD SKOPJE**

**AUDITORS REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2024**

Skopje, March 2025

These reports are translation from the official ones issued in Macedonian language

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**INDEPENDENT AUDITOR'S REPORT
TO THE
SHAREHOLDERS OF
CENTRAL SECURITIES DEPOSITORY AD - Skopje**

Report on the Financial Statements

We have audited the accompanying financial statements of CENTRAL SECURITIES DEPOSITORY AD – Skopje (The Company), which comprise the Statement of financial position as at 31 December 2024 and Income Statement, Statement of comprehensive income, Statement of changes in equity and Cash flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards which are accepted in the Republic of Macedonia and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing which are accepted in the Republic of Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE
SHAREHOLDERS OF
CENTRAL SECURITIES DEPOSITORY AD - Skopje**

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CENTRAL SECURITIES DEPOSITORY AD – Skopje as of 31 December 2024, and of its financial performance and its cash flows for the period then ended in accordance with the accounting standards which are accepted in the Republic of North Macedonia.

Report on Other Legal or Regulatory Requirements

The management of the Company is also responsible for preparation of the annual business report according to the article 384 from the Law on trade companies. Our responsibility, according to the Audit Law, is to report whether the annual business report is consistent with the annual account and the financial statements for the year ended 31 December 2024. Our job regarding the annual business report is conducted according to the ISA 720 and is restricted to reporting whether the historical financial information presented in the annual business report are consistent to the annual accounts and the audited financial statements.

The annual business report is consistent, in all material aspects, with the annual account and the audited financial statements of CENTRAL SECURITIES DEPOSITORY AD – Skopje as of 31 December 2024.

Skopje, 14 March 2025

Certified Auditor

Kostadinka Kitanoska



Manager and Certified Auditor

Antonio Veljanov




INCOME STATEMENT

		In thousand MKD For the year ended at	
	Note	31 December 2024	31 December 2023
Revenues	6	64,256	37,855
Other operating income	7	627	796
Operating profit		64,883	38,651
Used materials	8	(195)	(277)
Personnel expenses	9	(20,610)	(18,377)
Depreciation and amortization	19,20	(2,739)	(2,719)
Other operating expenses	10	(23,759)	(17,758)
OPERATING PROFIT (LOSS)		17,580	(480)
Income from investments	18	47	388
Financing income	11	2688	1,149
Financing expenses	12	(2)	(36)
			1,501
PROFIT (LOSS) BEFORE TAXATION		20.313	1,021
Income tax expense	13	2,233	-
NET PROFIT (LOSS))		18,080	1,021
Basic earnings (loss) per share (In MKD)	25	3,013	170

STATEMENT OF COMPREHENSIVE INCOME

			in thousand MKD for the year ended
	Note	31 December 2024	31 December 2023
Net profit (loss) for the period		18,080	1,021
Other comprehensive income:			
Revaluation of PPE		-	-
Fair value movement of available-for-sale investments		22-	-
Currency translation differences		-	-
Total other comprehensive income		18,102	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		18,102	1,021

STATEMENT OF FINANCIAL POSITION

	Note	in thousand MKD 2024	2023
ASSETS			
Non-current assets			
Property and equipment	19	16,209	18,346
Intangible assets	20	903	649
Investments available for sale	18	76	76
		17,188	19,071
Current assets			
Cash and cash equivalents	14,27	2,699	1,393
Bank deposits	15	65,382	52,299
Short-term investments held to maturity	15	15,000	25,000
Short-term investments available for sale	18	17,097	-
Trade receivables	16	11,424	7,554
Other receivables	17	1,239	1,805
		112,840	88,051
Total assets		130,029	107,122
LIABILITIES AND EQUITY			
Equity	24		
Shareholders capital		48,306	48,306
Reserves		22,256	22,256
Revaluation of investments available for sale to their fair value		22	-
Retained earnings		51,305	33,225
TOTAL EQUITY		121,889	103,787
Non-current liabilities			
Donations	21	-	-
		-	-
Current liabilities			
Trade payables	22	2,384	1,951
Income tax payables	23	2,149	84
Other liabilities	23	3,607	1,300
TOTAL LIABILITIES		8,140	3,335
TOTAL LIABILITIES AND EQUITY		130,029	107,122

These financial statements were approved by the Board of Directors of the Central Securities Depository AD on 11 March 2025. Signed on behalf of the Board of Directors by:


Ms. Vesna Koleva

Head of Department for
financial affairs
No. of license 0100121




Ms. Darinka Damjanovik
Executive Director

STATEMENT OF CHANGES IN EQUITY

in thousand MKD

	Number of common shares	Share capital	Reserves and reinvested earining	Revaluation Reserves	Retained earnings / (loss)	Total
As at January 1, 2024	6,000	48,306	22,256	-	33,225	103,787
<i>Transactions with owners:</i>						
Distribution from reserves	-	-	-	-	-	-
				22		22
Distribution of retained earnings in reinvested earinings	-	-	-	-	-	-
	-	-	-	-	-	-
Distribution for dividends	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	18,080	18,080
<i>Other comprehensive income (loss)</i>	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	22	18,080	18,102
As at December 31, 2024	6,000	48,306	22,256	22	51,305	121,889
As at January 1, 2023	6,000	48,306	18,765	-	41,696	108,767
<i>Transactions with owners:</i>						
Distribution from reserves	-	-	(1,509)	-	1,509	-
Distribution of retained earnings in reinvested earinings	-	-	5,000	-	(5,000)	-
					-	-
Dividends	-	-	-	-	(6,000)	(6,000)
					1,021	1,021
Profit (loss) for the year	-	-	-	-	-	-
<i>Other comprehensive income (loss)</i>	-	-	-	-	1,021	1,021
Total comprehensive income (loss) for the year	-	-	-	-	33,225	103,787
As at December 31, 2023	6,000	48,306	22,256	-	41,696	108,767

CASH FLOW STATEMENT

		in thousand MKD	
	Notes	for the year ended at 31 December	
		2024	2023
Cash flows from operating activities			
PROFIT (LOSS) BEFORE TAXATION		20,313	1,021
<i>Adjustments for:</i>			
Depreciation of property and equipment	19	2,556	2,345
Amortization of intangible assets	20	183	374
Income from depreciation of donations	7	-	(242)
Other adjustments	19	-	-
Impairment of doubtful receivables	10	947	717
Income from value adjustment of receivables and collected doubtful receivables	7	-180	(277)
Income from investments	18	-47	(388)
Interest income	11	-1894	(340)
<i>Operating profit before changes in working capital</i>		<i>21,878</i>	<i>2,710</i>
Trade receivables		-4,817	(860)
Other receivables		1,415	595
Trade payables		434	674
Donations		-	-
Other liabilities		6,188	(1,093)
<i>Operating profit from operations after changes in working capital</i>		<i>25,098</i>	<i>2,026</i>
Income tax paid		-3,253	(438)
		21,845	1,588
Investment activities			
Withdrawn deposits from banks		45,610	71,863
Placed deposits with banks		-58,693	(39,830)
Short-term investment		10,000	(25,000)
Interest received		497	596
Disposal of equity investments		15,122	28,788
Acquisition of equity investment		-32,219	(28,400)
Acquisition of property, equipment and intangible assets	19 и 20	-856	(5,598)
Net cash flows (used in) / from investing activities		-20,539	2,419
Financing activities			
Dividends		-	(6,000)
Net cash flows from financing activities		-	(6,000)
Net increase/decrease in cash and cash equivalents		1,306	(1,993)
Cash and cash equivalents at 1st January	27	1,393	3,386
Cash and cash equivalents at 31st December		2,699	1,393

1 Basis data and activity

Central Securities Depositary AD Skopje (“herein after the Company”) is founded as a company for clearing and settlement of the liabilities based on securities and keeping a Register of securities in the Republic of Macedonia, based on agreement among the founders that are solely banks, broker and insurance companies. The Company has been registered at the trade register under T.Reg. No 3726/2001 on 31.10.2001. The address of the office is: Blvd. Kuzman Jasifovski Pitu no. 1 Skopje, Republic of North Macedonia.

Central Securities Depositary AD Skopje was operating on non-profit basis until 01.01.2006 which means that the surplus of the revenues over the expenditures can be used only for its development. Since January 1, 2006 the Company is operating as a profit earning company which means that net profits can be distributed for dividends.

According to the Statistics Bureau of the Republic of Macedonia Decision No.27-6410/1 dated 05.11.2001, the basic activity of the Company is “other financial mediation”, under activity code no.64.99 in accordance with the National Classification of Activities.

The total number of employees in the Central Securities Depositary AD Skopje as at 31 December 2024 is 16 (2023: 18 employees).

Notes to financial statements

2 Accounting policies

Below are the principal accounting policies used in the preparation of these financial statements. These policies apply to all years shown, unless otherwise indicated.

2.1 Basis of preparation

The financial statements set on pages 3 to 32 are prepared in accordance with the International Financial Reporting Standards (IFRS) accepted and published in the Rulebook for accounting in Official gazette of the Republic of North Macedonia (No.159/2009,164/2010 and 107/2011) and became effective from 1 January 2010.

Starting from January 1, 2025, the International Financial Reporting Standards (IFRS), published in the Republic of North Macedonia under the Accounting Rulebook ("Official Gazette No. 75/2024"), will be applied. The Company has assessed the potential impact of the IFRS changes on its financial position and operating results. Following the assessment, it was concluded that these changes will not have a material effect on the Company's financial statements.

The financial statements have been prepared for the years ending 31 December 2024 and 2023. Current and comparative figures in the financial statements and in the notes to the financial statements are presented in thousands of Macedonian Denars (000 MKD) unless otherwise stated. Where necessary, the comparative figures have been adjusted to conform to the presentation in the current year.

2.2 Basic accounting methods

The financial statements are prepared based on the principle of historical prices, except for the available-for-sale investments, which are recognised at fair value.

2.3 Accounting estimates and judgments

The Company is applying certain accounting estimates and judgments during the process of preparing the financial statements. Certain financial statement accounts which are not able to be measured properly are assessed regularly. The assessment process includes judgments based on the latest relevant and available information.

Estimates are used during the assessment of the useful life period of the assets, fair value of receivables and their collectability, fair value of investments available for sale, etc.

During the period, certain estimates and judgments can be revised and changed if there are changes in the circumstances on which the assessment was based or as a result of new information, greater experience and subsequent events.

The effect of the changes in the accounting estimates and judgements is included in the net profit or loss for the period, as well as in the future periods on which the change takes effect or both.

Notes to financial statements

2.4 Going concern concept

The financial statements are prepared based on the going concern concept, which means that the Company will continue to operate in the near future. The management of the Company has no intention or need to liquidate or significantly restrict the scope of its operations.

2.5 Revenue recognition

Sales of services

Revenues from rendering services are recognized in the income statement according to stage of completion of services at the financial position date and when the amount of the revenue can be measured reliably, as it is probable that the economic benefits associated with the transaction will flow to the entity, transaction costs and costs for completion of the transaction can be measured reliably and there is an adequate evidence for the existence of the transaction.

2.6 Finance income

Finance income calculated during the year is presented as income regardless of its collection. They consist of interest income and foreign exchange gains. Finance income is recognised on a time proportion basis that reflects the effective yield on the assets.

Interest is recognised on an accrual basis for the period in which it relates.

2.7 Expenses

Finance expenses

Finance expenses are presented as expenses, regardless of their payment. They consist of interest expenses and foreign exchange losses. Finance expenses are recognised on a time proportion basis that reflects the effective yield on the assets.

Interest is recognised as an expense in accordance with the time period for which it relates.

Other operating expenses

Other operating expenses are recognised on the basis of the principle of matching the revenue and costs, and they are recognised and recorded on the basis of actual costs reported in reliable accounting documents.

2.8 Exchange rate differences

Business transactions in foreign currency are presented in Denars by applying the exchange rate of NBRNM at the date of the transaction. All monetary assets and liabilities in foreign currencies are denominated into Denars at the middle foreign exchange rate of NBRNM valid at the statement of financial position date.

Foreign exchange gains and losses arising on the transaction of receivables and liabilities in foreign currencies in denars are presented in profit and loss as finance income or expenses in the period in which they arose. The average foreign exchange rates of the NBRNM on 31 December 2024 and 2023, are as follows:

*Notes to financial statements***2.8 Exchange rate differences (continued)**

	2024	2023
1 EUR =	61.4950	61,4950
1 GBP =	74.1350	70,7612
1 USD =	58.8807	55,6516

2.9 Income tax (current and deferred)

Income tax consists of current and deferred income tax. The income tax is presented in the Income Statement of the Company.

Income tax is calculated in accordance with the statutory regulations in Republic of North Macedonia. According to Income Tax Law, the current tax expense at 10% rate is paid to profit for the year, which is determined as the difference between total revenue and total expenses for the period, increased with the non-recognised expenses for tax purposes adjusted for tax credit and less declared revenue. The current income tax is calculated by applying the income tax rate on the date of the Statement of Financial Position at rate of 10% (2023: 10%).

Deferred tax expense is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using income tax rates valid at the statement of financial position date.

As at 31 December 2024 and 31 December 2023, the Company has no deferred income tax receivables and payables.

2.10 Financial assets

The Company classifies its assets in the following categories: loans and receivables, financial assets at fair value, financial assets available for sale, as well as financial assets held until maturity. Classification depends on the purpose for which the assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those that are due in a period longer than 12 months from the date of the statement of financial position. Loans and advances to the Company at the reporting date are comprised of cash and cash equivalents, deposits, trade receivables and other receivables.

Financial assets at fair value through profit or loss

A financial asset is classified as an asset held for trading if it is acquired for the purpose of generating profits from short-term price fluctuations or if it is included in the portfolio for which there is a short-term actual form of profit-making.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are classified in this category or are not classified in any of the other categories. They are included in non-current assets unless

Notes to financial statements

management intends to sell these assets within 12 months from the date of the conclusion of the Statement of Financial Position.

2.10 Financial assets (continued)

Management intends to dispose of the investment within 12 months of the date of the Statement of Financial Position. The Company does not have assets classified in this category as of the date of the Statement of Financial Position.

Financial assets held to maturity

Held-to-maturity investments are non-derivative financial instruments with fixed repayment periods and a fixed maturity. The Company does not have assets classified in this category as of the date of the statement of Financial position.

Initial recognition of financial assets

Financial assets are recognised on the settlement date - the date when the Company undertakes to purchase or sell the asset.

All financial assets other than assets at fair value through profit and loss are initially recognised at fair value plus transaction costs. Assets at fair value through profit and loss are initially recognised at their fair value, with transaction costs recognised in profit and loss.

Subsequent measurement of financial assets

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently measured at their fair value. Loans and receivables and financial assets held to maturity are measured at amortised cost using the effective interest rate method.

Gains and losses from changes in the fair value of assets at fair value through profit and loss are included in profit or loss in the period in which they arise. Interest, if earned during the disposal of these funds, is recorded as interest income.

Gains and losses resulting from changes in the fair value of available-for-sale financial assets are recognised as other comprehensive income until the financial asset is disposed of or impaired, whereby cumulative gains or losses previously recognised as other comprehensive income are recognised as current gains or losses.

Interest on investments in available-for-sale debt securities is calculated using the effective interest method and is recognised in current gains or losses as part of other income. Dividends on investments in available-for-sale equity instruments are recognised in current profits or losses as part of other income and when the Company has an established right to an inflow of dividends.

The fair values of listed investments on active stock exchanges are based on current listing prices. If the market for a financial asset is not active (also for unlisted securities), the Company determines fair value by using valuation techniques. Valuation techniques include the use of normal, commercial transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and alternative pricing models.

If the value of the equity instruments cannot be adequately measured, they are measured at cost.

2.10 Financial assets (continued)

Derecognition of financial assets

Financial assets cease to be recognised after the expiration of the rights to receive cash flows from the financial assets or after their transfer, and the Company has transferred substantially all the risks and benefits of ownership.

Assets recognised at amortised cost

On each reporting date, the Company assesses whether there is objective evidence of impairment of the financial asset. A financial asset or group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) affects the expected future cash flow of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss represents the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted using the original effective interest rate of the financial asset. Receivables with short-term maturities are not discounted.

The carrying amount of the asset is reduced through the use of an impairment allowance account, with the corresponding impairment expense being recognised in the current profit and loss.

Assets recorded at fair value

On each reporting date, the Company assesses whether there is objective evidence of impairment of the financial asset. A significant or prolonged decline in the fair value of a financial asset below its purchase price is objective evidence in determining the possibility of impairment. If there is such evidence of financial assets available for sale, the cumulative loss - measured as the difference between the purchase value and the current fair value - is recognised in current gains and losses.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases, and the increase can be objectively related to an event occurring after the recognition of an impairment loss in current profit or loss, the impairment loss is reduced through current gains or losses.

For equity financial assets available for sale, the reversal of impairment is not recorded through profit and loss and any subsequent increase in fair value is recognised as other comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value in the statement of financial position. For these financial statements, cash and cash equivalents are comprised of cash in hand, cash in banks in denar and foreign currency accounts, demand deposits and time deposits in denar and foreign currency after maturity.

2.12 Trade receivables

Trade receivables arise from sales of services and are recognised at invoice value decreased by the cost for impairment of bad and doubtful receivables.

A provision for impairment of bad and doubtful receivables is recognised as expenses in the income statement for all receivables from companies that are in bankruptcy in the amount of 100% of their nominal value, and write-off for all companies in the current year that have been liquidated from the Central register of RNM. Besides the 100% provision for receivables from companies that are in bankruptcy or liquidation, and removal of the companies that have been previously removed from the trade register annually recognised provision for all outstanding receivables in accordance with their age structure. Provision in amount of 100% from the nominal value is made for all receivables that are due more than 3 years, 75% from the nominal value for all receivables that are due from 2 years to 3 years, 50% from nominal value for all receivables that are due from 1 year to 2 years and 0% for all receivables that are due up to 1 year.

2.13 Investment in securities

The Company classifies its investments as available-for-sale investments. Investments intended to be held for an indefinite period of time, which may be sold at any time, are classified as available-for-sale investments.

Subsequently, investments available-for-sale are stated at their fair value, that is, their last market value at the date of the statement of financial position for all securities which have an active market, except for those for which an active market does not exist and are stated at cost less for any impairment loss (entities in bankruptcy or in liquidation).

Gains and losses arising from changes in the fair value of available-for-sale investments are recorded in shareholders' equity as fair value and other reserves, until the investment is sold, at which time the unrealised gain or loss previously reported in the equity is included in net profit or loss.

Impairment of financial assets

Assets carried at amortised cost

At each reporting date, the Company assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets.

The financial asset or group of financial assets is impaired and impairment loss is recorded only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and that the event has an impact on the expected future cash flows of a financial asset or a group of financial assets that can be reliably estimated. Evidence of impairment can be taken into account when the debtor or the group of debtors has significant financial difficulties, delay in payment of principal and interest, probability to enter bankruptcy or other reorganisation, and where there are visible indications for decreased future cash flows, which changes in the economic conditions that correspond with the loss.

For the category of loans and receivables, the amount of the impairment loss is the difference between the recorded amount of the asset and the present value of the estimated future cash flows discounted using the original effective interest rate of the financial asset. The recorded

Notes to financial statements

amount of the asset is decreased and the amount of the loss is recognised at the same time in the Statement of Comprehensive Income.

2.13 Investment in securities (continued)

If, in a subsequent period, the amount of the impairment is decreased and that decrease can be objectively related to an event occurring after the recognition of the impairment (such as an improvement in the debtor's credit rating), the previously recognised loss will be restored by a correction in the Statement of Comprehensive Income.

2.14 Netting of financial instruments

Financial assets and liabilities are offset, and the net value is presented in the statement of financial position when there is a statutory executive right of offset of the recognised values and if there is a possibility to settle on a net basis or at the same time to realise the funds and pay off the liabilities.

2.15 Property, plant and equipment (PPE)

(1) Basic presentation

Initially, property, plant and equipment are recognised at cost. Cost includes the invoiced value and all other costs to bring the PPE to its present condition and location.

Subsequently, PPE were revalued in the past years and each year-end using a uniform revaluation coefficient based on the manufacturer's price increase index published by the State Bureau of Statistics of RNM and which was applied to historical cost or later revaluations and to the accumulated depreciation. This kind of revaluation of PPE is no more recorded. The effect of revaluation is the revaluation reserve, presented in the statement of financial position as part of the equity, which until 2001 was allocated in proportion to the shareholders' capital, statutory reserves and retained earnings.

Maintenance and repairs are charged to expenses as incurred. Costs relating to reconstruction and improvements that change the capacity or the purpose of the PPE are added to the value of the assets.

Gains on disposal of PPE are credited directly to other operating revenue. Losses on disposal of PPE are charged to other operating expenses.

(2) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful life. PPE are depreciated on a single asset basis until the asset is fully depreciated. No depreciation is provided on land and construction in progress.

Pursuant to Decision No. 02-2879/1 from 04/08/2023 for supplementing the Rulebook for the Application of Accounting Policies, the used annual depreciation rates, i.e. the predicted useful lives of PPE for 2024 in relation to 2023, are as follows:

Notes to financial statements

	2024	2023	2024	2023
Property	2,5 %	2,5 %	40 years	40 years
Vehicles	25 %	25 %	4 years	4 years
Computers	25 %	25 %	4 years	4 years
Computers	20 %	20 %	5 years	5 years
Fire station	10%	10%	10 years	10 years
Office furniture	20%	20%	5 years	5 years

2.16 Intangible assets

An asset should be recognised as an intangible asset in the financial statements if, and only if, it is controlled by the company, the future economic benefit will probably flow, the cost of the asset can be measured reliably, and it has a non-material form.

An intangible asset should be recognised initially at the purchase price, as well as the amount of cash and cash equivalents paid for its acquisition.

Subsequently, the intangible assets are recognised at cost less accumulated amortisation and any impairment losses. Intangible assets should be amortised over the best estimate of their useful life. The basic amortisation rate used in 2024 for intangible assets is 20% per year (2023: 20% per year).

2.17 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of an asset's value less cost to sell and value in use.

2.18 Financial liabilities

Financial liabilities are classified in accordance with the substance of the contract. Financial liabilities at amortised cost comprise liabilities to suppliers and other liabilities.

Trade and other payables

Liabilities to suppliers are recorded at their fair value and subsequently measured at amortised cost using the effective interest method. Obligations towards suppliers are derecognised at the moment they are settled, cancelled or expired.

2.19 Capital*(1) Share capital*

The Company's share capital is recognised in the amount of the nominal (par) value of the authorised and issued shares. Incremental costs related to the issuance of shares, if any, are deducted from equity.

(2) Purchased treasury shares

Shares issued and at the same time owned by the Company are considered to be treasury shares and are recognised at cost and presented as equity decrease.

Notes to financial statements

Treasury shares are gained through the process of acquisition on the secondary securities market (stock exchange) at current stock prices with a previously made decision for their acquisition by the Company's management. The acquired treasury shares are recognised at cost, including all transaction costs (fees).

2.19 Capital (continued)

Treasury shares are disposed of through process of re-selling according to the provisions of the Law on securities. The difference between the cost and the disposal price is recognised as share premium and it is presented in the equity.

(3) Legal reserves

Legal reserves are formed from profit based on legal provisions and the schedule of revaluation reserves, and can be used to cover losses. Under the local statutory legislation, the Company is required to set aside 5% of its yearly net profit in the reserves until the level of this reserve reaches 10% of the registered share capital. Until reaching the minimum required level, reserve could be used only for loss recovery. If the reserve exceeds 10% of the Company's equity capital, it may be used for payment of dividends by prior decision of the Shareholders' Assembly.

(4) Revaluation reserve

The revaluation reserve was formed on the basis of the performed annual revaluation, as stated in point 2.16 of these notes. In accordance with the legal regulations, the balance of the revaluation reserve after the annual calculation is recorded within the equity. This reserve is not subject to distribution.

2.20 Donations

Donations are recorded as income systematically and rationally over the useful life of assets. The received donations are treated as a separate income in the accompanying financial statements. Revenues from donations are recognised in current profit and losses as other operating revenues.

2.21 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

(1) Short-term employee benefits

Short-term employee benefits are employee benefits which fall due for payment within twelve months after the end of the period in which the employees render the related services. These benefits include items such as wages, salaries and other non-monetary benefits. All short-term employee benefits are recognised as a liability and expense for the undiscounted amount of the benefits.

(2) Post-employment benefits

The Company calculates and pays pension insurance contributions for its employees according to the domestic legislation. The contributions, based on the employee's salaries, are paid in the domestic Government and Private Funds. The Company has no additional liabilities.

Notes to financial statements

Also, the Company is obliged to pay a benefit in amount of two months' salary to all its employees who are retiring at the moment of retirement. The Company has made no provision for these liabilities as the amount is not significant for the financial statements.

2.22 Provisions

Provisions (uncertain liabilities) are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as an asset when, and only when, it is virtually certain that the reimbursement will be received. The expense relating to a provision is present in the income statement net of the amount recognised for a reimbursement. When the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation using pre-tax rates reflect current market assessments.

2.23 Contingent asset and liabilities

Contingent liabilities are possible obligation arising from past events, the existence of which will be confirmed by occurrence or failure of one or more uncertain future events that are not entirely under the control of the Company. Contingent liabilities are not recognised in the financial statements, but are only disclosed.

Contingent assets are possible assets arising from past events, the existence of which will be confirmed by the occurrence or failure of one or more uncertain future events that are not entirely under the control of the Company. Uncertain assets are recognised only when the inflow of economic benefits is likely.

3 Financial Risk Management

The Company's business activities are exposed to various risks of a financial nature. Financial risk management activities include the analysis, assessment, acceptance and management of risks. The Company strives to achieve an appropriate balance between risk and compensation and minimise potential adverse effects on the Company's financial performance.

The Risk Management policies of the Company are aimed at identifying and analysing these risks, establishing appropriate limits and risk control, as well as monitoring risks and adherence to limits through reliable and up-to-date information systems. The Company regulatory policy and established risk management systems in accordance with market changes, product changes and best practices. The Risk Management policies are carried out by the Company's Management in accordance with the policies of the Board of Directors. The Management identifies and assesses financial risk in close cooperation with the Company's business units.

*Notes to financial statements***3.1 Market risk***Foreign exchange risk*

The Company does not enter into transactions denominated in foreign currencies and therefore the Company is not exposed to foreign currency risk, except for the bank deposits in foreign currency.

The balance of foreign currency amounts of the assets and liabilities denominated in Denars as at 31 December 2024 and 2023 by currency is the following:

Financial Risk Management (continued)**3.1 Market risk (continued)**

In thousand Denars	Assets		Liabilities	
	2024	2023	2024	2023
EUR	7	10	-	-
Others	-	-	-	-
	7	10	-	-

The following table shows the sensitivity analysis of an increase or decrease of 10% of the Macedonian denar against foreign currencies. The analysis was made on the foreign exchange balance of the assets and liabilities at the balance sheet date. The positive amounts are profits increase, and the negative amounts are profit cuts for the respective period.

In thousand Denars	Increases by 10%		Reductions by 10%	
	2024	2023	2024	2023
EUR	1	1	(1)	(1)
Other	-	-	-	-
Net effect	1	1	(1)	(1)

Equity price risks

Equity price risk is the possibility that equity prices will fluctuate, affecting the fair value of the investments in shares and other instruments that derive their value from particular investments in shares or an index of equity prices. The primary exposure to equity prices arises from investments in securities. The Company is not exposed to this kind of risk as it does not own any securities.

3.2 Credit risk

The Company is exposed to credit risk if its customers fail to meet their payment obligations. The Company does not have a significant concentration of credit risk exposure, as all of the main customers are domestic brokerage houses and shareholder entities in the Republic of North Macedonia. The Company's policy to avoid or reduce this kind of risk is to make advance collection of its receivables and to provide adequate provision for all bad and doubtful receivables in order to present them at their fair and recoverable amount.

As at 31 December 2024 and 2023, the maximum exposure to credit risk is as follows:

Notes to financial statements

In thousand Denars	2024	2023
Classes of financial assets – book value:		
Cash and cash equivalents	2,699	1,393
Deposits in banks	65,382	52,299
Short-term investments held to maturity	15,000	25,000
Short-term investments available for sale	17,097	-
Trade receivables	11,424	7,554

Credit risk for cash, cash equivalents and deposits is materially insignificant because the funds are deposited in renowned banks with a high credit rating, as well as short-term investments in government securities/government bills, where the State is the guarantor.

3 Financial Risk Management (continued)**3.2 Credit risk (continued)**

The structure of trade receivables according to their maturity on 31 December 2024 is as follows:

In thousand Denars	Gross amount	Impairment	Net amount
Overdue receivables	9,309	(103)	9,206
Current receivables			
- in 2024	1,922	-	1,922
- in 2023	529	(265)	264
- in 2022	129	(97)	32
- before 2022	11,490	(11490)	-
	23,379	11,955	11,424

The structure of trade receivables according to their maturity on 31 December 2023 is as follows:

In thousand Denars	Gross amount	Impairment	Net amount
Overdue receivables	5,099	(31)	5,068
Current receivables			
- in 2023	2,063	-	2,063
- in 2022	669	(335)	334
- in 2021	354	(265)	89
- before 2021	10,964	(10,964)	-
	19,149	11,595	7,554

3.3 Interest rate risk

The Company is exposed to risk of interest rate fluctuation, which relates to the loans, borrowings or bank deposits with variable interest rates or when it has invested funds with other companies or banks with variable interest rates. At the statement of financial position date, the Company is not exposed to this kind of risk as it does not have any borrowings.

3.4 Liquidity risk

Liquidity risk includes the risk of being unable to fund its liabilities at appropriate maturities with its cash. This kind of risk is managed by maintaining sufficient cash for the regular funding of its

Notes to financial statements

committed credit facilities. The Company has no such liquidity issues. As of 31 December 2024 and 2023, all financial liabilities of the Company are short-term.

3.5 Tax risk

According to local legislation in RNM, the tax authorities may at any time inspect the books and records after the reported tax year, and may impose additional tax assessments. Up to the date of the Auditors' report, inspection for income tax, personnel income tax and contributions on allowances for the period 2024 is not yet executed, and therefore additional taxes or contributions are possible. Accordingly, additional taxes in the event of future control by tax authorities at this point cannot be determined with reasonable certainty.

3.6 Risk of Financing

The Company finances its operations exclusively with its own funds and therefore does not use short-term or long-term loans from banks and other companies. The Company continuously monitors its indebtedness through an appropriate analysis, which as of 31 December 2024 and 2023 is as follows:

In thousand Denars	2024	2023
Cash and cash equivalents	(2,699)	(1,393)
Net liabilities(cash)	(2,699)	(1,393)
Total equity	121,889	103,787
% of gearing ratio	0%	0%

4 Fair value estimation

The Company has financial assets and liabilities that include the receivables from customers, deposits in banks, liabilities to suppliers, as well as non-financial assets for which many accounting policies and disclosures require the determination of their fair value.

The fair value of financial assets and liabilities is approximately as same as their accounting value, given the fact that they have relatively short maturity within a maximum of one year from the date of the statement of financial position.

5 Segment reporting

According to its size and activities, the Company is not obliged to report under segments, neither as business segments, nor as geographical segments.

*Notes to financial statements***6 Revenues**

	2024	2023
Income fee from settlement of stock exchange transactions	27,011	9,614
Income fee from annual record keeping of joint-stock companies	15,143	15,283
Income fee from legal entities and individuals according to Tariff book of CSD AD Skopje	16,343	7,391
Income fee from annual record keeping of debt securities	2,968	2,625
Income fee from registration of new emissions of securities	1,474	1,657
Income from annual membership fee for brokerage houses and banks	1,109	1,157
Income fee for initial access of joint stock companies	208	128
	64,256	37,855

7 Other operating income

	2024	2023
Income from released impairment due to collected receivables (Note16)	158	172
Income from collected impaired receivables (Note16)	-	54
Income from depreciation of donation (Note 20)	-	242
Income from insurance premiums	124	124
Revenues from collected bad and doubtful receivables (Note 16)	22	51
Other income	323	153
	627	796

8 Used materials

	2024	2023
Spent materials	80	181
Used spare parts	23	21
Small inventory write-off	92	75
Tires write-off	-	-
	195	277

9 Employees expenses

	2024	2023
Net-wages of employees	11,585	11,828
Contributions from wages	4,922	5,027
Wage personal income tax	1,072	1,097
Net rewards of the employees	1,037	-
Contributions from rewards of the employees	448	-
Personal tax from rewards of the employees	115	-
Net rewards of the management	375	-
Contributions from rewards of the management	162	-
Personal tax from rewards of the management	41	-
Other employees-related expenses	853	425
	20,610	18,377

Notes to financial statements

10 Other operating expenses

	2024	2023
Supervision fee	11,566	6,814
Compensation for members of governing bodies	1,476	1,474
Post, telephone and Internet services	1,255	1,408
Expenses for NBRNM	1,501	1,464
Public utility expenses	1,611	1,698
Costs for marketing, representation and donation	494	296
Compensation for temporary work	813	600
Impairment of trade receivables (Note 16)	906	537
Reward for members of governing bodies	467	-
Insurance expenses	451	431
Impairment of receivables from companies in bankruptcy and liquidated shareholding companies from the trade register (Note 16)	41	180
Business services for business activities	159	105
Allowance for business trips and travel cost	340	289
Expenses for donations (Note 7)	-	-
Other expenses	2,679	2,462
	23,759	17,758

11 Finance income

	2024	2023
Foreign exchange gains	-	12
Interest received on bank deposits	1,669	840
Interest income from treasury bills	1,019	297
	2,688	1,149

12 Finance expenses

	2024	2023
Foreign exchange expenses	2	14
Lost interest expense	-	22
	2	36

13 Income tax expense

	2024	2023
Profit before taxation	20,313	1,021
Profit tax incentives	-	-
Non-recognized expenses:	2,081	1,138
Impairment of receivables	906	537
Write-off of receivables	-	3
Compensation for members of governing bodies	30	76
Representation and sponsorship	406	266
Other	739	256
Tax basis	22,394	2,159
Reducing the tax base	62	2,159
Other relief (tax credit)	62	222
Amount of investments from profit (reinvested profit)	-	1,937
Tax base after reduction	22,332	0
Calculated income tax	2,233	0
Tax incentives for a given donation	-	-
Profit before taxation	2,233	0
Effective tax rate	10,99%	0%

*Notes to financial statements***14 Cash and cash equivalents**

	2024	2023
Cash at bank accounts	2,623	1,348
Cash on bank cards	48	27
Cash register in Denars	21	8
Foreign currency accounts	7	10
	2,699	1,393

15 Bank deposits

	2024	2023
Short-term deposits		
Sparkasse Bank AD Skopje	23,000	18,000
Komercijalna Bank AD Skopje	-	-
Stopanska Bank AD Skopje	10,000	10,000
TTK Bank AD Skopje	10,000	10,000
NLB Bank AD Skopje	-	-
Halkbank AD Skopje	13,000	5,000
Uni Bank AD Skopje	9,000	9,000
	65,000	52,000
Interest receivables	382	299
	-	-
Total bank deposits	65,382	52,299

As of 31 December 2024, the placed deposits in banks are in the amount of 65,382 thousand Denar (2023: 52,299 thousand Denar).

The short-term deposits in banks in 2024 include short-term deposits with twelve-month maturity in domestic and foreign currency, and annual interest rate of 2.60% up to 3.40% (2023: short-term deposits with six-to-twelve-month maturity and annual interest rate of 2.20% up to 4.00%).

Short-term investments held to maturity

	2024	2023
Short-term investments held to maturity	15,000	25,000
Short-term investments held to maturity	15,000	25,000

The Company invested in short-term government securities - treasury bills in 2024 with one-year maturity and annual interest rate of 4.00% up to 4.25% (2023: with one-year maturity and annual interest rate of 4.00% up to 4.25%)

16 Trade receivables

	2024	2023
Brokerage houses receivables	4,963	1,170
Shareholders companies receivables	14,760	14,576
Receivables from the Government	3,656	3,403
Total gross trade receivables	23,379	19,149
Impairment of shareholders companies receivables	(11,955)	(11,595)
Total net trade receivables	11,424	7,554

*Notes to financial statements***16 Trade receivables (continued)**

	2024	2023
Changes in impairment for bad and doubtful receivables:		
Balance as of 1 January	11,595	12,242
Impairment of receivables from companies in bankruptcy and liquidated companies from the trade register (Note 10)	41	180
Write-off receivables from deleted companies	(407)	(1,087)
Impairment of overdue receivables (Note 10)	906	537
Collected bad and doubtful receivables (Note 7)	(22)	(51)
Released provisions for collected trade receivables (Note 7)	(158)	(226)
Final write-off of receivables	-	-
Balance as at 31 December	11,955	11,595

Within the overall impairment of receivables for the year 2024 and according to the aged receivables report, as well as the established criteria for impairment of receivables, the recorded impairment of receivables is in the amount of 947 thousand denars (2023: 717million denars).

17 Other receivables

	2024	2023
Prepaid expenses	1,125	609
Assets taken from bankruptcy	110	110
Other receivables	4	40
Income tax refund receivables	-	1,046
VAT refund receivables	-	-
	1,239	1,805

18 Investment available for sale

As of December 31, 2024, the Company has short-term available-for-sale investments amounting to MKD 17,097 thousand (2023: none), which represent investments in cash investment fund of KB Invest – Cash Fund. Income from investments is presented in the Income statement and Statement of cash flows arising from the sale of investments in cash investment funds in 2024 and acquired during 2024, which are in the amount of 47 thousand Denars (2023: 388 thousand Denars).

Also, the Company has investments in the amount of 76 thousand Denar in ANNA (European Association of Numerical Agencies), The investment is recognised at its cost.

19 Property and equipment

	Construction buildings	Equipment	Investments in progress - equipment	Total
Cost or valuation				
At 1 January 2023	26,915	41,407	0	68,322
Additions during the year	61	5,011	0	5,072
Disposals and write-off	0	-6,608	0	-6,608
Investments in progress	0	0	0	0
Correction of the opening balance	0	0	0	0
At 31 December 2023/ 1 January 2024	26,976	39,810	0	66,786
Additions during the year	0	162	0	162
Disposals and write-off	0	0	0	0
Transfer from investments in progress	0	0	257	257
At 31 December 2024	26,976	39,972	257	67,205
Accumulated depreciation/amortisation				
At 1 January 2023	14,047	38,656	0	52,703
Depreciation/amortisation for the year	673	1,672	0	2,345
Disposals and write-off	0	-6,608	0	-6,608
At 31 December 2023/ 1 January 2024	14,720	33,720	0	48,440
Depreciation/amortisation for the year	674	1,882	0	2,556
Disposals and write-off	0	0	0	0
At 31 December 2024	15,394	35,602	0	50,996
Net carrying value				
As of 1 January 2023	12,868	2,751	0	15,619
As of 31 December 2023	12,256	6,090	0	18,346
At 31 December 2024	11,582	4,370	257	16,209

The property is used for the regular business activities of the Depository. The Company is in the process of obtaining a property deed for its properties. The company has no pledge over its own real estate, plant and equipment.

20 Intangible assets

	Intangible assets	Investments in progress-intangible assets	Total
Cost of valuation			
At 1 January 2023	65,445	0	65,445
Additions during the year	526	0	526
Disposals and write-off	0	0	0
Transfer from investments in progress	0	0	0
On 31 December 2023/1 January 2024	65,971	0	65,971
Additions during the year	0	0	0
Disposal and write-off	0	0	0
Transfer from investments in progress	0	437	437
On 31 December 2024	65,971	437	66,408
Accumulated depreciation/amortisation			
On 1 January 2023	64,948	0	64,948
Depreciation/amortisation for the year	374	0	374
Disposal and write-off	0	0	0
On 31 December 2023/1 January 2024	65,322	0	65,322
Depreciation/amortisation for the year	183	0	183
Disposal and write-off	0	0	0
On 31 December 2024	65,505	0	65,505
Net carrying value			
On 1 January 2023	497	0	497
On 31 December 2023	649	0	649
On 31 December 2024	466	437	903

Intangible assets consist entirely of computer software that is used for the implementation of the operational activities of the Depository.

21 Donations

As of 31 December 2024, the Company has deferred donations consisting of equipment and intangible assets in total amount of 0,00 thousand Denar (2023: 242 thousand Denar).

The changes in the deferred donations during 2024 and 2023 are as follows:

	2024	2023
As at 1 January	-	242
Increases	-	-
Depreciation of equipment and intangible assets (Note 7)	-	(242)
As of 31 December	-	-

*Notes to financial statements***22 Trade payables**

	2024	2023
Other domestic trade payables	2,384	1,951
	2,384	1,951

23 Other liabilities

	2024	2023
Payables for value added tax (VAT)	712	580
Payables for income tax	2,149	84
Payables for awards of the employees	1,600	-
Payables for awards of the executive director	578	-
Payables for awards of the members of governing bodies	467	-
Received advances	4	9
Other payables	246	711
	5,756	1,384

24 Shareholders capital

Shareholders capital

The Company's shareholders' capital is in the amount of 48,306 thousand denars, consisting of 6,000 common shares with a par value of 131.67 EUR for one share.

The following shareholders own more the 5% of the issued shares with voting rights:

	2024	2023
Macedonian Stock Exchange AD Skopje	28,67%	19,82%
Sparkasse Bank AD Skopje	19,00%	19,00%
Komercijalna Bank AD Skopje	15,00%	15,00%
TTK Bank AD Skopje	9,98%	9,98%
NLB Bank AD Skopje	9,03%	9,03%
Stopanska Bank AD Skopje	7,03%	7,03%
Halkbank AD Skopje	5,03%	5,03%

The common shares are authorised, issued and fully paid. The owners of the shares have the right to a dividend when declared and the right to vote in the Shareholders' Assembly.

As of 31 December 2024, the shares of the Company are owned by 13 shareholders (2023: 13 shareholders).

Reserves

As of 31 December 2024 and 2023, the reserves consist of:

	2024	2023
Statutory reserves	13,882	13,882
Other reserves	665	665
Revaluation reserves	2,709	2,709
Reserves for reinvested earning	5,000	5,000
	22,256	22,256

*Notes to financial statements***25 Earning per share**

	2024	2023
Net profit attributable to shareholders of ordinary shares	18,080	1,021
Dividend of priority shares	-	-
Corrected net profit	18,080	1,021
<i>Number of shares</i>		
<i>Weighted average number of ordinary shares</i>		
Ordinary shares issued on 1 January	6,000	6,000
Converted priority shares in ordinary shares	-	-
Weighted average number of ordinary share at December 31	6,000	6,000
Basic earning per share (in Denar)	3,013	170

26 Related party transactions and compensation to management

None of the shareholders of the Company has the status of a related entity, since none of them has significant influence over the activities of the Company.

Compensation for key management is as follows:

	2024	2023
Executive Directors		
Gross wages	3,091	3,078
Gross awards	578	-
	3,669	3,078

27 Cash and cash equivalents for the purpose of the Cash Flow Statement

For the purposes of the Cash Flow Statement, the cash and cash equivalents of the Company for 2024 and 2023 are as follows:

In thousand Denar	Note	2024	2023
Cash and cash equivalents	14	2,699	1,393
Term deposits in Denar for up to one month	15	-	-
		2,699	1,393

28 Commitments and contingencies

The Company is a joint defendant in several lawsuits arising from its regular operations. The claims against the Company, as of 31 December 2024, are in the amount of 99,232 thousand denars (2023: 99,232 thousand denars). These cash amounts don't include the penalty interests. According to the management of the Company, there aren't any significant future obligations arising from these lawsuits.

Notes to financial statements

29 Events after the reporting date

Until the reporting date and the date of approval of these financial statements, there are neither events that would cause a reason for correction of the financial statements nor events that are materially significant after 31 December 2024.